

## JOURNAL OF THE SENATE

### Fifty-ninth Legislative Assembly

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**Bismarck, April 22, 2005**

The Senate convened at 8:00 a.m., with President Dalrymple presiding.

The prayer was offered by Pastor Irvin Bruenjes, Missouri Synod Lutheran Church, Bismarck.

The roll was called and all members were present.

A quorum was declared by the President.

#### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

**SEN. GRINDBERG MOVED** that the conference committee report on Engrossed HB 1010 as printed on SJ pages 1568-1570 be adopted, which motion prevailed on a voice vote.

Engrossed HB 1010, as amended, was placed on the Fourteenth order.

#### SECOND READING OF HOUSE BILL

**HB 1010:** A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner; to provide for fund transfers; to provide for making payments of insurance premiums tax collections to fire departments; to provide for a legislative council study; and to amend and reenact section 26.1-01-09 of the North Dakota Century Code, relating to the commissioner's salary.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 47 YEAS, 0 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Brown; Christmann; Cook; Dever; Erbele; Espgaard; Every; Fairfield; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heitkamp; Holmberg; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Lee, G.; Lee, J.; Lindaas; Lyson; Mathern; Mutch; Nelson; Nething; O'Connell; Robinson; Schobinger; Seymour; Stenehjem; Syverson; Tallackson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Triplett; Urlacher; Wardner; Warner

Engrossed HB 1010, as amended, passed and the title was agreed to.

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#### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

**SEN. GRINDBERG MOVED** that the conference committee report on Engrossed HB 1016 as printed on SJ pages 1570-1584 be adopted, which motion prevailed on a voice vote.

Engrossed HB 1016, as amended, was placed on the Fourteenth order.

#### SECOND READING OF HOUSE BILL

**HB 1016:** A BILL for an Act to provide an appropriation for defraying the expenses of the department of emergency services; to provide for a performance audit of the department of emergency services; to provide authorization for a loan from the Bank of North Dakota; to provide for a report to the legislative council; to provide a statement of legislative intent; to provide for a department of emergency services and an advisory committee; and to amend and reenact subdivision b of subsection 2 of section 28-32-01, subsection 3 of section 37-17.1-05, sections 37-17.1-06, 37-17.1-07, 37-17.1-07.1, 37-17.1-11, 37-17.1-13, 37-17.1-14, 37-17.1-14.1, 37-17.1-15, 37-17.1-22, and 37-17.1-23, subsection 2 of section 39-01-01, and sections 39-10-03.2, 54-23.2-01, 54-23.2-04.1, 54-23.2-09, 57-40.6-11, 57-40.6-12, 61-16.2-03, and 65-06-01 of the North Dakota Century Code, relating to the department of emergency services.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 47 YEAS, 0 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Brown; Christmann; Cook; Dever; Erbele; Espegard; Every; Fairfield; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heitkamp; Holmberg; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Lee, G.; Lee, J.; Lindaas; Lyson; Mathern; Mutch; Nelson; Nething; O'Connell; Robinson; Schobinger; Seymour; Stenehjem; Syverson; Tallackson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Triplett; Urlacher; Wardner; Warner

Engrossed HB 1016, as amended, passed and the title was agreed to.

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#### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

**SEN. MUTCH MOVED** that the conference committee report on HB 1195 as printed on SJ pages 1586-1592 be adopted, which motion prevailed on a voice vote.

HB 1195, as amended, was placed on the Fourteenth order.

#### SECOND READING OF HOUSE BILL

**HB 1195:** A BILL for an Act to create and enact two new sections to chapter 52-04 and sections 52-04-08.1 and 52-04-08.2 of the North Dakota Century Code, relating to definitions, payment of unemployment insurance by staffing services, employer restructuring activities, and transfers of unemployment insurance tax account reserve history; to amend and reenact subsection 4 of section 52-04-06 and section 52-04-08 of the North Dakota Century Code, relating to voluntary contributions to lower unemployment insurance tax rates, transfer of unemployment insurance employer experience history to successor entities, and the transfer of workforce to other entities; to provide for a legislative council study; and to provide a penalty.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 47 YEAS, 0 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Brown; Christmann; Cook; Dever; Erbele; Espegard; Every; Fairfield; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heitkamp; Holmberg; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Lee, G.; Lee, J.; Lindaas; Lyson; Mathern; Mutch; Nelson; Nething; O'Connell; Robinson; Schobinger; Seymour; Stenehjem; Syverson; Tallackson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Triplett; Urlacher; Wardner; Warner

HB 1195, as amended, passed and the title was agreed to.

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#### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

**SEN. KRAUTER MOVED** that the conference committee report on Engrossed HB 1018 as printed on SJ pages 1584-1586 be adopted, which motion prevailed on a voice vote.

Engrossed HB 1018, as amended, was placed on the Fourteenth order.

#### SECOND READING OF HOUSE BILL

**HB 1018:** A BILL for an Act to provide an appropriation for defraying the expenses of the game and fish department; to amend and reenact sections 20.1-02-16.1 and 20.1-04-15 of the North Dakota Century Code, relating to the game and fish fund and establishing a youth pheasant hunting season; to provide statements of legislative intent; to provide an expiration date; and to declare an emergency.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 47 YEAS, 0 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Brown; Christmann; Cook; Dever; Erbele; Espegard; Every; Fairfield; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heitkamp; Holmberg; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Lee, G.; Lee, J.; Lindaas; Lyson; Mathern; Mutch; Nelson; Nething; O'Connell; Robinson; Schobinger; Seymour; Stenehjem; Syverson; Tallackson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Triplett; Urlacher; Wardner; Warner

Engrossed HB 1018, as amended, passed, the title was agreed to, and the emergency clause was declared carried.

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**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. BOWMAN MOVED** that the conference committee report on Engrossed HB 1397 as printed on SJ page 1592 be adopted, which motion prevailed on a voice vote.

**MOTION**

**SEN. CHRISTMANN MOVED** that Engrossed HB 1035, which is on the Fourteenth order, be rereferred to the **Appropriations Committee**, which motion prevailed. Pursuant to Sen. Christmann's motion, Engrossed HB 1035 was rereferred.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has adopted the conference committee report and subsequently passed: HB 1010, HB 1016, HB 1195.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1018.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has adopted the conference committee report on: HB 1397.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The President has signed: HB 1259, HB 1324, HB 1465, HCR 3060.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** Your signature is respectfully requested on: SB 2015, SB 2297.

**DELIVERY OF ENROLLED BILLS AND RESOLUTIONS**

The following bills were delivered to the Governor for approval on April 22, 2005: SB 2190, SB 2409.

**DELIVERY OF ENROLLED BILLS AND RESOLUTIONS**

The following bills were delivered to the Governor for approval on April 22, 2005: SB 2217, SB 2270.

**MOTION**

**SEN. CHRISTMANN MOVED** that the Senate stand in recess until 11:00 a.m., which motion prevailed.

**THE SENATE RECONVENED** pursuant to recess taken, with President Dalrymple presiding.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1012.

**REPORT OF CONFERENCE COMMITTEE**

**HB 1012, as engrossed:** Your conference committee (Sens. Fischer, Kilzer, Mathern and Reps. Delzer, Pollert, Kerzman) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1628-1636, adopt amendments as follows, and place HB 1012 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1628-1636 of the House Journal and pages 1286-1294 of the Senate Journal and that Engrossed House Bill No. 1012 be amended as follows:

Page 1, line 2, replace "and" with "an" and after "study" insert "; to provide an appropriation to the state department of health"

Page 1, line 3, remove "and" and after "authority" insert "; to create and enact a new section to chapter 25-18 of the North Dakota Century Code, relating to providing services to medically fragile children; to amend and reenact subsection 10 of section 54-44.8-01 of the North Dakota Century Code, relating to telecommunications equipment; and to declare an emergency"

Page 3, line 29, replace "\$486,633" with "\$498,738"

Page 3, line 30, replace "(1,787,339)" with "27,401,520"

Page 4, line 2, replace "\$5,535,466" with "\$23,641,288"

Page 4, line 3, replace "(11,288,586)" with "17,895,373"

Page 4, line 4, replace "5,753,120" with "5,745,915"

Page 4, line 7, replace "699,801" with "670,847"

Page 4, line 8, replace "(109,195)" with "(104,195)"

Page 4, line 10, replace "44,572,418" with "44,150,725"

Page 4, line 11, replace "71,360,100" with "84,529,164"

Page 4, line 12, replace "116,517,316" with "129,240,733"

Page 4, line 13, replace "63,463,933" with "74,019,612"

Page 4, line 14, replace "53,053,383" with "55,221,121"

Page 4, line 19, replace "43,292" with "37,052"

Page 4, line 20, replace "39,123" with "35,963"

Page 4, line 21, replace "4,169" with "1,089"

Page 4, line 23, replace "713,327" with "698,351"

Page 4, line 24, replace "533,839" with "526,839"

Page 4, line 25, replace "179,488" with "171,512"

Page 4, line 27, replace "680,656" with "672,918"

Page 4, line 28, replace "431,083" with "427,285"

Page 4, line 29, replace "249,573" with "245,633"

Page 5, line 2, replace "1,055,769" with "1,037,049"

Page 5, line 3, replace "745,840" with "734,210"

Page 5, line 4, replace "309,929" with "302,839"

Page 5, line 6, replace "2,801,880" with "2,779,416"

Page 5, line 7, replace "2,430,373" with "2,417,169"

Page 5, line 8, replace "371,507" with "362,247"

Page 5, line 10, replace "780,171" with "769,313"

Page 5, line 11, replace "578,413" with "572,445"

Page 5, line 12, replace "201,758" with "196,868"

Page 5, line 14, replace "920,924" with "905,199"

Page 5, line 15, replace "537,278" with "529,098"

Page 5, line 16, replace "383,646" with "376,101"

Page 5, line 18, replace "383,660" with "373,926"

Page 5, line 19, replace "250,774" with "245,520"

Page 5, line 20, replace "132,886" with "128,406"

Page 5, line 22, replace "230,001" with "292,827"

Page 5, line 23, replace "5,430,860" with "5,424,120"

Page 5, line 24, replace "5,660,861" with "5,716,947"

Page 5, line 25, replace "(728,482)" with "(746,586)"

Page 5, line 26, replace "6,389,343" with "6,463,533"

Page 5, line 28, replace "1,463,546" with "1,403,643"

Page 5, line 29, replace "(1,124,148)" with "(1,168,531)"

Page 5, line 30, replace "2,587,694" with "2,572,174"

Page 5, line 31, replace "14,254,086" with "14,143,814"

Page 6, line 1, replace "3,694,093" with "3,573,412"

Page 6, line 2, replace "10,559,993" with "10,570,402"

Page 6, line 3, replace "69,366,496" with "71,537,438"

Page 6, line 4, replace "55,869,440" with "95,488,397"

Page 6, line 5, replace "125,235,936" with "167,025,835"

Page 6, line 14, replace "10,529,652" with "10,517,547"

Page 6, line 15, replace "31,779,849" with "60,968,708"

Page 6, line 17, replace "42,312,257" with "71,489,011"

Page 6, line 18, replace "22,841,521" with "52,025,480"

Page 6, line 19, replace "19,470,736" with "19,463,531"

Page 6, line 22, replace "22,753,582" with "22,724,628"

Page 6, line 23, replace "37,272,214" with "37,277,214"

Page 6, line 25, replace "333,260,143" with "332,838,450"

Page 6, line 26, replace "993,037,274" with "1,006,206,338"

Page 6, line 27, replace "1,386,357,077" with "1,399,080,494"

Page 6, line 28, replace "1,022,556,015" with "1,033,111,694"

Page 6, line 29, replace "363,801,062" with "365,968,800"

Page 7, line 3, replace "7,318,971" with "7,312,731"

Page 7, line 4, replace "3,684,763" with "3,681,603"

Page 7, line 5, replace "3,634,208" with "3,631,128"

Page 7, line 7, replace "15,278,197" with "15,263,221"

Page 7, line 8, replace "7,257,513" with "7,250,513"

Page 7, line 9, replace "8,020,684" with "8,012,708"

Page 7, line 11, replace "9,101,589" with "9,093,851"

Page 7, line 12, replace "4,214,056" with "4,210,258"

Page 7, line 13, replace "4,887,533" with "4,883,593"

Page 7, line 15, replace "20,496,952" with "20,478,232"

Page 7, line 16, replace "12,190,660" with "12,179,030"

Page 7, line 17, replace "8,306,292" with "8,299,202"

Page 7, line 19, replace "23,526,422" with "23,503,958"

Page 7, line 20, replace "13,645,595" with "13,632,391"

Page 7, line 21, replace "9,880,827" with "9,871,567"

Page 7, line 23, replace "12,139,146" with "12,128,288"

Page 7, line 24, replace "6,310,281" with "6,304,313"

Page 7, line 25, replace "5,828,865" with "5,823,975"

Page 7, line 27, replace "18,505,768" with "18,490,043"

Page 7, line 28, replace "9,658,913" with "9,650,733"

Page 7, line 29, replace "8,846,855" with "8,839,310"

Page 8, line 1, replace "9,308,287" with "9,298,553"

Page 8, line 2, replace "4,809,497" with "4,804,243"

Page 8, line 3, replace "4,498,790" with "4,494,310"

Page 8, line 5, replace "42,119,562" with "42,182,388"

Page 8, line 6, replace "5,430,860" with "5,424,120"

Page 8, line 7, replace "47,550,422" with "47,606,508"

Page 8, line 8, replace "15,676,878" with "15,658,774"

Page 8, line 9, replace "31,873,544" with "31,947,734"

Page 8, line 11, replace "42,224,603" with "42,164,700"

Page 8, line 12, replace "30,825,680" with "30,781,297"

Page 8, line 13, replace "11,398,923" with "11,383,403"

Page 8, line 14, replace "205,450,357" with "205,340,085"

Page 8, line 15, replace "108,273,836" with "108,153,155"

Page 8, line 16, replace "97,176,521" with "97,186,930"

Page 8, line 17, replace "480,448,319" with "482,619,261"

Page 8, line 18, replace "1,153,671,372" with "1,193,290,329"

Page 8, line 19, replace "1,634,119,691" with "1,675,909,590"

Page 9, line 11, replace "\$114,755" with "\$254,356"

Page 9, after line 14, insert:

**"SECTION 8. ESTIMATED INCOME - LIMIT - PERMANENT OIL TAX TRUST FUND.** Notwithstanding section 57-51.1-07.2, the estimated income line item in subdivision 1 of section 3 of this Act includes \$3,667,820 from the permanent oil tax trust fund. The department of human services expenditures from this fund may not exceed this amount for the period beginning with the effective date of this Act, and ending June 30, 2007."

Page 9, after line 18, insert:

**"SECTION 10. FUNDING FOR CORPORATE GUARDIANSHIP PETITIONING COSTS.** The department of human services may spend up to \$30,000 of the funds

appropriated in the operating expenses line item in subdivision 2 of section 3 of this Act for paying petitioning costs for indigent individuals with developmental disabilities who have been referred for corporate guardianship for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 11. FEDERAL MEDICAL ASSISTANCE PERCENTAGE CHANGES - DEPARTMENT OF HUMAN SERVICES PROGRAM REVIEW - LEGISLATIVE COUNCIL REPORT.** During the 2005-06 interim, the department of human services shall determine the fiscal effect of anticipated changes in the federal medical assistance percentage for North Dakota for federal fiscal years 2007 and 2008. The department, with input from service providers, shall review its budget and programs and services to determine the extent to which the department can provide for additional general fund requirements resulting from federal matching changes without affecting the level of services provided by the department. If the department determines that programs and services will be affected, the department, with input from service providers, shall identify programs and services to reduce or discontinue to maintain its general fund budget within the funding level approved by the 2005 legislative assembly. By July 1, 2006, the department shall report to the legislative council regarding its budget and program review and its suggestions for programs and services to reduce or discontinue, including any legislation necessary to make the suggested changes. The legislative council shall receive the department's report and report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly.

**SECTION 12. LEGISLATIVE COUNCIL STUDY - QUALIFIED SERVICE PROVIDER PAYMENT SYSTEM.** The legislative council shall consider studying, during the 2005-06 interim, the department of human services system of paying qualified service providers. The study must include a review of the appropriateness of payment levels to various providers. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly.

**SECTION 13. APPROPRIATION - STATE DEPARTMENT OF HEALTH.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$30,000, or so much of the sum as may be necessary, to the state department of health for the purpose of providing a grant for suicide prevention programs on the Standing Rock Indian Reservation for the biennium beginning July 1, 2005, and ending June 30, 2007."

Page 9, line 25, after the period insert "The study, if conducted, must also include, with input from representatives of the department of human services, the long-term care industry, and the federal centers for medicare and medicaid services, the possibility of accessing additional federal funding through the intergovernmental transfer process. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly.

**SECTION 15. LEGISLATIVE COUNCIL STUDY - RESIDENTIAL TREATMENT CENTER AND RESIDENTIAL CHILD CARE FACILITY PAYMENT SYSTEMS.** The legislative council shall consider studying, during the 2005-06 interim, the services provided by residential treatment centers and residential child care facilities and the appropriateness of the payments provided by the state for these services. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly.

**SECTION 16. PLAN TO TRANSFER APPROPRIATE DEVELOPMENTAL CENTER RESIDENTS TO COMMUNITIES - LEGISLATIVE COUNCIL REPORT.** The department of human services, with input from developmental disabilities services providers, shall develop, during the 2005-06 interim, a plan to transfer appropriate individuals from the developmental center to community placements and begin the transfers during the 2005-07 biennium. The department shall report to the legislative council on its plan and on the anticipated number of individuals that will be transferred during the 2005-07 biennium.

**SECTION 17. DEPARTMENT OF HUMAN SERVICES AND INDIAN AFFAIRS COMMISSION - CHILD SUPPORT - STATE AND TRIBAL COURT COORDINATION.** The department of human services and the indian affairs commission shall collaborate to facilitate the coordination of state and tribal court activities to increase the amount of

child support collected for noncustodial parents for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 18.** A new section to chapter 25-18 of the North Dakota Century Code is created and enacted as follows:

Payment for services to medically fragile children. The department may consider the unique level of care, the additional cost required to provide services to medically fragile clients under twenty-one years of age, and the actual and reasonable cost of providing services to developmentally disabled individuals when reimbursing an intermediate care facility for the mentally retarded.

**SECTION 19. AMENDMENT.** Subsection 10 of section 54-44.8-01 of the North Dakota Century Code is amended and reenacted as follows:

10. "Specialized telecommunications equipment" means a dedicated telecommunications device that, when connected to a telephone, enables or assists a person who is communications impaired to communicate with another person utilizing the telephone network. The term may include telecommunications devices for the deaf, amplifiers, and signaling devices. Specialized telecommunications equipment provided under this chapter to an individual may not exceed two thousand dollars in total cost per device.

**SECTION 20. EMERGENCY.** The appropriation of \$29,188,859 included in subdivision 1 of section 3 of this Act for the medicaid management information system replacement project and section 19 of this Act are declared to be an emergency measure."

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### House Bill No. 1012 - Summary of Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
State Department of Health						
Total all funds	\$0	\$0	\$30,000	\$30,000	\$0	\$30,000
Less estimated income						
General fund	\$0	\$0	\$30,000	\$30,000	\$0	\$30,000
DHS - Management						
Total all funds	\$71,539,214	\$42,312,257	\$29,176,754	\$71,489,011	\$71,489,011	\$0
Less estimated income	48,374,575	22,841,521	29,183,959	52,025,480	52,025,480	
General fund	\$23,164,639	\$19,470,736	(\$7,205)	\$19,463,531	\$19,463,531	\$0
DHS - Program/Policy						
Total all funds	\$1,396,151,539	\$1,386,357,077	\$12,723,417	\$1,399,080,494	\$1,389,331,530	\$9,748,964
Less estimated income	1,027,728,022	1,022,556,015	10,555,679	1,033,111,694	1,024,708,561	8,403,133
General fund	\$368,423,517	\$363,801,062	\$2,167,738	\$365,968,800	\$364,622,969	\$1,345,831
DHS - State Hospital						
Total all funds	\$47,728,538	\$47,550,422	\$56,086	\$47,606,508	\$47,606,508	\$0
Less estimated income	15,610,871	15,676,878	(18,104)	15,658,774	15,658,774	
General fund	\$32,117,667	\$31,873,544	\$74,190	\$31,947,734	\$31,947,734	\$0
DHS - Developmental Center						
Total all funds	\$43,046,377	\$42,224,603	(\$59,903)	\$42,164,700	\$42,164,700	\$0
Less estimated income	31,349,952	30,825,680	(44,383)	30,781,297	30,781,297	
General fund	\$11,696,425	\$11,398,923	(\$15,520)	\$11,383,403	\$11,383,403	\$0
DHS - Northwest HSC						
Total all funds	\$7,379,756	\$7,318,971	(\$6,240)	\$7,312,731	\$7,312,731	\$0
Less estimated income	3,691,210	3,684,763	(3,160)	3,681,603	3,681,603	
General fund	\$3,688,546	\$3,634,208	(\$3,080)	\$3,631,128	\$3,631,128	\$0
DHS - North Central HSC						
Total all funds	\$15,433,218	\$15,278,197	(\$14,976)	\$15,263,221	\$15,263,221	\$0
Less estimated income	7,270,196	7,257,513	(7,000)	7,250,513	7,250,513	
General fund	\$8,163,022	\$8,020,684	(\$7,976)	\$8,012,708	\$8,012,708	\$0
DHS - Lake Region HSC						
Total all funds	\$9,196,380	\$9,101,589	(\$7,738)	\$9,093,851	\$9,093,851	\$0
Less estimated income	4,221,881	4,214,056	(3,798)	4,210,258	4,210,258	
General fund	\$4,974,499	\$4,887,533	(\$3,940)	\$4,883,593	\$4,883,593	\$0
DHS - Northeast HSC						
Total all funds	\$20,696,142	\$20,496,952	(\$18,720)	\$20,478,232	\$20,478,232	\$0
Less estimated income	12,211,610	12,190,660	(11,630)	12,179,030	12,179,030	
General fund	\$8,484,532	\$8,306,292	(\$7,090)	\$8,299,202	\$8,299,202	\$0
DHS - Southeast HSC						
Total all funds	\$23,822,246	\$23,526,422	(\$22,464)	\$23,503,958	\$23,503,958	\$0
Less estimated income	13,673,717	13,645,595	(13,204)	13,632,391	13,632,391	



General fund	\$10,148,529	\$9,880,827	(\$9,260)	\$9,871,567	\$9,871,567	\$0
DHS - South Central HSC						
Total all funds	\$12,238,992	\$12,139,146	(\$10,858)	\$12,128,288	\$12,128,288	\$0
Less estimated income	<u>6,322,357</u>	<u>6,310,281</u>	<u>(5,968)</u>	<u>6,304,313</u>	<u>6,304,313</u>	
General fund	\$5,916,635	\$5,828,865	(\$4,890)	\$5,823,975	\$5,823,975	\$0
DHS - West Central HSC						
Total all funds	\$18,700,619	\$18,505,768	(\$15,725)	\$18,490,043	\$18,490,043	\$0
Less estimated income	<u>9,675,203</u>	<u>9,658,913</u>	<u>(8,180)</u>	<u>9,650,733</u>	<u>9,650,733</u>	
General fund	\$9,025,416	\$8,846,855	(\$7,545)	\$8,839,310	\$8,839,310	\$0
DHS - Badlands HSC						
Total all funds	\$9,388,791	\$9,308,287	(\$9,734)	\$9,298,553	\$9,298,553	\$0
Less estimated income	<u>4,819,177</u>	<u>4,809,497</u>	<u>(5,254)</u>	<u>4,804,243</u>	<u>4,804,243</u>	
General fund	\$4,569,614	\$4,498,790	(\$4,480)	\$4,494,310	\$4,494,310	\$0
Bill Total						
Total all funds	\$1,675,321,812	\$1,634,119,691	\$41,819,899	\$1,675,939,590	\$1,666,160,626	\$9,778,964
Less estimated income	<u>1,184,948,771</u>	<u>1,153,671,372</u>	<u>39,618,957</u>	<u>1,193,290,329</u>	<u>1,184,887,196</u>	<u>8,403,133</u>
General fund	\$490,373,041	\$480,448,319	\$2,200,942	\$482,649,261	\$481,273,430	\$1,375,831

**House Bill No. 1012 - State Department of Health - Conference Committee Action**

A section is added appropriating \$30,000 from the general fund to the State Department of Health for providing a grant for suicide prevention programs on the Standing Rock Indian Reservation.

**House Bill No. 1012 - DHS - Management - Conference Committee Action**

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES <sup>1</sup>	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$10,567,750	\$10,529,652	(\$12,105)	\$10,517,547	\$10,517,547	
Operating expenses	60,968,708	31,779,849	29,188,859	60,968,708	60,968,708	
Capital assets	<u>2,756</u>	<u>2,756</u>		<u>2,756</u>	<u>2,756</u>	
Total all funds	\$71,539,214	\$42,312,257	\$29,176,754	\$71,489,011	\$71,489,011	\$0
Less estimated income	<u>48,374,575</u>	<u>22,841,521</u>	<u>29,183,959</u>	<u>52,025,480</u>	<u>52,025,480</u>	
General fund	\$23,164,639	\$19,470,736	(\$7,205)	\$19,463,531	\$19,463,531	\$0
FTE	99.10	99.10	0.00	99.10	99.10	0.00

**<sup>1</sup>Management - Conference Committee Changes:**

Reduces recommended funding for health insurance (\$7,205) (\$4,900) (\$12,105)

**Administration Support Program**

None

**Division of Information Technology Program**

Restores funding for the Medicaid management information system (MMIS) computer project removed by the House with state matching funds of \$3,667,820 provided from the permanent oil tax trust fund rather than the general fund. The Senate also restored the funding except used the health care trust fund for the state match.

**Total Conference Committee Changes - Management** 0.00 (\$7,205) \$29,183,959 \$29,176,754

**House Bill No. 1012 - DHS - Program/Policy - Conference Committee Action**

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES <sup>1</sup>	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$23,054,340	\$22,753,582	(\$28,954)	\$22,724,628	\$22,724,628	
Operating expenses	38,232,573	37,272,214	5,000	37,277,214	37,352,214	(\$75,000)
Capital assets	33,864	33,864		33,864	33,864	
Grants	334,055,993	333,260,143	(421,693)	332,838,450	333,622,731	(784,281)
Grants - Medical assistance	<u>1,000,774,769</u>	<u>993,037,274</u>	<u>13,169,064</u>	<u>1,006,206,338</u>	<u>995,598,093</u>	<u>10,608,245</u>
Total all funds	\$1,396,151,539	\$1,386,357,077	\$12,723,417	\$1,399,080,494	\$1,389,331,530	\$9,748,964
Less estimated income	<u>1,027,728,022</u>	<u>1,022,556,015</u>	<u>10,555,679</u>	<u>1,033,111,694</u>	<u>1,024,708,561</u>	<u>8,403,133</u>
General fund	\$368,423,517	\$363,801,062	\$2,167,738	\$365,968,800	\$364,622,969	\$1,345,831
FTE	233.30	232.30	0.00	232.30	232.30	0.00

**<sup>1</sup>Program and Policy - Conference Committee Changes:**

Reduces recommended funding for health insurance (\$8,140) (\$20,814) (\$28,954)

Adds funding to reflect a portion of the estimated additional general funding matching funds that will be required under the Medicaid program resulting from an anticipated reduction in North Dakota's 3,100,000 (3,100,000)

federal medical assistance percentage (FMAP) for federal fiscal year 2007 of .86 percent, from 63.23 percent estimated in the executive budget to the current estimate of 62.37 percent

**Economic Assistance Policy Program**

Adds funding to calculate Indian county allocation grants at 100 percent of excess costs, rather than 90 percent, in accordance with provisions of Senate Bill No. 2301	311,178		311,178
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**Child Support Program**

None

**Medical Services Program**

Restores funding reduced by the House from the community health trust fund for breast and cervical cancer treatment services, the same as the Senate version	139,601		139,601
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Adds funding for the children's health insurance program (Healthy Steps) in anticipation of increased caseload resulting from implementation of the vision eligibility system, the same as the Senate version	428,425	1,607,893	2,036,318
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Adds funding to provide for a 2.65 percent inflationary increase for each year of the biennium rather than 2 percent. The state match of \$846,712 is provided from the health care trust fund.		3,049,436	3,049,436
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**Long-Term Care Program**

Adds funding to provide for a 2.65 percent inflationary increase for each year of the biennium rather than 2 percent. The state match of \$1,164,473 is provided from the health care trust fund.	2,814,580		2,814,580
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**Aging Services Program**

Removes funding for the senior citizen mill levy matching grant program to reflect provisions of Senate Bill No. 2267 which provide a continuing appropriation to the State Treasurer for providing these grants	(1,662,945)		(1,662,945)
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**Children and Family Services Program**

Adds funding for increasing the maximum treatment services payment for residential child care facilities to \$15 per day. The House had added funding to increase the maximum payment from \$11.50 to \$14.15 per day and the Senate had added funding to increase the payment to \$15.	21,622	56,066	77,688
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Restores a portion of the House reductions made to the funding anticipated to be needed for foster care and subsidized adoption services. The House had reduced this funding by \$594,106, of which \$250,000 is from the general fund and the Senate restored the same amount as the conference committee.	100,000	184,900	284,900
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Changes the source of funding for children and family services programs from the general fund to federal temporary assistance for needy families (TANF) funds	(1,074,471)	1,074,471	
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Adds funding to provide for a 2.65 percent inflationary increase for each year of the biennium rather than 2 percent. The state match of \$213,407 is provided from the health care trust fund.		567,486	567,486
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**Mental Health and Substance Abuse Program**

None

**Developmental Disabilities Council**

None

**Disabilities Program**

Adds funding for increasing payment rates for facilities serving children with extensive medical needs, including the Anne Carlsen Center. The Senate also added this funding. This amount is in addition to the \$284,900 added by the House for this purpose.	100,000	184,900	284,900
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Adds funding for costs relating to transferring appropriate individuals from the Developmental Center to community placements. The department may use up to \$5,000 of this funding for developing the plan for these transfers. The Senate also added this funding but did not limit the amount that could be spent for the plan.	50,000		50,000
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Restores funding to \$910,056 from the general fund for the family subsidy program, the same as the Senate version. The House had reduced funding for this program by \$100,000 from the general fund.	100,000		100,000
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Adds funding to provide for a 2.65 percent inflationary increase for each year of the biennium rather than 2 percent. The state match of \$777,260 is provided from the health		2,163,480	2,163,480
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care trust fund.

Adds funding to increase the average wage of employees of developmental disabilities service providers by an additional 5 cents per hour for the first year of the biennium and by 20 cents per hour for the second year. Of the \$900,217 state match, \$198,148 is provided from the health care trust fund and the remaining \$702,069 from the general fund. The House added funding providing an additional 10 cents per hour for the first year of the biennium.

702,069                      1,833,680                      2,535,749

<b>Total Conference Committee Changes - Program and Policy</b>	0.00	\$2,167,738	\$10,555,679	\$12,723,417
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**Other changes affecting Program and Policy programs:**

Sections are added:

- Providing that the department may consider additional costs incurred by intermediate care facilities for the mentally retarded (ICF/MRs) serving medically fragile clients under 21 years of age. The Senate added a similar section but required the department to recognize these additional costs.
- Directing the department and developmental disabilities service providers to develop, during the 2005-06 interim, a plan for transferring appropriate individuals from the Developmental Center to community placements and to begin the transition during the 2005-07 biennium. The section also provides that the department report to the Legislative Council on its plan. The Senate also included a similar section.
- Changing the definition of specialized telecommunications equipment, the same as the Senate version.
- Requiring the department and the Indian Affairs Commission to collaborate to improve the coordination of tribal and state court activities relating to child support enforcement, the same as the Senate version.
- Providing for a Legislative Council study of the services provided by residential treatment centers and residential child care facilities and the appropriateness of the payments provided by the state for these services, the same as the Senate version.
- Authorizing the department to spend up to \$30,000 of the program and policy operating expenses line item for paying petitioning costs for individuals with developmental disabilities who have been referred for corporate guardianship. The Senate appropriated an additional \$30,000 from the general fund for these costs.
- Providing for a Legislative Council study of the Department of Human Services system of paying qualified service providers.
- Requiring the Department of Human Services to determine the effect of anticipated FMAP changes on the department's budget and programs and to report to the Legislative Council on the extent to which the department can provide for any additional general fund requirements related to FMAP changes within the department's budget and to identify programs to reduce or discontinue if the effect cannot be provided for within the department's budget.

The section added by the House providing for a Legislative Council study of long-term care is expanded to include the possibility of accessing additional federal funding through the intergovernmental transfer process.

**House Bill No. 1012 - DHS - State Hospital - Conference Committee Action**

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES <sup>1</sup>	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Traditional Secure	\$42,272,978 <u>5,455,560</u>	\$42,119,562 <u>5,430,860</u>	\$62,826 <u>(6,740)</u>	\$42,182,388 <u>5,424,120</u>	\$42,182,388 <u>5,424,120</u>	_____
Total all funds	\$47,728,538	\$47,550,422	\$56,086	\$47,606,508	\$47,606,508	\$0
Less estimated income	<u>15,610,871</u>	<u>15,676,878</u>	<u>(18,104)</u>	<u>15,658,774</u>	<u>15,658,774</u>	_____
General fund	\$32,117,667	\$31,873,544	\$74,190	\$31,947,734	\$31,947,734	\$0
FTE	424.01	424.01	0.00	424.01	424.01	0.00
		FTE	GENERAL FUND	ESTIMATED INCOME	TOTAL	

<sup>1</sup>State Hospital - Conference Committee Changes:

Reduces recommended funding for health insurance		(\$35,810)	(\$18,104)	(\$53,914)
Adds funds for repairing and painting the State Hospital water tower, the same as the Senate version		110,000		110,000
<b>Total Conference Committee Changes - State Hospital</b>	0.00	\$74,190	(\$18,104)	\$56,086

**House Bill No. 1012 - DHS - Developmental Center - Conference Committee Action**

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES <sup>1</sup>	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Human service centers/institutions	\$43,046,377	\$42,224,603	(\$59,903)	\$42,164,700	\$42,164,700	
Total all funds	\$43,046,377	\$42,224,603	(\$59,903)	\$42,164,700	\$42,164,700	\$0
Less estimated income	<u>31,349,952</u>	<u>30,825,680</u>	<u>(44,383)</u>	<u>30,781,297</u>	<u>30,781,297</u>	
General fund	\$11,696,425	\$11,398,923	(\$15,520)	\$11,383,403	\$11,383,403	\$0
FTE	451.54	451.54	0.00	451.54	451.54	0.00
		FTE	GENERAL FUND	ESTIMATED INCOME	TOTAL	

**<sup>1</sup>Developmental Center - Conference Committee Changes:**

Reduces recommended funding for health insurance		(\$15,520)	(\$44,383)	(\$59,903)
<b>Total Conference Committee Changes - Developmental Center</b>	0.00	(\$15,520)	(\$44,383)	(\$59,903)

**House Bill No. 1012 - Human Service Centers - General Fund Summary**

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES <sup>1</sup>	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
DHS - Northwest HSC	\$3,688,546	\$3,634,208	(\$3,080)	\$3,631,128	\$3,631,128	
DHS - North Central HSC	8,163,022	8,020,684	(7,976)	8,012,708	8,012,708	
DHS - Lake Region HSC	4,974,499	4,887,533	(3,940)	4,883,593	4,883,593	
DHS - Northeast HSC	8,484,532	8,306,292	(7,090)	8,299,202	8,299,202	
DHS - Southeast HSC	10,148,529	9,880,827	(9,260)	9,871,567	9,871,567	
DHS - South Central HSC	5,916,635	5,828,865	(4,890)	5,823,975	5,823,975	
DHS - West Central HSC	9,025,416	8,846,855	(7,545)	8,839,310	8,839,310	
DHS - Badlands HSC	<u>4,569,614</u>	<u>4,498,790</u>	<u>(4,480)</u>	<u>4,494,310</u>	<u>4,494,310</u>	
Total general fund	\$54,970,793	\$53,904,054	(\$48,261)	\$53,855,793	\$53,855,793	\$0

**House Bill No. 1012 - Human Service Centers - Other Funds Summary**

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES <sup>1</sup>	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
DHS - Northwest HSC	\$3,691,210	\$3,684,763	(\$3,160)	\$3,681,603	\$3,681,603	
DHS - North Central HSC	7,270,196	7,257,513	(7,000)	7,250,513	7,250,513	
DHS - Lake Region HSC	4,221,881	4,214,056	(3,798)	4,210,258	4,210,258	
DHS - Northeast HSC	12,211,610	12,190,660	(11,630)	12,179,030	12,179,030	
DHS - Southeast HSC	13,673,717	13,645,595	(13,204)	13,632,391	13,632,391	
DHS - South Central HSC	6,322,357	6,310,281	(5,968)	6,304,313	6,304,313	
DHS - West Central HSC	9,675,203	9,658,913	(8,180)	9,650,733	9,650,733	
DHS - Badlands HSC	<u>4,819,177</u>	<u>4,809,497</u>	<u>(5,254)</u>	<u>4,804,243</u>	<u>4,804,243</u>	
Total other funds	\$61,885,351	\$61,771,278	(\$58,194)	\$61,713,084	\$61,713,084	\$0

**House Bill No. 1012 - Human Service Centers - All Funds Summary**

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES <sup>1</sup>	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
DHS - Northwest HSC	\$7,379,756	\$7,318,971	(\$6,240)	\$7,312,731	\$7,312,731	
DHS - North Central HSC	15,433,218	15,278,197	(14,976)	15,263,221	15,263,221	
DHS - Lake Region HSC	9,196,380	9,101,589	(7,738)	9,093,851	9,093,851	
DHS - Northeast HSC	20,696,142	20,496,952	(18,720)	20,478,232	20,478,232	
DHS - Southeast HSC	23,822,246	23,526,422	(22,464)	23,503,958	23,503,958	
DHS - South Central HSC	12,238,992	12,139,146	(10,858)	12,128,288	12,128,288	
DHS - West Central HSC	18,700,619	18,505,768	(15,725)	18,490,043	18,490,043	
DHS - Badlands HSC	<u>9,388,791</u>	<u>9,308,287</u>	<u>(9,734)</u>	<u>9,298,553</u>	<u>9,298,553</u>	
Total all funds	\$116,856,144	\$115,675,332	(\$106,455)	\$115,568,877	\$115,568,877	\$0
FTE	840.48	840.48	0.00	840.48	840.48	0.00

<sup>1</sup>Reduces recommended funding for health insurance at the human service centers as follows:

FTE	GENERAL FUND	ESTIMATED INCOME	TOTAL
Northwest HSC	(\$3,080)	(\$3,160)	(\$6,240)
North Central HSC	(7,976)	(7,000)	(14,976)
Lake Region HSC	(3,940)	(3,798)	(7,738)
Northeast HSC	(7,090)	(11,630)	(18,720)
Southeast HSC	(9,260)	(13,204)	(22,464)
South Central HSC	(4,890)	(5,968)	(10,858)
West Central HSC	(7,545)	(8,180)	(15,725)
Badlands HSC	(4,480)	(5,254)	(9,734)
Total	(\$48,261)	(\$58,194)	(\$106,455)

Engrossed HB 1012 was placed on the Seventh order of business on the calendar.

#### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

**SEN. KILZER MOVED** that the conference committee report on Engrossed HB 1012 be adopted, which motion prevailed on a verification vote.

Engrossed HB 1012, as amended, was placed on the Fourteenth order.

#### SECOND READING OF HOUSE BILL

**HB 1012:** A BILL for an Act to provide an appropriation for defraying the expenses of the department of human services; to provide an exception; to provide for a legislative council study; to provide an appropriation to the state department of health; to provide for a transfer to the general fund; to provide for the transfer of appropriation authority; to create and enact a new section to chapter 25-18 of the North Dakota Century Code, relating to providing services to medically fragile children; to amend and reenact subsection 10 of section 54-44.8-01 of the North Dakota Century Code, relating to telecommunications equipment; and to declare an emergency.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 47 YEAS, 0 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Brown; Christmann; Cook; Dever; Erbele; Espgaard; Every; Fairfield; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heitkamp; Holmberg; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Lee, G.; Lee, J.; Lindaas; Lyson; Mathern; Mutch; Nelson; Nething; O'Connell; Robinson; Schobinger; Seymour; Stenehjem; Syverson; Tallackson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Triplett; Urlacher; Wardner; Warner

Engrossed HB 1012, as amended, passed, the title was agreed to, and the emergency clause was declared carried.

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#### MOTION

**SEN. CHRISTMANN MOVED** that SB 2012 be placed at the top of the Seventh order on the calendar, which motion prevailed.

#### REPORT OF CONFERENCE COMMITTEE

**SB 2012, as engrossed:** Your conference committee (Sens. Trenbeath, Stenehjem, Tallackson and Reps. Timm, Weisz, Williams) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1118-1125, adopt amendments as follows, and place SB 2012 on the Seventh order:

That the House recede from its amendments as printed on pages 1118-1125 of the Senate Journal and pages 1294-1301 of the House Journal and that Engrossed Senate Bill No. 2012 be amended as follows:

Page 1, line 2, after "enact" insert "a new section to chapter 24-01," and after "24-02-40.1" insert a comma

Page 1, line 3, after "to" insert "the highway performance classification plan,"

Page 1, line 4, after "transportation" insert a comma and replace "medal of honor" with "liberty memorial"

Page 1, line 5, replace "section" with "sections" and after "24-01-03" insert ", 24-01-51, 39-04-19, 57-40.3-10, 57-43.1-02, and 57-43.2-02"

Page 1, line 6, after "maintenance" insert ", haying of no-mow areas, motor vehicle registration fees, motor vehicle excise tax revenue, and motor vehicle fuels and special fuels tax rates; to repeal section 39-04-39.5 of the North Dakota Century Code, relating to allocation of motor vehicle registration fees; to provide an effective date; to provide for application"

Page 1, line 24, replace "27,185,848" with "27,174,242"

Page 2, line 1, replace "20,048,706" with "20,035,352"

Page 2, line 2, replace "789,997,698" with "863,644,411"

Page 2, line 3, replace "43,271,158" with "43,268,038"

Page 2, line 4, replace "96,117,492" with "169,736,125"

Page 2, line 10, replace "27,185,848" with "27,174,242"

Page 2, line 11, replace "20,048,706" with "20,035,352"

Page 2, line 12, replace "789,997,698" with "863,644,411"

Page 2, line 13, replace "43,271,158" with "43,268,038"

Page 2, line 14, replace "880,503,410" with "954,122,043"

Page 2, line 28, replace "the maintenance" with "maintaining the structural integrity"

Page 2, line 29, after "state" insert "unless an agreement is reached with the municipality"

Page 3, after line 10, insert:

**"SECTION 6.** A new section to chapter 24-01 of the North Dakota Century Code is created and enacted as follows:

Highway performance classification plan. To the extent possible, the department of transportation shall implement the highway performance classification plan.

**SECTION 7. AMENDMENT.** Section 24-01-51 of the North Dakota Century Code is amended and reenacted as follows:

**24-01-51. (Effective January 1, 2006 2008) Haying of no-mow areas.** Notwithstanding any other provision of law, a person owning land adjacent to an area within the right of way of a highway which is designated as a no-mow or managed-mow area may hay the no-mow or managed-mow area after July fifteenth without any payment or penalty."

Page 3, line 14, after "needed" insert "for the liberty memorial bridge improvement project and the United States highway 2 project improvements"

Page 4, line 9, replace "Medal of honor" with "Liberty memorial"

Page 4, line 10, replace "medal of honor" with "liberty memorial"

Page 4, after line 11, insert:

**"SECTION 10. AMENDMENT.** Section 39-04-19 of the North Dakota Century Code is amended and reenacted as follows:

**39-04-19. Motor vehicle registration fees and mile tax.** Motor vehicles required to pay registration fees or a mile tax shall pay the following fees:

1. Nonresidents electing to pay mile tax in lieu of registration, when authorized to do so by the department, shall pay a fee of twenty dollars for a trip permit which is valid for a period of seventy-two hours. All fees collected under the provisions of this subsection must be credited to the highway construction fund.
2. Motor vehicles required to be registered in this state must be furnished license plates upon the payment of the following annual fees; however, if a

motor vehicle, including a motorcycle or trailer, first becomes subject to registration other than at the beginning of the registration period, such fees must be prorated on a monthly basis. The minimum fee charged hereunder must be five dollars:

a. Passenger motor vehicles:

Gross Weights	YEARS REGISTERED			
	1st, 2nd, 3rd, 4th, 5th, and 6th Years	7th, 8th, and 9th Years	10th, 11th, and 12th Years	13th and Subsequent Years
Less than 3,200	\$60 \$73	\$52 \$65	\$44 \$57	\$36 \$49
3,200 - 4,499	80 93	68 81	56 69	44 57
4,500 - 4,999	98 111	84 94	66 79	50 63
5,000 - 5,999	129 142	107 120	85 98	63 76
6,000 - 6,999	162 175	133 146	104 117	76 89
7,000 - 7,999	195 208	159 172	124 137	89 102
8,000 - 8,999	228 241	186 199	144 157	102 115
9,000 and over	264 274	212 225	164 177	115 128

A house car is subject to registration at the rates prescribed for other vehicles under this subdivision modified by using the weight applicable to a vehicle whose weight is forty percent of that of the house car, but not using a weight of less than four thousand pounds [1814.35 kilograms].

A pickup truck is subject to registration at the rates prescribed for other vehicles under this subdivision by applying the shipping weight of the vehicle to the fee schedule. At minimum, the registered gross weight displayed on the registration card for a pickup truck must be twice the shipping weight of the vehicle. Unless otherwise exempted by this chapter, the owner of a pickup truck shall request the registered gross weight of the pickup truck be increased to ensure the registered gross weight is sufficient to include the total weight of the vehicle and any load transported on or by the vehicle. For purposes of this subdivision, a pickup truck is a motor vehicle with a manufacturer's gross vehicle weight rating of less than eleven thousand five hundred pounds [5216.31 kilograms], with an unladen weight of less than eight thousand pounds [3628.74 kilograms], and which is equipped with an open box-type bed not exceeding nine feet [2.74 meters] in length.

b. Schoolbuses, buses for hire, buses owned and operated by religious, charitable, or nonprofit organizations and used exclusively for religious, charitable, or other public nonprofit purposes, and trucks or combination trucks and trailers, including commercial and noncommercial trucks, except those trucks or combinations of trucks and trailers which qualify for registration under this subsection or subsection 5:

Gross Weights	YEARS REGISTERED				
	1st Through 6th Years	7th Through 9th Years	10th Through 12th Years	13th Through 19th Years	20th and Subsequent Years
Not over 4,000	\$58 \$71	\$45 \$58	\$40 \$53	\$37 \$50	\$36 \$49
4,001 - 6,000	63 76	50 63	44 57	38 51	37 50
6,001 - 8,000	68 81	55 68	48 61	39 52	38 51
8,001 - 10,000	73 86	60 73	52 65	41 54	40 53
10,001 - 12,000	78 91	65 78	56 69	43 56	42 55
12,001 - 14,000	83 96	70 83	60 73	46 59	45 58
14,001 - 16,000	88 101	75 88	64 77	49 62	48 61
16,001 - 18,000	93 106	80 93	68 81	51 64	50 63
18,001 - 20,000	96 109	83 96	70 83	52 65	51 64

Gross Weights	YEARS REGISTERED		
	1st, 2nd, 3rd, 4th, 5th, 6th, and 7th Years	8th, 9th, 10th, 11th, and 12th Years	13th and Subsequent Years
20,001 - 22,000	\$126 \$139	\$100 \$113	\$87 \$100
22,001 - 26,000	478 191	448 161	432 145

26,001 - 30,000	<u>239 252</u>	<u>497 210</u>	<u>475 188</u>
30,001 - 34,000	<u>305 318</u>	<u>250 263</u>	<u>222 235</u>
34,001 - 38,000	<u>366 379</u>	<u>299 312</u>	<u>265 278</u>
38,001 - 42,000	<u>427 440</u>	<u>348 361</u>	<u>307 320</u>
42,001 - 46,000	<u>488 501</u>	<u>396 409</u>	<u>350 363</u>
46,001 - 50,000	<u>549 562</u>	<u>445 458</u>	<u>393 406</u>
50,001 - 54,000	<u>610 623</u>	<u>503 516</u>	<u>444 457</u>
54,001 - 58,000	<u>670 683</u>	<u>552 565</u>	<u>487 500</u>
58,001 - 62,000	<u>732 745</u>	<u>604 617</u>	<u>530 543</u>
62,001 - 66,000	<u>792 805</u>	<u>649 662</u>	<u>573 586</u>
66,001 - 70,000	<u>853 866</u>	<u>698 711</u>	<u>615 628</u>
70,001 - 74,000	<u>914 927</u>	<u>747 760</u>	<u>658 671</u>
74,001 - 78,000	<u>975 988</u>	<u>796 809</u>	<u>701 714</u>
78,001 - 82,000	<u>1,036 1,049</u>	<u>845 858</u>	<u>744 757</u>
82,001 - 86,000	<u>1,097 1,110</u>	<u>894 907</u>	<u>787 800</u>
86,001 - 90,000	<u>1,158 1,171</u>	<u>943 956</u>	<u>830 843</u>
90,001 - 94,000	<u>1,219 1,232</u>	<u>992 1,005</u>	<u>873 886</u>
94,001 - 98,000	<u>1,280 1,293</u>	<u>1,041 1,054</u>	<u>916 929</u>
98,001 - 102,000	<u>1,341 1,354</u>	<u>1,090 1,103</u>	<u>959 972</u>
102,001 - 105,500	<u>1,402 1,415</u>	<u>1,139 1,152</u>	<u>1,002 1,015</u>

c. Motorcycles, fifteen dollars.

3. Motor vehicles acquired by disabled veterans under the provisions of Public Law 79-663 [38 U.S.C. 3901] are exempt from the payment of state sales or use tax and, if paid, such veterans are entitled to a refund. This exemption also applies to any passenger motor vehicle or pickup truck not exceeding ten thousand pounds [4535.92 kilograms] gross weight but shall apply to no more than two such motor vehicles owned by a disabled veteran at any one time.
4. Every trailer, semitrailer, and farm trailer required to be registered under this chapter must be furnished registration plates upon the payment of a twenty dollar annual fee. Every trailer, semitrailer, or farm trailer not required to be registered under this chapter must be furnished an identification plate upon the payment of a fee of five dollars. Upon the request of a person with a trailer or farm trailer to whom a registration or identification plate is provided under this subsection, the department shall provide a plate of the same size as provided for a motorcycle. The department shall provide notification of this option to the person before the replacement or issuance of the plate.
5. Trucks or combinations of trucks and trailers weighing more than twenty thousand but not more than one hundred five thousand five hundred pounds [more than 9071.84 but not more than 47854.00 kilograms] which are used as farm vehicles only, are entitled to registration under the following fee schedule and the provisions of this subsection. Farm vehicles are considered, for the purpose of this subsection, as trucks or combinations of trucks and trailers weighing more than twenty thousand but not more than one hundred five thousand five hundred pounds [more than 9071.84 but not more than 47854.00 kilograms] owned, or leased for at least one year by a bona fide resident farmer who uses the vehicles exclusively for transporting the farmer's own property or other property on a farm work exchange basis with other farmers between farms and the usual local trading places but not in connection with any commercial retail or wholesale business being conducted from those farms, nor otherwise for hire. In addition to the penalty provided in section 39-04-41, any person violating this subsection shall license for the entire license period the farm vehicle at the higher commercial vehicle rate in accordance with the weight carried by the farm vehicle at the time of the violation.

#### YEARS REGISTERED

Gross Weights	YEARS REGISTERED			
	1st, 2nd, 3rd, 4th, 5th, and 6th Years	7th and 8th Years	9th and 10th Years	11th and Subsequent Years
20,001 - 22,000	<u>\$98 \$111</u>	<u>\$84 \$97</u>	<u>\$70 \$83</u>	<u>\$52 \$65</u>
22,001 - 24,000	<u>403 116</u>	<u>88 101</u>	<u>73 86</u>	<u>54 67</u>
24,001 - 26,000	<u>414 124</u>	<u>94 107</u>	<u>77 90</u>	<u>56 69</u>
26,001 - 28,000	<u>422 135</u>	<u>402 115</u>	<u>83 96</u>	<u>60 73</u>
28,001 - 30,000	<u>434 144</u>	<u>440 123</u>	<u>89 102</u>	<u>64 77</u>



30,001 - 32,000	<u>446 159</u>	<u>423 136</u>	<u>400 113</u>	<u>73 86</u>
32,001 - 34,000	<u>456 169</u>	<u>434 144</u>	<u>406 119</u>	<u>77 90</u>
34,001 - 36,000	<u>466 179</u>	<u>439 152</u>	<u>412 125</u>	<u>84 94</u>
36,001 - 38,000	<u>476 189</u>	<u>447 160</u>	<u>418 131</u>	<u>85 98</u>
38,001 - 40,000	<u>486 199</u>	<u>455 168</u>	<u>424 137</u>	<u>89 102</u>
40,001 - 42,000	<u>496 209</u>	<u>463 176</u>	<u>430 143</u>	<u>93 106</u>
42,001 - 44,000	<u>206 219</u>	<u>474 184</u>	<u>436 149</u>	<u>97 110</u>
44,001 - 46,000	<u>216 229</u>	<u>479 192</u>	<u>442 155</u>	<u>101 114</u>
46,001 - 48,000	<u>226 239</u>	<u>487 200</u>	<u>448 161</u>	<u>105 118</u>
48,001 - 50,000	<u>236 249</u>	<u>495 208</u>	<u>454 167</u>	<u>109 122</u>
50,001 - 52,000	<u>256 269</u>	<u>213 226</u>	<u>470 183</u>	<u>423 136</u>
52,001 - 54,000	<u>266 279</u>	<u>224 234</u>	<u>476 189</u>	<u>427 140</u>
54,001 - 56,000	<u>276 289</u>	<u>229 242</u>	<u>482 195</u>	<u>434 144</u>
56,001 - 58,000	<u>286 299</u>	<u>237 250</u>	<u>488 201</u>	<u>435 148</u>
58,001 - 60,000	<u>296 309</u>	<u>245 258</u>	<u>494 207</u>	<u>439 152</u>
60,001 - 62,000	<u>306 319</u>	<u>253 266</u>	<u>200 213</u>	<u>443 156</u>
62,001 - 64,000	<u>316 329</u>	<u>264 274</u>	<u>206 219</u>	<u>447 160</u>
64,001 - 66,000	<u>326 339</u>	<u>269 282</u>	<u>212 225</u>	<u>454 164</u>
66,001 - 68,000	<u>336 349</u>	<u>277 290</u>	<u>218 231</u>	<u>455 168</u>
68,001 - 70,000	<u>346 359</u>	<u>285 298</u>	<u>224 237</u>	<u>459 172</u>
70,001 - 72,000	<u>356 369</u>	<u>293 306</u>	<u>230 243</u>	<u>463 176</u>
72,001 - 74,000	<u>366 379</u>	<u>304 314</u>	<u>236 249</u>	<u>467 180</u>
74,001 - 76,000	<u>376 389</u>	<u>309 322</u>	<u>242 255</u>	<u>474 184</u>
76,001 - 78,000	<u>386 399</u>	<u>317 330</u>	<u>248 261</u>	<u>475 188</u>
78,001 - 80,000	<u>396 409</u>	<u>325 338</u>	<u>254 267</u>	<u>479 192</u>
80,001 - 82,000	<u>406 419</u>	<u>333 346</u>	<u>260 273</u>	<u>483 196</u>
82,001 - 84,000	<u>416 429</u>	<u>355 368</u>	<u>303 316</u>	<u>259 272</u>
84,001 - 86,000	<u>436 449</u>	<u>372 385</u>	<u>317 330</u>	<u>274 284</u>
86,001 - 88,000	<u>456 469</u>	<u>389 402</u>	<u>334 344</u>	<u>283 296</u>
88,001 - 90,000	<u>476 489</u>	<u>406 419</u>	<u>345 358</u>	<u>295 308</u>
90,001 - 92,000	<u>496 509</u>	<u>423 436</u>	<u>359 372</u>	<u>307 320</u>
92,001 - 94,000	<u>516 529</u>	<u>440 453</u>	<u>373 386</u>	<u>319 332</u>
94,001 - 96,000	<u>536 549</u>	<u>457 470</u>	<u>387 400</u>	<u>334 344</u>
96,001 - 98,000	<u>556 569</u>	<u>474 487</u>	<u>404 414</u>	<u>343 356</u>
98,001 - 100,000	<u>576 589</u>	<u>494 504</u>	<u>415 428</u>	<u>355 368</u>
100,001 - 102,000	<u>596 609</u>	<u>508 521</u>	<u>429 442</u>	<u>367 380</u>
102,001 - 104,000	<u>616 629</u>	<u>525 538</u>	<u>443 456</u>	<u>379 392</u>
104,001 - 105,500	<u>636 649</u>	<u>542 555</u>	<u>457 470</u>	<u>394 404</u>

6. A motor vehicle registered in subsection 5 may be used for custom combining operations by displaying identification issued by the department and upon payment of a fee of twenty-five dollars.
7. Sixteen dollars of each registration fee collected under subsections 2 and 5 must be deposited in the state highway fund.

**SECTION 11. AMENDMENT.** Section 57-40.3-10 of the North Dakota Century Code is amended and reenacted as follows:

**57-40.3-10. Transfer of revenue.** All moneys collected and received under this chapter must be transmitted monthly by the director of the department of transportation to the state treasurer to be transferred and credited ~~to the general fund.~~ as follows:

1. The first one hundred fifty million dollars received during a biennium must be deposited in the state general fund.
2. The first thirty-seven million five hundred thousand dollars received during a biennium exceeding the amount allocated under subsection 1 must be deposited in the state highway fund.
3. Amounts received in excess of the amount allocated under subsections 1 and 2 must be allocated eighty percent to the state general fund and twenty percent to the state highway fund.

**SECTION 12. AMENDMENT.** Section 57-43.1-02 of the North Dakota Century Code is amended and reenacted as follows:

**57-43.1-02. Tax imposed on motor vehicle fuels.**

1. Except as otherwise provided in this section, a tax of ~~twenty-one~~ twenty-two and one-half cents per gallon [3.79 liters] is imposed on all motor vehicle fuel sold or used in this state.
2. A supplier or distributor shall remit the tax imposed by this section on motor vehicle fuel used, on the wholesale distribution of motor vehicle fuel to a retailer, and on direct sales of motor vehicle fuel to a consumer.
3. The tax imposed by this section does not apply on a sale by a supplier to another supplier, on a sale by a supplier to a distributor, on a sale by a distributor to another distributor, on an export, or on a sale to an exempt consumer.
4. The person required to remit the tax imposed by this section shall pass the tax on to the retailer and to the consumer. A retailer who paid the tax to the supplier or distributor shall pass the tax on to the consumer.
5. The person required to remit the tax imposed by this section shall pay the tax to the commissioner by the twenty-fifth day of the calendar month after the month during which the motor vehicle fuel was sold or used by the person. When the twenty-fifth day of the calendar month falls on a Saturday, Sunday, or legal holiday, the due date is the first working day after the Saturday, Sunday, or legal holiday. When payment is made by mail, the payment is timely if the envelope containing the payment is postmarked by the United States postal service or other postal carrier service before midnight of the due date.
6. The commissioner shall pay over all of the money received during each calendar month to the state treasurer.

**SECTION 13. AMENDMENT.** Section 57-43.2-02 of the North Dakota Century Code is amended and reenacted as follows:

**57-43.2-02. (Contingent effective date - See note - Effective through June 30, 2005) Tax imposed.**

1. Except as otherwise provided in this chapter, an excise tax of twenty-one cents per gallon [3.79 liters] is imposed on the sale or delivery of all special fuel sold or used in this state. For the purpose of determining the tax upon compressed natural gas under this section, one hundred twenty cubic feet [3.40 cubic meters] of compressed natural gas is equal to one gallon [3.79 liters] of other special fuel. The tax under this subsection is reduced by one and five-hundredths cents per gallon [3.79 liters] on the sale or delivery of diesel fuel that contains at least two percent biodiesel fuel by weight.
2. A supplier, distributor, or retailer shall remit the tax imposed by this section on special fuel used and on direct sales of special fuel to a customer.
3. The tax imposed by this section does not apply on sales by a supplier to another supplier, on a sale by a supplier to a distributor, on a sale by a distributor to another distributor, on a sale by a distributor to a retailer, on an export, or on a sale to an exempt consumer.
4. The person required to remit the tax imposed by this section shall pass the tax on to the customer.
5. The person required to remit the tax imposed by this section shall pay the tax to the commissioner by the twenty-fifth day of the calendar month after the month during which the special fuel was sold or used by the person. When the twenty-fifth day of the calendar month falls on a Saturday, Sunday, or legal holiday, the due date is the first working day after the Saturday, Sunday, or legal holiday. When payment is made by mail, the payment is timely if the envelope containing the payment is postmarked by the United States postal service or other postal carrier service before midnight of the due date.
6. The commissioner shall pay over all of the money received during each calendar month to the state treasurer.

**(Effective after June 30, 2005) Tax imposed.**

1. Except as otherwise provided in this chapter, an excise tax of ~~twenty-one~~ twenty-two and one-half cents per gallon [3.79 liters] is imposed on the sale or delivery of all special fuel sold or used in this state. For the purpose of determining the tax upon compressed natural gas under this section, one hundred twenty cubic feet [3.40 cubic meters] of compressed natural gas is equal to one gallon [3.79 liters] of other special fuel.
2. A supplier, distributor, or retailer shall remit the tax imposed by this section on special fuel used and on direct sales of special fuel to a customer.
3. The tax imposed by this section does not apply on sales by a supplier to another supplier, on a sale by a supplier to a distributor, on a sale by a distributor to another distributor, on a sale by a distributor to a retailer, on an export, or on a sale to an exempt consumer.
4. The person required to remit the tax imposed by this section shall pass the tax on to the customer.
5. The person required to remit the tax imposed by this section shall pay the tax to the commissioner by the twenty-fifth day of the calendar month after the month during which the special fuel was sold or used by the person. When the twenty-fifth day of the calendar month falls on a Saturday, Sunday, or legal holiday, the due date is the first working day after the Saturday, Sunday, or legal holiday. When payment is made by mail, the payment is timely if the envelope containing the payment is postmarked by the United States postal service or other postal carrier service before midnight of the due date.
6. The commissioner shall pay over all of the money received during each calendar month to the state treasurer.

**SECTION 14. REPEAL.** Section 39-04-39.5 of the North Dakota Century Code is repealed.

**SECTION 15. APPLICATION.** Notwithstanding the fees provided by subdivision a of subsection 2 of section 39-04-19, only one-half of the increase in registration fees, rounded up to the nearest dollar, resulting from the reclassification of pickup trucks from subdivision b of subsection 2 to subdivision a of subsection 2 of section 39-04-19 is effective from July 1, 2005, through June 30, 2006.

**SECTION 16. EFFECTIVE DATE.** Sections 10, 11, 12, and 13 of this Act are effective for registrations and taxable events occurring after June 30, 2005. Section 14 of this Act is effective for registrations occurring after June 30, 2005."

Page 4, line 12, replace "6" with "8"

ReNUMBER accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### Senate Bill No. 2012 - Department of Transportation - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Administration	\$27,227,294	\$27,185,848	(\$11,606)	\$27,174,242	\$27,174,242	
Driver's and Vehicle Services	20,081,797	20,048,706	(13,354)	20,035,352	20,035,352	
Highways	736,823,693	789,997,698	73,646,713	863,644,411	863,094,411	\$550,000
Fleet Services	<u>43,280,168</u>	<u>43,271,158</u>	(3,120)	<u>43,268,038</u>	<u>43,268,038</u>	
Total all funds	\$827,412,952	\$880,503,410	\$73,618,633	\$954,122,043	\$953,572,043	\$550,000
Less estimated income	<u>827,412,952</u>	<u>880,503,410</u>	<u>73,618,633</u>	<u>954,122,043</u>	<u>953,572,043</u>	<u>550,000</u>
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	1044.50	1044.50	0.00	1044.50	1044.55	0.00

#### Dept. 801 - Department of Transportation - Detail of Conference Committee Changes

REDUCES

ADDS

ADDS

	RECOMMENDED FUNDING FOR HEALTH INSURANCE	ADDS FUNDING FOR ONE CALL 1	ADDS HIGHWAY CONSTRUCTION FUNDS 2	FUNDING FOR EMERGENCY RELIEF PROJECTS 3	FUNDING FOR PUBLIC TRANSPORTATION GRANTS 4	TOTAL CONFERENCE COMMITTEE CHANGES
Administration	(\$11,606)					(\$11,606)
Driver's and Vehicle Services	(13,354)					(13,354)
Highways	(100,589)	\$168,520	\$17,900,000	\$54,128,782	\$1,550,000	73,646,713
Fleet Services	(3,120)					(3,120)
Total all funds	(\$128,669)	\$168,520	\$17,900,000	\$54,128,782	\$1,550,000	\$73,618,633
Less estimated income	(128,669)	168,520	17,900,000	54,128,782	1,550,000	73,618,633
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

<sup>1</sup> The highways line item is increased by \$168,520 from the highway fund for costs of complying with provisions of Senate Bill No. 2209 which require the department to provide data on the location of utilities on highway rights of way, the same as the House version.

<sup>2</sup> The highways line item is increased by \$17,900,000, of which \$15,900,000 is federal funds and \$2,000,000 is from the highway fund for highway projects in anticipation of receiving \$202.3 million of federal highway construction funds in federal fiscal year 2005 and \$205 million in federal fiscal year 2006, the same as the House version.

<sup>3</sup> The highways line item is increased by \$54,128,782, of which \$43,968,332 is federal funds, \$8,472,520 is state matching, and \$1,687,930 is from the counties for emergency relief projects on highways, the same as the House version.

<sup>4</sup> The highways line item is increased by \$1,550,000 from the public transportation fund to increase the funding available for public transportation grants as a result of provisions of Senate Bill No. 2348, which increase the public transportation fee on motor vehicle registrations from \$2 to \$3 per year.

The section added by the Senate requiring the department to maintain bridges over navigable waters in the state that it is currently maintaining is changed to require the department to maintain the structural integrity of these bridges unless the department enters into an agreement with the municipality, the same as the House version.

A section is added delaying the effective date from January 1, 2006, to January 1, 2008, of provisions allowing a landowner owning land next to a no-mow area to hay the no-mow or managed-mow area after July 15 without payment or penalty, the same as the House version.

The section added by the Senate authorizing the department to issue grant anticipation revenue vehicle (GARVEE) bonds is changed to limit the authorization to only the Liberty Memorial Bridge project and the United States Highway 2 project, the same as the House version.

The section added by the Senate naming the replacement bridge for the Liberty Memorial Bridge between Bismarck and Mandan the Medal of Honor Bridge is changed to name the replacement bridge the Liberty Memorial Bridge, the same as the House version.

Sections are added providing additional state highway revenue beginning in the 2005-07 biennium by:

- Increasing the motor vehicle fuel (gasoline and gasohol) and special fuels (diesel) tax rate by 1.5 cents per gallon, from 21 to 22.5 cents. This revenue will be deposited in the highway tax distribution fund.
- Making pickup registration fees equivalent to passenger vehicles by the second year of the biennium. The first year, pickup registration fees will increase by 50 percent of the amount needed to be equivalent to passenger vehicles. This revenue will be deposited in the highway tax distribution fund.
- Increasing annual motor vehicle registration fees by \$13. This revenue will be deposited directly in the state highway fund providing a total of \$16 of each registration fee that is deposited directly in the highway fund.

A section is added allocating motor vehicle excise tax revenues between the general fund and the state highway fund. State aid distribution fund allocations from motor vehicle excise tax collections are not affected.

The following provisions included in the House version for generating additional state highway revenue are removed:

- Increasing the motor vehicle fuel (gasoline and gasohol) and special fuels (diesel) tax rate by 2 cents per gallon, from 21 to 23 cents for deposit in the highway tax distribution fund.
- Increasing the motor vehicle fuel (gasoline and gasohol) tax rate by an additional 2 cents per gallon, from 23 to 25 cents each year during the months of May through October, for deposit in the highway tax distribution fund.
- Increasing annual motor vehicle registration fees by \$10, for deposit directly in the state highway fund providing a total of \$13 of each registration fee that is deposited directly in the highway fund.

Sections added by the House are removed which would have provided that effective July 1, 2009, collections from 1 percent of the current 5 percent motor vehicle excise tax that would have been deposited in the state highway fund rather than in the state aid distribution fund and the general fund.

The section added by the House is removed which would have precluded cities and counties from receiving the additional revenue resulting from provisions of this bill until they develop, in collaboration with the Department of Transportation, a roadway plan. Provisions added by the House are also removed which would have provided \$1 million to the Department of Transportation from funds transferred from the cities' and counties' share of the additional revenue generated by this bill for the development of a roadway plan for cities and counties.

Engrossed SB 2012 was placed on the Seventh order of business on the calendar.

#### **CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. TRENBEATH MOVED** that the conference committee report on Engrossed SB 2012 be adopted, which motion failed on a verification vote.

#### **MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1012.

#### **MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has not adopted the conference committee report on: SB 2012.

#### **MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: HB 1021.

#### **MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** Your signature is respectfully requested on: HB 1002, HB 1003, HB 1004, HB 1008, HB 1009, HB 1252.

#### **MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has signed: HB 1324, HB 1465.

#### **MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has signed: HCR 3060.

#### **MOTION**

**SEN. CHRISTMANN MOVED** that the Senate stand in recess until 1:00 p.m., which motion prevailed.

**THE SENATE RECONVENED** pursuant to recess taken, with President Dalrymple presiding.

#### **REPORT OF CONFERENCE COMMITTEE**

**SB 2014, as engrossed:** Your conference committee (Sens. Schobinger, Fischer, Lindaas and Reps. Thoreson, Carlson, Kroeber) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1257-1261, adopt amendments as follows, and place SB 2014 on the Seventh order:

That the House recede from its amendments as printed on pages 1257-1261 of the Senate Journal and pages 1489-1493 of the House Journal and that Engrossed Senate Bill No. 2014 be amended as follows:

Page 1, line 2, after the second "commission" insert "; to provide for approval of alternate bids by the emergency commission and budget section"

Page 1, line 5, after the first comma insert "section 54-17-03,"

Page 1, line 7, replace "and transferring" with ", transfer of"

Page 1, line 8, after "resources" insert ", and the secretary of the industrial commission; to repeal section 3 of chapter 491 of the 2003 Session Laws, relating to the expiration of the authorization for the state to purchase oil put options; to provide for a report to the legislative council; to provide a section of legislative intent"

Page 3, line 5, replace "\$173,615" with "\$184,571"

Page 3, line 9, replace "7,461,422" with "7,461,422"

Page 3, after line 9, insert:

"Oil and gas division contingency 225,000"

Page 3, line 10, replace "6,198,090" with "6,412,134"

Page 3, line 11, replace "6,363,049" with "6,604,189"

Page 3, line 12, replace "\$164,959" with "\$192,055"

Page 3, line 15, replace "1,721,983" with "1,625,778"

Page 3, remove line 16

Page 3, line 19, replace "13,551,518" with "12,272,778"

Page 3, line 27, replace "657,285" with "641,435"

Page 3, line 29, replace "50,000" with "50,000"

Page 3, after line 29, insert:

"Agriculture promotion 200,000"

Page 3, line 30, replace "2,675,102" with "2,859,252"

Page 4, line 2, replace "468,942" with "446,894"

Page 4, line 5, replace "305,940" with "283,892"

Page 4, line 6, replace "\$2,539,959" with "\$2,567,055"

Page 4, line 7, replace "25,270,609" with "24,395,111"

Page 4, line 8, replace "22,730,650" with "21,828,056"

Page 4, line 17, replace "6,071,048" with "6,060,092"

Page 4, line 21, replace "27,292,412" with "27,292,412"

Page 4, after line 21, insert:

"Oil and gas division contingency 225,000"

Page 4, line 22, replace "50,516,810" with "50,730,854"

Page 4, line 23, replace "43,654,885" with "43,896,025"

Page 4, line 24, replace "6,840,444" with "6,834,829"

Page 4, line 27, replace "18,176,480" with "18,153,392"

Page 4, line 29, replace "18,722,000" with "11,272,000"

Page 4, line 31, replace "49,524,145" with "42,051,057"

Page 5, line 11, replace "17,348,241" with "17,332,391"

Page 5, line 15, replace "32,857,254" with "32,841,404"

Page 5, line 18, replace "4,382,167" with "4,376,801"

Page 5, line 22, replace "33,879,025" with "33,873,659"

Page 5, line 23, replace "12,540,444" with "12,534,829"

Page 5, line 24, replace "162,286,824" with "155,037,145"

Page 5, line 25, replace "174,827,268" with "167,571,974"

Page 6, after line 4, insert:

**"SECTION 6. ALTERNATE BIDS - EMERGENCY COMMISSION AND BUDGET SECTION APPROVAL - APPROPRIATION.** The industrial commission shall advertise for bids for a new building for the Bank of North Dakota. Alternate bids must be solicited which would allow footings to be installed for up to three additional floors. The industrial commission may proceed with the construction of additional footings upon approval by the emergency commission and budget section. Any additional funds required for the footings in excess of the \$11,000,000 appropriated in subdivision 2 of section 3 of this Act are hereby appropriated to the Bank of North Dakota for the biennium beginning July 1, 2005, and ending June 30, 2007."

Page 6, line 5, replace "\$68,525" with "\$73,650"

Page 6, line 10, replace "\$89,420" with "\$94,545"

Page 6, line 15, replace "\$59,602" with "\$64,727"

Page 6, line 20, replace "\$20,894" with "\$26,019"

Page 8, replace lines 9 through 18 with:

**"SECTION 15. LEGISLATIVE INTENT - FIRSTHOME PARK GRANT.** It is the intent of the fifty-ninth legislative assembly that the housing finance agency provide a \$100,000 grant from funds appropriated in the grants line item in subdivision 5 of section 3 of this Act to the Dickinson park district for park improvements at the west river community center complex to be named the firsthome park."

Page 8, after line 23, insert:

**"SECTION 17. UNOBLIGATED MONEYS IN PARTNERSHIP FOR COMMUNITY EXPANSION FUND - TRANSFER TO THE GENERAL FUND.** Notwithstanding section 6-09.14-02, any unobligated moneys, up to \$2,200,000, in the partnership in assisting community expansion fund as of June 30, 2005, must be returned to the general fund and considered general fund turnback.

**SECTION 18. CONTINGENT OIL AND GAS DIVISION FUNDING - EMERGENCY COMMISSION APPROVAL.** The funds appropriated in the oil and gas division contingency line item in subdivision 1 of section 3 of this Act are from the land and minerals trust fund. If funds are required due to the average drilling rig count exceeding thirty active rigs for each month in any consecutive three-month period, the oil and gas division may spend moneys from this line item upon emergency commission approval. The oil and gas division may hire up to two full-time equivalent positions with the contingency funds."

Page 8, line 24, replace "TRADE PROMOTION AUTHORITY" with "INTERNATIONAL BUSINESS AND TRADE OFFICE"

Page 8, line 25, replace "\$250,000" with "\$200,000"

Page 8, line 26, replace "trade promotion authority" with "international business and trade office upon proof of the international business and trade office securing \$1 of matching funds from other public or private sources for every \$2 from the mill and elevator association"

Page 16, after line 3, insert:

**"SECTION 29. AMENDMENT.** Section 54-17-03 of the North Dakota Century Code is amended and reenacted as follows:

**54-17-03. Chairman and attorney - Secretary - Employees - Compensation - Bonds.** The governor is the chairman of the industrial commission, and its attorney is the attorney general. ~~In the transaction of its general business, the~~ The commission shall appoint a secretary and may employ other subordinate officers, employees, and agents, on such terms as ~~it may deem~~ the commission determines proper and as, in its judgment, the public interests may require. The commission may require suitable bonds of its secretary or other subordinate officers, employees, or agents. ~~# The commission shall fix the amount of the compensation of each person so engaged the commission's secretary, officers, employees, and agents and the secretary's salary may exceed the maximum salary in the grade established for the classification assigned under chapter 54-44.3.~~ The compensation, together with other expenditures for operation and maintenance of the general business of the commission, must remain within the appropriation available in each year for such purpose."

Page 17, after line 6, insert:

**"SECTION 34. REPEAL.** Section 3 of chapter 491 of the 2003 Session Laws is repealed.

**SECTION 35. STATE MILL AND ELEVATOR ASSOCIATION - REPORT TO BUDGET SECTION.** The manager of the state mill and elevator association shall present an annual report to the budget section of the legislative council. The report must include the current role and mission of the state mill and elevator association and short-term and long-term plans for acquisitions, construction, renovation, equipment upgrading, sales and marketing, personnel, and all financial matters. The report also must include a description of efforts by the state mill and elevator association to inform legislators about the role, mission, and operations of the state mill and elevator association."

Page 17, line 8, replace "15" with "16"

ReNUMBER accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### Senate Bill No. 2014 - Summary of Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Industrial Commission						
Total all funds	\$50,516,810	\$50,491,844	\$239,010	\$50,730,854	\$50,710,354	\$20,500
Less estimated income	43,654,885	43,651,400	244,625	43,896,025	43,875,525	20,500
General fund	\$6,861,925	\$6,840,444	(\$5,615)	\$6,834,829	\$6,834,829	\$0
Bank of North Dakota						
Total all funds	\$51,404,797	\$57,599,145	(\$7,473,088)	\$50,126,057	\$50,126,057	\$0
Less estimated income	45,704,797	51,899,145	(7,473,088)	44,426,057	44,426,057	\$0
General fund	\$5,700,000	\$5,700,000	\$0	\$5,700,000	\$5,700,000	\$0
Housing Finance Agency						
Total all funds	\$33,895,707	\$33,879,025	(\$5,366)	\$33,873,659	\$33,873,659	\$0
Less estimated income	33,895,707	33,879,025	(5,366)	33,873,659	33,873,659	\$0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Mill and Elevator						
Total all funds	\$32,657,254	\$32,857,254	(\$15,850)	\$32,841,404	\$32,641,404	\$200,000
Less estimated income	32,657,254	32,857,254	(15,850)	32,841,404	32,641,404	200,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Bill Total						
Total all funds	\$168,474,568	\$174,827,268	(\$7,255,294)	\$167,571,974	\$167,351,474	\$220,500
Less estimated income	155,912,643	162,286,824	(7,249,679)	155,037,145	154,816,645	220,500
General fund	\$12,561,925	\$12,540,444	(\$5,615)	\$12,534,829	\$12,534,829	\$0

#### Senate Bill No. 2014 - Industrial Commission - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages	\$6,071,048	\$6,046,082	\$14,010	\$6,060,092	\$6,039,592	\$20,500
Operating expenses	1,907,850	1,907,850		1,907,850	1,907,850	
Capital assets	45,500	45,500		45,500	45,500	
Lignite research and development	15,200,000	15,200,000		15,200,000	15,200,000	
Grants - Bond payments	27,292,412	27,292,412		27,292,412	27,292,412	
Oil and Gas Division contingency			225,000	225,000	225,000	
Total all funds	\$50,516,810	\$50,491,844	\$239,010	\$50,730,854	\$50,710,354	\$20,500



Less estimated income	<u>43,654,885</u>	<u>43,651,400</u>	<u>244,625</u>	<u>43,896,025</u>	<u>43,875,525</u>	<u>20,500</u>
General fund	\$6,861,925	\$6,840,444	(\$5,615)	\$6,834,829	\$6,834,829	\$0
FTE	51.37	51.37	2.00	53.37	51.37	2.00

**Dept. 405 - Industrial Commission - Detail of Conference Committee Changes**

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE <sup>1</sup>	INCREASES FUNDING FOR INDUSTRIAL COMMISSION SECRETARY SALARY <sup>2</sup>	ADDS CONTINGENCY FUNDING FOR OIL AND GAS DIVISION <sup>3</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$6,490)	\$20,500		\$14,010
Operating expenses				
Capital assets				
Lignite research and development				
Grants - Bond payments				
Oil and Gas Division contingency			<u>\$225,000</u>	<u>225,000</u>
Total all funds	(\$6,490)	\$20,500	\$225,000	\$239,010
Less estimated income	<u>(875)</u>	<u>20,500</u>	<u>225,000</u>	<u>244,625</u>
General fund	(\$5,615)	\$0	\$0	(\$5,615)
FTE	0.00	0.00	2.00	2.00

<sup>1</sup> This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month, the same as the House version.

<sup>2</sup> This amendment increases special funds spending authority for the Industrial Commission by \$20,500 and amends a section of the North Dakota Century Code to fund a salary increase to the Industrial Commission's secretary.

<sup>3</sup> This amendment adds contingency funding of \$225,000 from the lands and minerals trust fund for the Oil and Gas Division to hire up to 2 full-time equivalent positions (1 field inspector and 1 plugging and reclamation supervisor) if the average drilling rig count exceeds 30 active rigs for each month in any consecutive three-month period, upon Emergency Commission approval. This is the same as the House version.

**Senate Bill No. 2014 - Bank of North Dakota - Conference Committee Action**

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages	\$18,249,597	\$18,176,480	(\$23,088)	\$18,153,392	\$18,153,392	
Operating expenses	12,108,200	10,925,665		10,925,665	10,925,665	
Capital assets	11,272,000	18,722,000	(7,450,000)	11,272,000	11,272,000	
Contingencies	1,700,000	1,700,000		1,700,000	1,700,000	
PACE fund	5,700,000	5,700,000		5,700,000	5,700,000	
Agriculture PACE fund	1,425,000	1,425,000		1,425,000	1,425,000	
Beginning farmer revolving loan fund	950,000	950,000		950,000	950,000	
Total all funds	\$51,404,797	\$57,599,145	(\$7,473,088)	\$50,126,057	\$50,126,057	\$0
Less estimated income	<u>45,704,797</u>	<u>51,899,145</u>	<u>(7,473,088)</u>	<u>44,426,057</u>	<u>44,426,057</u>	
General fund	\$5,700,000	\$5,700,000	\$0	\$5,700,000	\$5,700,000	\$0
FTE	178.50	178.50	0.00	178.50	178.50	0.00

**Dept. 471 - Bank of North Dakota - Detail of Conference Committee Changes**

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE <sup>1</sup>	REMOVES ADDITIONAL FUNDING FOR NEW BANK BUILDING ADDED BY SENATE <sup>2</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$23,088)		(\$23,088)
Operating expenses			
Capital assets		(\$7,450,000)	(7,450,000)
Contingencies			
PACE fund			
Agriculture PACE fund			
Beginning farmer revolving loan fund			
Total all funds	(\$23,088)	(\$7,450,000)	(\$7,473,088)
Less estimated income	<u>(23,088)</u>	<u>(7,450,000)</u>	<u>(7,473,088)</u>
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

<sup>1</sup> This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month, the same as the House version.

<sup>2</sup> This amendment removes the additional \$7,450,000 of spending authority added by the Senate to increase the size of the new Bank of North Dakota building, resulting in a total of \$11 million available for the new Bank building, the same as the House version. This amendment also adds a section that provides that the Industrial Commission shall solicit alternate bids for the new Bank of North Dakota building which allows for footings to be installed for up to three additional floors and provides an appropriation for the additional costs associated with the footings upon Emergency Commission and Budget Section approval and removes Section 14 of the bill added by the Senate providing legislative intent for the Bank of North Dakota to lease space in its new building to other state agencies.

This amendment also adds a section to provide for the Bank of North Dakota to turn back unobligated general fund moneys of up to \$2.2 million in the partnership in assisting community expansion fund to the general fund as of June 30, 2005, the same as the House version.

#### Senate Bill No. 2014 - Housing Finance Agency - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages	\$4,398,849	\$4,382,167	(\$5,366)	\$4,376,801	\$4,376,801	
Operating expenses	2,805,578	2,805,578		2,805,578	2,805,578	
Grants	26,591,280	26,591,280		26,591,280	26,591,280	
HFA contingencies	<u>100,000</u>	<u>100,000</u>		<u>100,000</u>	<u>100,000</u>	
Total all funds	\$33,895,707	\$33,879,025	(\$5,366)	\$33,873,659	\$33,873,659	\$0
Less estimated income	<u>33,895,707</u>	<u>33,879,025</u>	<u>(5,366)</u>	<u>33,873,659</u>	<u>33,873,659</u>	
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	43.00	43.00	0.00	43.00	43.00	0.00

#### Dept. 473 - Housing Finance Agency - Detail of Conference Committee Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$5,366)	(\$5,366)
Operating expenses		
Grants		
HFA contingencies		
Total all funds	(\$5,366)	(\$5,366)
Less estimated income	<u>(5,366)</u>	<u>(5,366)</u>
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month, the same as the House version.

This amendment also adds a section of legislative intent to allow the Housing Finance Agency to provide a \$100,000 grant to the Dickinson Park District for park improvements at the West River Community Center complex.

#### Senate Bill No. 2014 - Mill and Elevator - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages	\$17,348,241	\$17,348,241	(\$15,850)	\$17,332,391	\$17,332,391	
Operating expenses	14,959,013	14,959,013		14,959,013	14,959,013	
Contingencies	300,000	300,000		300,000	300,000	
Agriculture promotion	<u>50,000</u>	<u>250,000</u>		<u>250,000</u>	<u>50,000</u>	\$200,000
Total all funds	\$32,657,254	\$32,857,254	(\$15,850)	\$32,841,404	\$32,641,404	\$200,000
Less estimated income	<u>32,657,254</u>	<u>32,857,254</u>	<u>(15,850)</u>	<u>32,841,404</u>	<u>32,641,404</u>	<u>200,000</u>
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	127.00	127.00	0.00	127.00	127.00	0.00

#### Dept. 475 - Mill and Elevator - Detail of Conference Committee Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$15,850)	(\$15,850)
Operating expenses		
Contingencies		

Agriculture promotion		
Total all funds	(\$15,850)	(\$15,850)
Less estimated income	(15,850)	(15,850)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month, the same as the House version.

This amendment also:

- Provides for a transfer of \$200,000 from the Mill and Elevator's agriculture promotion line to the International Business and Trade Office. The Senate had provided for a \$250,000 transfer, which the House had removed.
- Adds a section to require the Mill and Elevator Association to present an annual report to the Budget Section, the same as the House version.

#### **Senate Bill No. 2014 - Other Changes - Conference Committee Action**

This amendment also repeals Section 3 of Chapter 491 of the 2003 Session Laws related to expiration of the authorization for the state to purchase oil put options, the same as the House version.

Engrossed SB 2014 was placed on the Seventh order of business on the calendar.

#### **CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. SCHOBINGER MOVED** that the conference committee report on Engrossed SB 2014 be adopted, which motion prevailed on a voice vote.

Engrossed SB 2014, as amended, was placed on the Eleventh order.

#### **SECOND READING OF SENATE BILL**

**SB 2014:** A BILL for an Act to provide an appropriation for defraying the expenses of the state industrial commission and the agencies under the management of the industrial commission; to provide for approval of alternate bids by the emergency commission and budget section; to authorize transfers; to amend and reenact sections 38-08-04.2, 38-12-02, 38-12-03, and 38-12.1-04, subsection 1 of section 38-12.1-05, sections 38-15-03, 38-19-03, and 38-19-04, subsection 10 of section 38-15-02, section 54-17-03, subsection 3 of section 54-17.4-01, and sections 54-17.4-05, 54-17.4-06, and 54-17.4-07 of the North Dakota Century Code, relating to appointment of a director of mineral resources, transfer of the state geologist's functions to the director of mineral resources, and the secretary of the industrial commission; to repeal section 3 of chapter 491 of the 2003 Session Laws, relating to the expiration of the authorization for the state to purchase oil put options; to provide for a report to the legislative council; to provide a section of legislative intent; and to declare an emergency.

#### **ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 44 YEAS, 2 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Brown; Christmann; Cook; Erbele; Espgaard; Every; Fairfield; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heitkamp; Holmberg; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Lee, G.; Lee, J.; Lindaas; Lyson; Mathern; Nelson; Nething; Robinson; Schobinger; Seymour; Stenehjem; Syverson; Tallackson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Triplett; Urlacher; Wardner; Warner

**NAYS:** Mutch; O'Connell

**ABSENT AND NOT VOTING:** Dever

Reengrossed SB 2014 passed, the title was agreed to, and the emergency clause was declared carried.

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#### **MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has adopted the conference committee report, subsequently passed, and the emergency clause carried: SB 2014.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: HB 1019.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has signed: SB 2015, SB 2297.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** Your signature is respectfully requested on: HB 1010, HB 1397.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** Your signature is respectfully requested on: HB 1016, HB 1018, HB 1195.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The President has signed: HB 1010, HB 1397.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The President has signed: HB 1001, HB 1011, HB 1017.

**MOTION**

**SEN. CHRISTMANN MOVED** that the Senate stand in recess until 3:00 p.m., which motion prevailed.

**THE SENATE RECONVENED** pursuant to recess taken, with President Dalrymple presiding.

**MOTION**

**SEN. CHRISTMANN MOVED** that Engrossed SB 2003 be placed at the top of the Seventh order on the calendar, which motion prevailed.

**REPORT OF CONFERENCE COMMITTEE**

**SB 2003, as engrossed:** Your conference committee (Sens. Holmberg, Kringstad, Robinson and Reps. Martinson, Brusegaard, Aarsvold) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1247-1256, adopt amendments as follows, and place SB 2003 on the Seventh order:

That the House recede from its amendments as printed on pages 1247-1256 of the Senate Journal and pages 1471-1480 of the House Journal and that Engrossed Senate Bill No. 2003 be amended as follows:

Page 1, line 3, replace "a report" with "reports"

Page 1, line 4, replace "performance audit of the university of North Dakota school of medicine" with "legislative council study; to amend and reenact section 15-62.2-01 of the North Dakota Century Code, relating to student financial assistance grants"

Page 1, line 5, remove "and health sciences"

Page 5, line 11, replace "1,130,634" with "1,399,694"

Page 5, line 12, replace "1,047,862" with "1,045,572"

Page 5, line 13, replace "(4,115,556)" with "(4,526,546)"

Page 5, after line 13, insert:

"Operations pool	(189,858)
Equity pool	2,000,000"

Page 5, line 16, replace "1,846,073" with "574,187"

Page 5, line 17, replace "35,480" with "186,480"

Page 5, line 21, replace "\$1,002,386" with "\$457,350"

Page 5, line 23, replace "515,845" with "1,060,881"

Page 5, line 26, replace "769,695" with "753,221"

Page 5, line 28, replace "\$519,024" with "\$535,498"

Page 5, line 30, replace "763,176" with "746,702"

Page 6, line 2, replace "361,425" with "357,307"

Page 6, line 4, replace "329,131" with "325,013"

Page 6, line 6, replace "704,131" with "700,013"

Page 6, line 9, replace "371,523" with "365,626"

Page 6, line 10, replace "6,907,685" with "8,047,685"

Page 6, line 11, replace "7,279,208" with "8,413,311"

Page 6, line 12, replace "6,910,000" with "7,960,000"

Page 6, line 13, replace "369,208" with "453,311"

Page 6, line 16, replace "8,070,453" with "7,993,476"

Page 6, line 18, replace "9,108,862" with "9,031,885"

Page 6, line 20, replace "8,008,862" with "7,931,885"

Page 6, line 23, replace "8,290,440" with "8,227,691"

Page 6, line 25, replace "(\$17,754,865)" with "(\$17,817,614)"

Page 6, line 27, replace "8,245,135" with "8,182,386"

Page 6, line 30, replace "1,072,000" with "1,050,004"

Page 6, line 31, replace "(3,320,168)" with "(1,620,168)"

Page 7, line 1, replace "(\$2,248,168)" with "(\$570,164)"

Page 7, line 2, replace "(3,300,000)" with "(1,600,000)"

Page 7, line 3, replace "1,051,832" with "1,029,836"

Page 7, line 6, replace "1,006,685" with "1,112,796"

Page 7, line 8, replace "(\$4,885,634)" with "(\$4,779,523)"

Page 7, line 10, replace "996,413" with "1,102,524"

Page 7, line 13, replace "409,157" with "401,295"

Page 7, line 14, replace "(4,060,595)" with "(3,910,595)"

Page 7, line 15, replace "(\$3,651,438)" with "(\$3,509,300)"

Page 7, line 17, replace "353,562" with "495,700"

Page 7, line 20, replace "1,469,553" with "1,446,271"

Page 7, line 21, replace "3,519,020" with "3,599,020"

Page 7, line 22, replace "4,988,573" with "5,045,291"

Page 7, line 24, replace "1,453,573" with "1,510,291"

Page 7, line 27, replace "512,599" with "501,854"

Page 7, line 28, replace "(3,810,218)" with "(3,842,218)"

Page 7, line 29, replace "(\$3,297,619)" with "(\$3,340,364)"

Page 7, line 30, replace "(4,053,300)" with "(4,085,300)"

Page 7, line 31, replace "755,681" with "744,936"

Page 8, line 3, replace "235,629" with "231,604"

Page 8, line 5, replace "3,635,691" with "3,631,666"

Page 8, line 7, replace "135,691" with "131,666"

Page 8, line 10, replace "1,209,963" with "1,195,137"

Page 8, line 11, replace "1,209,963" with "1,195,137"

Page 8, line 15, replace "213,000" with "210,630"

Page 8, line 16, replace "168,577" with "166,207"

Page 8, line 18, replace "283,577" with "281,207"

Page 8, line 19, replace "24,846,649" with "25,566,475"

Page 8, line 20, replace "(\$31,485,778)" with "(\$28,767,778)"

Page 8, line 21, replace "(\$6,639,129)" with "(\$3,201,303)"

Page 9, line 3, replace "1,615,940" with "1,885,000"

Page 9, line 4, replace "5,520,712" with "5,518,422"

Page 9, line 6, replace "20,974,083" with "20,563,093"

Page 9, line 7, replace "578,417" with "388,559"

Page 9, after line 7, insert:

"Equity pool

2,000,000"

Page 9, line 10, replace "4,776,288" with "3,504,402"

Page 9, line 11, replace "1,713,780" with "1,864,780"

Page 9, line 15, replace "59,471,851" with "60,016,887"

Page 9, line 17, replace "57,134,575" with "57,679,611"

Page 9, line 20, replace "16,882,022" with "16,865,548"

Page 9, line 22, replace "17,628,303" with "17,611,829"

Page 9, line 24, replace "17,125,503" with "17,109,029"

Page 9, line 27, replace "5,394,107" with "5,389,989"

Page 9, line 29, replace "5,781,644" with "5,777,526"

Page 10, line 1, replace "5,758,894" with "5,752,997"

Page 10, line 2, replace "6,996,475" with "8,136,475"

Page 10, line 3, replace "12,755,369" with "13,889,472"

Page 10, line 4, replace "6,910,000" with "7,960,000"

Page 10, line 5, replace "5,845,369" with "5,929,472"

Page 10, line 8, replace "92,628,579" with "92,551,602"

Page 10, line 10, replace "149,329,124" with "149,252,147"

Page 10, line 12, replace "94,929,124" with "94,852,147"

Page 10, line 15, replace "75,867,399" with "75,804,650"

Page 10, line 17, replace "77,559,625" with "77,496,876"

Page 10, line 20, replace "25,008,824" with "24,986,828"

Page 10, line 21, replace "1,122,252" with "2,822,252"

Page 10, line 22, replace "26,131,076" with "27,809,080"

Page 10, line 23, replace "368,920" with "2,068,920"

Page 10, line 24, replace "25,762,156" with "25,740,160"

Page 10, line 27, replace "14,605,516" with "14,711,627"

Page 10, line 29, replace "19,989,206" with "20,095,317"

Page 10, line 31, replace "14,989,206" with "15,095,317"

Page 11, line 3, replace "9,011,492" with "9,003,630"

Page 11, line 4, replace "1,708,994" with "1,858,994"

Page 11, line 5, replace "10,720,486" with "10,862,624"

Page 11, line 7, replace "9,220,486" with "9,362,624"

Page 11, line 10, replace "27,239,131" with "27,215,849"

Page 11, line 11, replace "4,131,870" with "4,211,870"

Page 11, line 12, replace "31,371,001" with "31,427,719"

Page 11, line 14, replace "27,836,001" with "27,892,719"

Page 11, line 17, replace "11,817,271" with "11,806,526"

Page 11, line 18, replace "540,416" with "508,416"

Page 11, line 19, replace "all funds" with "general fund appropriation" and replace "12,357,687" with "12,314,942"

Page 11, remove lines 20 and 21

Page 11, line 24, replace "4,338,485" with "4,334,460"

Page 11, line 26, replace "7,948,210" with "7,944,185"

Page 11, line 28, replace "4,448,210" with "4,444,185"

Page 12, line 1, replace "31,375,828" with "31,361,002"

Page 12, line 2, replace "31,375,828" with "31,361,002"

Page 12, line 6, replace "2,928,016" with "2,925,646"

Page 12, line 7, replace "3,029,654" with "3,027,284"

Page 12, line 9, replace "2,054,653" with "2,052,283"

Page 12, line 10, replace "386,388,067" with "387,107,893"

Page 12, line 11, replace "79,060,997" with "81,778,997"

Page 12, line 12, replace "465,449,064" with "468,886,890"

Page 12, line 13, replace "386,388,067" with "387,282,893"

Page 12, line 14, replace "162,403,497" with "165,121,497"

Page 12, line 15, replace "548,791,564" with "552,404,390"

Page 12, line 16, replace "\$1,615,940, or so much of the sum as" with "\$200,000 of the funding"

Page 12, line 17, remove "may be necessary"

Page 12, line 18, after "used" insert "for a grant to the space grant consortium to match federal funds and the remainder of the funding may be used"

Page 12, line 20, after the period insert "The board shall consider using a substantial amount of funding for an international student initiative."

Page 12, line 25, replace "\$578,417" with "\$388,559"

Page 12, line 29, replace "\$20,974,083" with "\$20,563,093"

Page 13, replace lines 12 through 16 with:

**"SECTION 9. EQUITY POOL - REPORT TO THE BUDGET SECTION.** The sum of \$2,000,000, or so much of the sum as may be necessary, included in the equity pool line item in subdivision 1 of section 3 of this Act, must be used to address equity at higher education institutions and other campus needs as determined by the state board of higher education. The state board of higher education may not select a formula for distributing the equity funding until January 1, 2006. A representative of the board shall provide a report to the budget section regarding the allocation of the equity pool. Equity or parity funding allocations must be considered in the campus equity position for budgeting purposes."

Page 13, line 22, after the period insert "The board may allocate up to \$150,000 of the funding for providing doctoral incentives to students at private baccalaureate degree-granting institutions."

Page 13, line 31, after the period insert "Twenty-three and one-half percent of the additional funds must be used for student financial assistance grants for students at private baccalaureate degree-granting institutions."

Page 15, remove lines 26 through 31

Page 16, remove lines 1 and 2

Page 17, after line 17, insert:

**"SECTION 21. BISMARCK STATE COLLEGE CAREER AND TECHNOLOGY INSTITUTE.** The state board of higher education may enter an agreement or agreements with the Bismarck state college foundation or other private entity and do all things necessary and proper to authorize construction by the foundation or other private entity of a building on the Bismarck state college campus, using state funds, federal funds, donations, gifts, or other private funds.

**SECTION 22. LEGISLATIVE INTENT - STUDENT EXCHANGE PROGRAMS.** It is the intent of the fifty-ninth legislative assembly that the state board of higher education consider allowing related faculty members and practicing professionals in the related fields in the state to assist in the selection of students awarded funding through the student exchange program and consider investigating options of entering contracts with other higher education institutions for providing opportunities for students to complete professional fields of study not offered through the North Dakota university system, specifically other institutions granting professional degrees targeting critical shortages in large animal veterinary practice.

**SECTION 23. LEGISLATIVE COUNCIL STUDY OF HIGHER EDUCATION FUNDING AND ACCOUNTABILITY.** The legislative council shall consider studying, during the 2005-06 interim, higher education funding and accountability. If conducted, the study should include a review of the progress made in implementing the higher education roundtable recommendations relating to the university system meeting the state's expectations and needs, the funding methodology needed to meet these expectations and needs, and the appropriate accountability and reporting system for the North Dakota university system. The review should include an independent consultant's evaluation of:



1. The roundtable recommendations and the goals and objectives of the North Dakota university system;
2. The long-term financing plan for the North Dakota university system, including a review of the peer institutions selected and updated funding comparisons;
3. The North Dakota university system's prioritization of higher education funding, including the resource allocation mechanism addressing equity funding issues and the funding for initiatives at North Dakota's colleges and universities; and
4. The accountability mechanisms.

The study should be conducted and the consultant selected with input from the state board of higher education. The independent consultant selected to do the evaluation must possess a national reputation and experience in higher education governance and funding and management in multicampus public university systems and may not have been under contract with the state board of higher education during the previous five years.

The study may include the use of a higher education roundtable format.

The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly.

**SECTION 24. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$175,000, or so much of the sum as may be necessary, to the legislative council for the purpose of conducting the higher education study as provided for in this Act, for the biennium beginning July 1, 2005, and ending June 30, 2007. The legislative council may receive any other funds available for conducting the study and those funds are hereby appropriated.

**SECTION 25. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES - PERFORMANCE AUDIT.** Notwithstanding North Dakota Century Code section 54-10-01, the state auditor may not conduct a performance audit of the university of North Dakota school of medicine and health sciences until the completion of the school's accreditation process and then only if the school fails the accreditation process.

**SECTION 26. USE OF UNSPENT 2003-05 GENERAL FUND APPROPRIATIONS.** The state board of higher education shall use \$250,000 of North Dakota university system office unspent 2003-05 biennium general fund appropriation authorized to continue under section 54-44.1-11 for capital asset needs at Valley City State University in the sum of \$150,000, including \$108,000 for brick tuck-pointing, \$10,000 for a sound system, and \$32,000 to replace special funds for the W. E. Osmon bleacher replacement project, and for internships at the North Dakota trade office in the sum of \$100,000 for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 27. AMENDMENT.** Section 15-62.2-01 of the North Dakota Century Code is amended and reenacted as follows:

**15-62.2-01. Student financial assistance and scholars programs - Establishment - Administrative responsibility.** The North Dakota student financial assistance and scholars programs are established to provide grants or scholarships, or both, to assist the following students:

1. Resident undergraduate students pursuant to section 15-10-19.1.
2. North Dakota resident students who have attended and graduated from a high school in a bordering state pursuant to section 15-40.2-10, who are attending qualified institutions of postsecondary education within North Dakota.
3. North Dakota resident students who, because of physical or mental handicap as certified by a physician, are attending postsecondary institutions out of state due to the lack of special services or facilities, or

both, necessary to meet the postsecondary educational needs of the handicapped students within North Dakota.

4. Scholars who qualify and are selected for scholarships pursuant to sections 15-62.2-00.1 and 15-62.2-03.1 through 15-62.2-03.5.

A student must be in substantial need of financial assistance to receive grants under the student financial assistance program. The state board of higher education shall administer the student financial assistance program and the scholars program. At least twenty-three and one-half percent of the funds appropriated for the student financial assistance program must be allocated to students at private baccalaureate degree-granting institutions with the remaining funds allocated to students at public and American Indian institutions."

Page 17, line 18, after "assets" insert ", professional student exchange program,"

Page 17, line 19, replace "20" with "19"

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### Senate Bill No. 2003 - Summary of Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Legislative Council						
Total all funds	\$0	\$0	\$175,000	\$175,000	\$175,000	\$0
Less estimated income						
General fund	\$0	\$0	\$175,000	\$175,000	\$175,000	\$0
University System office						
Total all funds	\$387,926,815	\$59,471,851	\$545,036	\$60,016,887	\$59,831,887	\$185,000
Less estimated income	2,337,276	2,337,276		2,337,276	2,337,276	
General fund	\$385,589,539	\$57,134,575	\$545,036	\$57,679,611	\$57,494,611	\$185,000
Bismarck State College						
Total all funds	\$2,302,800	\$20,870,803	(\$16,474)	\$20,854,329	\$20,854,329	\$0
Less estimated income	2,302,800	3,745,300		3,745,300	3,745,300	
General fund	\$0	\$17,125,503	(\$16,474)	\$17,109,029	\$17,109,029	\$0
Lake Region State College						
Total all funds	\$343,875	\$5,781,644	(\$4,118)	\$5,777,526	\$5,777,526	\$0
Less estimated income						
General fund	\$343,875	\$5,781,644	(\$4,118)	\$5,777,526	\$5,777,526	\$0
Williston State College						
Total all funds	\$6,910,000	\$12,755,369	\$1,134,103	\$13,889,472	\$13,889,472	\$0
Less estimated income	6,910,000	6,910,000	1,050,000	7,960,000	7,960,000	
General fund	\$0	\$5,845,369	\$84,103	\$5,929,472	\$5,929,472	\$0
University of North Dakota						
Total all funds	\$54,331,554	\$190,429,124	(\$76,977)	\$190,352,147	\$190,537,147	(\$185,000)
Less estimated income	54,331,554	95,500,000		95,500,000	95,500,000	
General fund	\$0	\$94,929,124	(\$76,977)	\$94,852,147	\$95,037,147	(\$185,000)
UND Medical Center						
Total all funds	\$0	\$31,375,828	(\$14,826)	\$31,361,002	\$31,361,002	\$0
Less estimated income						
General fund	\$0	\$31,375,828	(\$14,826)	\$31,361,002	\$31,361,002	\$0
North Dakota State University						
Total all funds	\$34,000,000	\$111,559,625	(\$62,749)	\$111,496,876	\$111,496,876	\$0
Less estimated income	34,000,000	34,000,000		34,000,000	34,000,000	
General fund	\$0	\$77,559,625	(\$62,749)	\$77,496,876	\$77,496,876	\$0
State College of Science						
Total all funds	\$368,920	\$26,131,076	\$1,678,004	\$27,809,080	\$27,809,080	\$0
Less estimated income	368,920	368,920	1,700,000	2,068,920	2,068,920	
General fund	\$0	\$25,762,156	(\$21,996)	\$25,740,160	\$25,740,160	\$0
Dickinson State University						
Total all funds	\$5,000,000	\$19,989,206	\$106,111	\$20,095,317	\$20,095,317	\$0
Less estimated income	5,000,000	5,000,000		5,000,000	5,000,000	
General fund	\$0	\$14,989,206	\$106,111	\$15,095,317	\$15,095,317	\$0
Mayville State University						
Total all funds	\$1,500,000	\$10,720,486	\$142,138	\$10,862,624	\$10,862,624	\$0
Less estimated income	1,500,000	1,500,000		1,500,000	1,500,000	
General fund	\$0	\$9,220,486	\$142,138	\$9,362,624	\$9,362,624	\$0
Minot State University						
Total all funds	\$3,535,000	\$36,371,001	\$56,718	\$36,427,719	\$36,427,719	\$0
Less estimated income	3,535,000	8,535,000		8,535,000	8,535,000	
General fund	\$0	\$27,836,001	\$56,718	\$27,892,719	\$27,892,719	\$0
Valley City State University						
Total all funds	\$282,000	\$12,357,687	(\$42,745)	\$12,314,942	\$12,346,942	(\$32,000)
Less estimated income	32,000	32,000	(32,000)		32,000	(32,000)
General fund	\$250,000	\$12,325,687	(\$10,745)	\$12,314,942	\$12,314,942	\$0

Minot State University - Bottineau						
Total all funds	\$0	\$7,948,210	(\$4,025)	\$7,944,185	\$7,944,185	\$0
Less estimated income		<u>3,500,000</u>		<u>3,500,000</u>	<u>3,500,000</u>	
General fund	\$0	\$4,448,210	(\$4,025)	\$4,444,185	\$4,444,185	\$0
Forest Service						
Total all funds	\$3,029,654	\$3,029,654	(\$2,370)	\$3,027,284	\$3,027,284	\$0
Less estimated income	<u>975,001</u>	<u>975,001</u>		<u>975,001</u>	<u>975,001</u>	
General fund	\$2,054,653	\$2,054,653	(\$2,370)	\$2,052,283	\$2,052,283	\$0
Bill Total						
Total all funds	\$499,530,618	\$548,791,564	\$3,612,826	\$552,404,390	\$552,436,390	(\$32,000)
Less estimated income	<u>111,292,551</u>	<u>162,403,497</u>	<u>2,718,000</u>	<u>165,121,497</u>	<u>165,153,497</u>	<u>(32,000)</u>
General fund	\$388,238,067	\$386,388,067	\$894,826	\$387,282,893	\$387,282,893	\$0

**Senate Bill No. 2003 - Legislative Council - Conference Committee Action**

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Operating expenses			<u>\$175,000</u>	<u>\$175,000</u>	<u>\$175,000</u>	
Total all funds	\$0	\$0	\$175,000	\$175,000	\$175,000	\$0
Less estimated income						
General fund	\$0	\$0	\$175,000	\$175,000	\$175,000	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Dept. 160 - Legislative Council - Detail of Conference Committee Changes**

	PROVIDES FUNDING FOR A HIGHER EDUCATION STUDY <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Operating expenses	<u>\$175,000</u>	<u>\$175,000</u>
Total all funds	\$175,000	\$175,000
Less estimated income		
General fund	\$175,000	\$175,000
FTE	0.00	0.00

<sup>1</sup> This amendment provides a \$175,000 general fund appropriation to the Legislative Council for the purpose of conducting a higher education study, the same amount as provided by the House.

**Senate Bill No. 2003 - General Fund Summary**

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
University System office	\$385,589,539	\$57,134,575	\$545,036	\$57,679,611	\$57,494,611	\$185,000
Bismarck State College		17,125,503	(16,474)	17,109,029	17,109,029	
Lake Region State College	343,875	5,781,644	(4,118)	5,777,526	5,777,526	
Williston State College		5,845,369	84,103	5,929,472	5,929,472	
University of North Dakota		94,929,124	(76,977)	94,852,147	95,037,147	(185,000)
UND Medical Center		31,375,828	(14,826)	31,361,002	31,361,002	
North Dakota State University		77,559,625	(62,749)	77,496,876	77,496,876	
State College of Science		25,762,156	(21,996)	25,740,160	25,740,160	
Dickinson State University		14,989,206	106,111	15,095,317	15,095,317	
Mayville State University		9,220,486	142,138	9,362,624	9,362,624	
Minot State University		27,836,001	56,718	27,892,719	27,892,719	
Valley City State University	250,000	12,325,687	(10,745)	12,314,942	12,314,942	
Minot State University - Bottineau		4,448,210	(4,025)	4,444,185	4,444,185	
Forest Service	<u>2,054,653</u>	<u>2,054,653</u>	<u>(2,370)</u>	<u>2,052,283</u>	<u>2,052,283</u>	
Total general fund	\$388,238,067	\$386,388,067	\$719,826	\$387,107,893	\$387,107,893	\$0

**Detail of Conference Committee Changes to the General Fund**

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE	INCREASES FUNDING FOR BOARD INITIATIVES	DECREASES FUNDING FOR COMMON INFORMATION SERVICES	DECREASES FUNDING FOR OPERATIONS POOL	DECREASES FUNDING FOR STUDENT FINANCIAL ASSISTANCE GRANTS	INCREASES FUNDING FOR THE PROFESSIONAL STUDENT EXCHANGE PROGRAM <sup>1</sup>
University System office	(\$13,280)	\$269,060	(\$400,000)	(\$189,858)	(\$1,271,886)	\$151,000
Bismarck State College	(16,474)					
Lake Region State College	(4,118)					
Williston State College	(5,897)					
University of North Dakota	(76,977)					
UND Medical Center	(14,826)					

North Dakota State University	(62,749)					
State College of Science	(21,996)					
Dickinson State University	(13,715)					
Mayville State University	(7,862)					
Minot State University	(23,282)					
Valley City State University	(10,745)					
Minot State University - Bottineau	(4,025)					
Forest Service	(2,370)					
Total general fund	(\$278,316)	\$269,060	(\$400,000)	(\$189,858)	(\$1,271,886)	\$151,000

	PROVIDES FUNDING FOR AN EQUITY POOL 2	INCREASES FUNDING FOR OPERATIONS 3	PROVIDES FUNDING FOR EXTRAORDINARY REPAIRS 4	ADJUSTS FUNDING FOR A MAJOR CAPITAL PROJECT 5	TOTAL GENERAL FUND CHANGES
University System office	\$2,000,000				\$545,036
Bismarck State College					(16,474)
Lake Region State College					(4,118)
Williston State College			\$90,000		84,103
University of North Dakota					(76,977)
UND Medical Center					(14,826)
North Dakota State University					(62,749)
State College of Science					(21,996)
Dickinson State University		\$119,826			106,111
Mayville State University			150,000		142,138
Minot State University			80,000		56,718
Valley City State University					(10,745)
Minot State University - Bottineau					(4,025)
Forest Service					(2,370)
Total general fund	\$2,000,000	\$119,826	\$320,000	\$0	\$719,826

**Senate Bill No. 2003 - Other Funds Summary**

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
University System office	\$2,337,276	\$2,337,276		\$2,337,276	\$2,337,276	
Bismarck State College	2,302,800	3,745,300		3,745,300	3,745,300	
Lake Region State College						
Williston State College	6,910,000	6,910,000	\$1,050,000	7,960,000	7,960,000	
University of North Dakota	54,331,554	95,500,000		95,500,000	95,500,000	
UND Medical Center						
North Dakota State University	34,000,000	34,000,000		34,000,000	34,000,000	
State College of Science	368,920	368,920	1,700,000	2,068,920	2,068,920	
Dickinson State University	5,000,000	5,000,000		5,000,000	5,000,000	
Mayville State University	1,500,000	1,500,000		1,500,000	1,500,000	
Minot State University	3,535,000	8,535,000		8,535,000	8,535,000	
Valley City State University	32,000	32,000	(32,000)	32,000	32,000	(\$32,000)
Minot State University - Bottineau		3,500,000		3,500,000	3,500,000	
Forest Service	975,001	975,001		975,001	975,001	
Total other funds	\$111,292,551	\$162,403,497	\$2,718,000	\$165,128,497	\$165,153,497	(\$32,000)

**Detail of Conference Committee Changes to Other Funds**

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE	INCREASES FUNDING FOR BOARD INITIATIVES	DECREASES FUNDING FOR COMMON INFORMATION SERVICES	DECREASES FUNDING FOR OPERATIONS POOL	DECREASES FUNDING FOR STUDENT FINANCIAL ASSISTANCE GRANTS	INCREASES FUNDING FOR THE PROFESSIONAL STUDENT EXCHANGE PROGRAM 1
University System office						
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University						
Minot State University						
Valley City State University						
Minot State University - Bottineau						
Forest Service						
Total other funds	\$0	\$0	\$0	\$0	\$0	\$0

	PROVIDES FUNDING FOR AN EQUITY POOL 2	INCREASES FUNDING FOR OPERATIONS 3	PROVIDES FUNDING FOR EXTRAORDINARY REPAIRS 4	ADJUSTS FUNDING FOR A MAJOR CAPITAL PROJECT 5	TOTAL OTHER FUNDS CHANGES
University System office					
Bismarck State College					
Lake Region State College					
Williston State College				\$1,050,000	\$1,050,000
University of North Dakota					
UND Medical Center					

North Dakota State University					
State College of Science			1,700,000		1,700,000
Dickinson State University					
Mayville State University					
Minot State University					
Valley City State University			(32,000)		(32,000)
Minot State University - Bottineau					
Forest Service					
Total other funds	\$0	\$0	\$0	\$2,718,000	\$2,718,000

**Senate Bill No. 2003 - All Funds Summary**

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
University System office	\$387,926,815	\$59,471,851	\$545,036	\$60,016,887	\$59,831,887	\$185,000
Bismarck State College	2,302,800	20,870,803	(16,474)	20,854,329	20,854,329	
Lake Region State College	343,875	5,781,644	(4,118)	5,777,526	5,777,526	
Williston State College	6,910,000	12,755,369	1,134,103	13,889,472	13,889,472	
University of North Dakota	54,331,554	190,429,124	(76,977)	190,352,147	190,537,147	(185,000)
UND Medical Center		31,375,828	(14,826)	31,361,002	31,361,002	
North Dakota State University	34,000,000	11,559,625	(62,749)	111,496,876	111,496,876	
State College of Science	368,920	26,131,076	1,678,004	27,809,080	27,809,080	
Dickinson State University	5,000,000	19,989,206	106,111	20,095,317	20,095,317	
Mayville State University	1,500,000	10,720,486	142,138	10,862,624	10,862,624	
Minot State University	3,535,000	36,371,001	56,718	36,427,719	36,427,719	
Valley City State University	282,000	12,357,687	(42,745)	12,314,942	12,346,942	(32,000)
Minot State University - Bottineau		7,948,210	(4,025)	7,944,185	7,944,185	
Forest Service	<u>3,029,654</u>	<u>3,029,654</u>	<u>(2,370)</u>	<u>3,027,284</u>	<u>3,027,284</u>	
Total all funds	\$499,530,618	\$548,791,564	\$3,437,826	\$552,229,390	\$552,261,390	(\$32,000)
FTE	2196.67	2196.67	1.00	2197.67	2197.67	0.00

**Detail of Conference Committee Changes to All Funds**

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE	INCREASES FUNDING FOR BOARD INITIATIVES	DECREASES FUNDING FOR COMMON INFORMATION SERVICES	DECREASES FUNDING FOR OPERATIONS POOL	DECREASES FUNDING FOR STUDENT FINANCIAL ASSISTANCE GRANTS	INCREASES FUNDING FOR THE PROFESSIONAL STUDENT EXCHANGE PROGRAM <sup>1</sup>
University System office	(\$13,280)	\$269,060	(\$400,000)	(\$189,858)	(\$1,271,886)	\$151,000
Bismarck State College	(16,474)					
Lake Region State College	(4,118)					
Williston State College	(5,897)					
University of North Dakota	(76,977)					
UND Medical Center	(14,826)					
North Dakota State University	(62,749)					
State College of Science	(21,996)					
Dickinson State University	(13,715)					
Mayville State University	(7,862)					
Minot State University	(23,282)					
Valley City State University	(10,745)					
Minot State University - Bottineau	(4,025)					
Forest Service	<u>(2,370)</u>					
Total all funds	(\$278,316)	\$269,060	(\$400,000)	(\$189,858)	(\$1,271,886)	\$151,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	PROVIDES FUNDING FOR AN EQUITY POOL <sup>2</sup>	INCREASES FUNDING FOR OPERATIONS <sup>3</sup>	PROVIDES FUNDING FOR EXTRAORDINARY REPAIRS <sup>4</sup>	ADJUSTS FUNDING FOR A MAJOR CAPITAL PROJECT <sup>5</sup>	TOTAL ALL FUNDS CHANGES
University System office	\$2,000,000				\$545,036
Bismarck State College					(16,474)
Lake Region State College					(4,118)
Williston State College			\$90,000		1,134,103
University of North Dakota				\$1,050,000	(76,977)
UND Medical Center					(14,826)
North Dakota State University					(62,749)
State College of Science				1,700,000	1,678,004
Dickinson State University		\$119,826			106,111
Mayville State University			150,000		142,138
Minot State University			80,000		56,718
Valley City State University				(32,000)	(42,745)
Minot State University - Bottineau					(4,025)
Forest Service					<u>(2,370)</u>
Total all funds	\$2,000,000	\$119,826	\$320,000	\$2,718,000	\$3,437,826
FTE	0.00	1.00	0.00	0.00	1.00

<sup>1</sup> This amendment increases funding for the professional student exchange program by \$151,000 from the general fund to fund 3 additional veterinary medicine slots. This change was also made by the House.

- 2 This amendment provides a \$2,000,000 general fund appropriation for an equity pool to be allocated to higher education institutions by the State Board of Higher Education. The State Board of Higher Education may not select a formula for distributing the equity funding until January 1, 2006. A representative of the board shall provide a report to the Budget Section regarding the allocation of the equity pool. This funding was also provided by the House.
- 3 This amendment increases funding for the operations of Dickinson State University by \$119,826 from the general fund and authorizes 1 FTE position for custodial services and utility costs associated with the addition to Murphy Hall. This change was also made by the House.
- 4 Williston State College - This amendment provides funding of \$90,000 from the general fund for extraordinary repair needs in Stevens Hall.
- Mayville State University - This amendment provides funding of \$150,000 from the general fund for extraordinary repair needs in Old Main.
- Minot State University - This amendment provides funding of \$80,000 from the general fund for extraordinary repair needs in the student union ballroom.
- These changes were also made by the House.
- 5 Williston State College - This amendment provides Williston State College with a \$1,050,000 special funds appropriation for an oil well training site on campus. This change was also made by the House.
- State College of Science - This amendment increases the capital assets line item for the State College of Science by \$1.7 million from special funds for renovating the college's football stadium and track. This change was also made by the House.
- Valley City State University - This amendment removes \$32,000 of special funds for the W. E. Osmon bleacher replacement project and provides the university will receive \$32,000 from North Dakota University System office unspent 2003-05 general fund appropriations to complete the \$282,000 project.

### Senate Bill No. 2003 - Other Changes - Conference Committee Action

This amendment also:

- Removes Section 9 of the engrossed bill relating to student financial assistance grants. This change was also made by the House.
- Provides that the State Board of Higher Education may allocate funding of \$150,000 of the funding appropriated for education incentive programs for providing doctoral incentives to students at private baccalaureate degree-granting institutions. The House provided that \$150,000 of the funding appropriated for education incentive programs must be provided to private baccalaureate degree-granting institutions for doctoral incentives.
- Removes Section 19 of the engrossed bill providing for a performance audit of the University of North Dakota School of Medicine and Health Sciences and adds a section providing that the State Auditor may not conduct a performance audit of the University of North Dakota School of Medicine and Health Sciences until the school has completed its accreditation process and then only if the school fails the accreditation process. The House had removed the section providing for a performance audit of the school.
- Adds a new section relating to the Career and Technology Institute at Bismarck State College. This section was also added by the House.
- Adds a new section relating to student exchange programs. This section was also added by the House.
- Adds a new section to the bill amending North Dakota Century Code Section 15-62.2-01 to provide that 23.5 percent of the funding appropriated for the student financial assistance program must be allocated to private baccalaureate degree-granting institutions. The House added a section providing that 25 percent of the funding appropriated for the student financial assistance program be allocated to private baccalaureate degree-granting institutions.
- Revises Section 4 of the engrossed bill relating to board initiatives to provide that \$200,000 of the funding appropriated must be allocated for a grant to the space grant consortium. The board is also to consider using a substantial amount of funding for an international student initiative. This change was not made by the House.
- Adds a section providing for the use of unspent 2003-05 general fund appropriations. This change was not made by the House.

Engrossed SB 2003 was placed on the Seventh order of business on the calendar.

**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. HOLMBERG MOVED** that the conference committee report on Engrossed SB 2003 be adopted.

**REQUEST**

**SEN. ESPEGARD REQUESTED** a recorded roll call vote on the motion to adopt the conference committee report on Engrossed SB 2003, which request was granted.

**ROLL CALL**

The question being on the motion to adopt the conference committee report on Engrossed SB 2003, the roll was called and there were 22 YEAS, 25 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bowman; Christmann; Dever; Espesgard; Freborg; Hacker; Holmberg; Kilzer; Klein; Krebsbach; Kringstad; Lindaas; Lyson; Robinson; Schobinger; Seymour; Stenehjem; Tallackson; Triplett; Urlacher; Wardner

**NAYS:** Bercier; Brown; Cook; Erbele; Every; Fairfield; Fischer; Flakoll; Grindberg; Heitkamp; Krauter; Lee, G.; Lee, J.; Mathern; Mutch; Nelson; Nething; O'Connell; Syverson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Warner

The conference committee report on Engrossed SB 2003 was rejected.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has not adopted the conference committee report on: SB 2003.

**MOTION**

**SEN. CHRISTMANN MOVED** that the Senate stand in recess until 5:00 p.m., which motion prevailed.

**THE SENATE RECONVENED** pursuant to recess taken, with President Dalrymple presiding.

**MOTION**

**SEN. CHRISTMANN MOVED** that Engrossed SB 2012 be placed at the top of the Seventh order, which motion prevailed.

**REPORT OF CONFERENCE COMMITTEE**

**SB 2012, as engrossed:** Your conference committee (Sens. Trenbeath, Stenehjem, Tallackson and Reps. Timm, Weisz, Williams) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1118-1225, adopt amendments as follows, and place SB 2012 on the Seventh order:

That the House recede from its amendments as printed on pages 1118-1125 of the Senate Journal and pages 1294-1301 of the House Journal and that Engrossed Senate Bill No. 2012 be amended as follows:

Page 1, line 2, replace the second "and" with a comma and after "24-08" insert ", and section 57-43.1-03.2"

Page 1, line 4, replace the first "and" with a comma, replace "medal of honor" with "liberty memorial", and after "bridge" insert ", and refunds of certain fuels taxes paid by native Americans"

Page 1, line 5, replace "section" with "sections" and after "24-01-03" insert ", 24-01-51, 39-04-19, 57-40.3-10, 57-43.1-02, and 57-43.2-02"

Page 1, line 6, after "maintenance" insert ", haying of no-mow areas, motor vehicle registration fees, allocation of motor vehicle excise tax revenue, and motor vehicle fuels and special fuels tax rates; to repeal section 39-04-39.5 of the North Dakota Century Code, relating to allocation of motor vehicle registration fees; to provide a temporary allocation; to provide an effective date; to provide a contingent expiration date; to provide an expiration date"

Page 1, line 24, replace "27,185,848" with "27,174,242"

Page 2, line 1, replace "20,048,706" with "20,035,352"

Page 2, line 2, replace "789,997,698" with "862,094,411"

Page 2, line 3, replace "43,271,158" with "43,268,038"

Page 2, line 4, replace "96,117,492" with "168,186,125"

Page 2, line 10, replace "27,185,848" with "27,174,242"

Page 2, line 11, replace "20,048,706" with "20,035,352"

Page 2, line 12, replace "789,997,698" with "862,094,411"

Page 2, line 13, replace "43,271,158" with "43,268,038"

Page 2, line 14, replace "880,503,410" with "952,572,043"

Page 2, line 28, after "maintenance" insert ", including structural maintenance and rehabilitation,"

Page 2, line 29, after "state" insert "unless an agreement is reached with the municipality"

Page 3, after line 10, insert:

**"SECTION 6. AMENDMENT.** Section 24-01-51 of the North Dakota Century Code is amended and reenacted as follows:

**24-01-51. (Effective January 1, 2006 2008) Haying of no-mow areas.** Notwithstanding any other provision of law, a person owning land adjacent to an area within the right of way of a highway which is designated as a no-mow or managed-mow area may hay the no-mow or managed-mow area after July fifteenth without any payment or penalty."

Page 3, line 14, after "needed" insert "for the liberty memorial bridge improvement project and the United States highway 2 project improvements"

Page 4, line 9, replace "Medal of honor" with "Liberty memorial"

Page 4, line 10, replace "medal of honor" with "liberty memorial"

Page 4, after line 11, insert:

**"SECTION 9. AMENDMENT.** Section 39-04-19 of the North Dakota Century Code is amended and reenacted as follows:

**39-04-19. Motor vehicle registration fees and mile tax.** Motor vehicles required to pay registration fees or a mile tax shall pay the following fees:

1. Nonresidents electing to pay mile tax in lieu of registration, when authorized to do so by the department, shall pay a fee of twenty dollars for a trip permit which is valid for a period of seventy-two hours. All fees collected under the provisions of this subsection must be credited to the highway construction fund.
2. Motor vehicles required to be registered in this state must be furnished license plates upon the payment of the following annual fees; however, if a motor vehicle, including a motorcycle or trailer, first becomes subject to registration other than at the beginning of the registration period, such fees must be prorated on a monthly basis. The minimum fee charged hereunder must be five dollars:

a. Passenger motor vehicles:

Gross Weights	YEARS REGISTERED				
	1st, 2nd, 3rd, 4th, 5th, and 6th Years	7th, 8th, and 9th Years	10th, 11th, and 12th Years	13th and Subsequent Years	
Less than 3,200	<del>\$60</del> <u>\$75</u>	<del>\$52</del> <u>\$67</u>	<del>\$44</del> <u>\$59</u>	<del>\$36</del> <u>\$51</u>	
3,200 - 4,499	<del>80</del> <u>95</u>	<del>68</del> <u>83</u>	<del>56</del> <u>71</u>	<del>44</del> <u>59</u>	
4,500 - 4,999	<del>98</del> <u>113</u>	<del>84</del> <u>96</u>	<del>66</del> <u>81</u>	<del>50</del> <u>65</u>	
5,000 - 5,999	<del>129</del> <u>144</u>	<del>107</del> <u>122</u>	<del>85</del> <u>100</u>	<del>63</del> <u>78</u>	
6,000 - 6,999	<del>162</del> <u>177</u>	<del>133</del> <u>148</u>	<del>104</del> <u>119</u>	<del>76</del> <u>91</u>	
7,000 - 7,999	<del>195</del> <u>210</u>	<del>159</del> <u>174</u>	<del>124</del> <u>139</u>	<del>89</del> <u>104</u>	
8,000 - 8,999	<del>228</del> <u>243</u>	<del>186</del> <u>201</u>	<del>144</del> <u>159</u>	<del>102</del> <u>117</u>	
9,000 and over	<del>264</del> <u>276</u>	<del>212</del> <u>227</u>	<del>164</del> <u>179</u>	<del>115</del> <u>130</u>	



A house car is subject to registration at the rates prescribed for other vehicles under this subdivision modified by using the weight applicable to a vehicle whose weight is forty percent of that of the house car, but not using a weight of less than four thousand pounds [1814.35 kilograms].

A pickup truck is subject to registration at the rates prescribed for other vehicles under this subdivision by applying the shipping weight of the vehicle to the fee schedule. At a minimum, the registered gross weight displayed on the registration card for a pickup truck must be twice the shipping weight of the vehicle. Unless otherwise exempted by this chapter, the owner of a pickup truck shall request the registered gross weight of the pickup truck be increased to ensure the registered gross weight is sufficient to include the total weight of the vehicle and any load transported on or by the vehicle. For purposes of this subdivision, a pickup truck is a motor vehicle with a manufacturer's gross vehicle weight rating of less than eleven thousand five hundred pounds [5216.31 kilograms], with an unladen weight of less than eight thousand pounds [3628.74 kilograms], and which is equipped with an open box-type bed not exceeding nine feet [2.74 meters] in length.

- b. Schoolbuses, buses for hire, buses owned and operated by religious, charitable, or nonprofit organizations and used exclusively for religious, charitable, or other public nonprofit purposes, and trucks or combination trucks and trailers, including commercial and noncommercial trucks, except those trucks or combinations of trucks and trailers which qualify for registration under this subsection or subsection 5:

Gross Weights	YEARS REGISTERED				
	1st Through 6th Years	7th Through 9th Years	10th Through 12th Years	13th Through 19th Years	20th and Subsequent Years
Not over 4,000	\$58 73	\$45 60	\$40 55	\$37 52	\$36 51
4,001 - 6,000	63 78	50 65	44 59	38 53	37 52
6,001 - 8,000	68 83	55 70	48 63	39 54	38 53
8,001 - 10,000	73 88	60 75	52 67	41 56	40 55
10,001 - 12,000	78 93	65 80	56 71	43 58	42 57
12,001 - 14,000	83 98	70 85	60 75	46 61	45 60
14,001 - 16,000	88 103	75 90	64 79	49 64	48 63
16,001 - 18,000	93 108	80 95	68 83	51 66	50 65
18,001 - 20,000	96 111	83 98	70 85	52 67	54 66

  

Gross Weights	YEARS REGISTERED		
	1st, 2nd, 3rd, 4th, 5th, 6th, and 7th Years	8th, 9th, 10th, 11th, and 12th Years	13th and Subsequent Years
20,001 - 22,000	\$126 141	\$100 115	\$87 102
22,001 - 26,000	178 193	148 163	132 147
26,001 - 30,000	239 254	197 212	175 190
30,001 - 34,000	305 320	250 265	222 237
34,001 - 38,000	366 381	299 314	265 280
38,001 - 42,000	427 442	348 363	307 322
42,001 - 46,000	488 503	396 411	350 365
46,001 - 50,000	549 564	445 460	393 408
50,001 - 54,000	610 625	493 508	434 449
54,001 - 58,000	670 685	542 557	477 492
58,001 - 62,000	732 747	591 606	520 535
62,001 - 66,000	793 808	640 655	563 578
66,001 - 70,000	854 869	689 704	605 620
70,001 - 74,000	915 930	738 753	648 663
74,001 - 78,000	976 991	787 802	691 706
78,001 - 82,000	1,037 1,052	836 851	734 749
82,001 - 86,000	1,098 1,113	885 900	777 792
86,001 - 90,000	1,159 1,174	934 949	820 835
90,001 - 94,000	1,220 1,235	983 998	863 878
94,001 - 98,000	1,281 1,296	1,032 1,047	906 921
98,001 - 102,000	1,342 1,357	1,081 1,096	949 964
102,001 - 105,500	1,403 1,418	1,130 1,145	992 1,007

- c. Motorcycles, fifteen dollars.
- 3. Motor vehicles acquired by disabled veterans under the provisions of Public Law 79-663 [38 U.S.C. 3901] are exempt from the payment of state sales or use tax and, if paid, such veterans are entitled to a refund. This exemption also applies to any passenger motor vehicle or pickup truck not exceeding ten thousand pounds [4535.92 kilograms] gross weight but shall apply to no more than two such motor vehicles owned by a disabled veteran at any one time.
- 4. Every trailer, semitrailer, and farm trailer required to be registered under this chapter must be furnished registration plates upon the payment of a twenty dollar annual fee. Every trailer, semitrailer, or farm trailer not required to be registered under this chapter must be furnished an identification plate upon the payment of a fee of five dollars. Upon the request of a person with a trailer or farm trailer to whom a registration or identification plate is provided under this subsection, the department shall provide a plate of the same size as provided for a motorcycle. The department shall provide notification of this option to the person before the replacement or issuance of the plate.
- 5. Trucks or combinations of trucks and trailers weighing more than twenty thousand but not more than one hundred five thousand five hundred pounds [more than 9071.84 but not more than 47854.00 kilograms] which are used as farm vehicles only, are entitled to registration under the following fee schedule and the provisions of this subsection. Farm vehicles are considered, for the purpose of this subsection, as trucks or combinations of trucks and trailers weighing more than twenty thousand but not more than one hundred five thousand five hundred pounds [more than 9071.84 but not more than 47854.00 kilograms] owned, or leased for at least one year by a bona fide resident farmer who uses the vehicles exclusively for transporting the farmer's own property or other property on a farm work exchange basis with other farmers between farms and the usual local trading places but not in connection with any commercial retail or wholesale business being conducted from those farms, nor otherwise for hire. In addition to the penalty provided in section 39-04-41, any person violating this subsection shall license for the entire license period the farm vehicle at the higher commercial vehicle rate in accordance with the weight carried by the farm vehicle at the time of the violation.

Gross Weights	YEARS REGISTERED			
	1st, 2nd, 3rd, 4th, 5th, and 6th Years	7th and 8th Years	9th and 10th Years	11th and Subsequent Years
20,001 - 22,000	\$98 \$113	\$84 \$99	\$70 \$85	\$52 \$67
22,001 - 24,000	403 118	88 103	73 88	54 69
24,001 - 26,000	444 126	94 109	77 92	56 71
26,001 - 28,000	422 137	402 117	83 98	60 75
28,001 - 30,000	434 146	440 125	89 104	64 79
30,001 - 32,000	446 161	423 138	400 115	73 88
32,001 - 34,000	456 171	434 146	406 121	77 92
34,001 - 36,000	466 181	439 154	442 127	84 96
36,001 - 38,000	476 191	447 162	448 133	85 100
38,001 - 40,000	486 201	455 170	424 139	89 104
40,001 - 42,000	496 211	463 178	430 145	93 108
42,001 - 44,000	206 221	474 186	436 151	97 112
44,001 - 46,000	216 231	479 194	442 157	404 116
46,001 - 48,000	226 241	487 202	448 163	405 120
48,001 - 50,000	236 251	495 210	454 169	409 124
50,001 - 52,000	256 271	243 228	470 185	423 138
52,001 - 54,000	266 281	224 236	476 191	427 142
54,001 - 56,000	276 291	229 244	482 197	434 146
56,001 - 58,000	286 301	237 252	488 203	435 150
58,001 - 60,000	296 311	245 260	494 209	439 154
60,001 - 62,000	306 321	253 268	200 215	443 158
62,001 - 64,000	316 331	264 276	206 221	447 162
64,001 - 66,000	326 341	269 284	212 227	454 166
66,001 - 68,000	336 351	277 292	218 233	455 170
68,001 - 70,000	346 361	285 300	224 239	459 174
70,001 - 72,000	356 371	293 308	230 245	463 178
72,001 - 74,000	366 381	304 316	236 251	467 182

74,001 - 76,000	<u>376 391</u>	<u>309 324</u>	<u>242 257</u>	<u>174 186</u>
76,001 - 78,000	<u>386 401</u>	<u>317 332</u>	<u>248 263</u>	<u>175 190</u>
78,001 - 80,000	<u>396 411</u>	<u>325 340</u>	<u>254 269</u>	<u>179 194</u>
80,001 - 82,000	<u>406 421</u>	<u>333 348</u>	<u>260 275</u>	<u>183 198</u>
82,001 - 84,000	<u>416 431</u>	<u>355 370</u>	<u>303 318</u>	<u>259 274</u>
84,001 - 86,000	<u>436 451</u>	<u>372 387</u>	<u>317 332</u>	<u>274 286</u>
86,001 - 88,000	<u>456 471</u>	<u>389 404</u>	<u>334 346</u>	<u>283 298</u>
88,001 - 90,000	<u>476 491</u>	<u>406 421</u>	<u>345 360</u>	<u>295 310</u>
90,001 - 92,000	<u>496 511</u>	<u>423 438</u>	<u>359 374</u>	<u>307 322</u>
92,001 - 94,000	<u>516 531</u>	<u>440 455</u>	<u>373 388</u>	<u>319 334</u>
94,001 - 96,000	<u>536 551</u>	<u>457 472</u>	<u>387 402</u>	<u>334 346</u>
96,001 - 98,000	<u>556 571</u>	<u>474 489</u>	<u>404 416</u>	<u>343 358</u>
98,001 - 100,000	<u>576 591</u>	<u>494 506</u>	<u>415 430</u>	<u>355 370</u>
100,001 - 102,000	<u>596 611</u>	<u>508 523</u>	<u>429 444</u>	<u>367 382</u>
102,001 - 104,000	<u>616 631</u>	<u>525 540</u>	<u>443 458</u>	<u>379 394</u>
104,001 - 105,500	<u>636 651</u>	<u>542 557</u>	<u>457 472</u>	<u>394 406</u>

6. A motor vehicle registered in subsection 5 may be used for custom combining operations by displaying identification issued by the department and upon payment of a fee of twenty-five dollars.
7. Three dollars of each registration fee collected under subsections 2 and 5 must be deposited in the state highway fund.

**SECTION 10. AMENDMENT.** Section 57-40.3-10 of the North Dakota Century Code is amended and reenacted as follows:

**57-40.3-10. Transfer of revenue.** All moneys collected and received under this chapter must be transmitted monthly by the director of the department of transportation to the state treasurer to be transferred and credited to the general fund. However, the director of the department of transportation shall transfer to the state treasurer for deposit in the state highway fund any amount of motor vehicle excise tax received in excess of one hundred forty-eight million four hundred eight thousand six hundred ninety-six dollars during a biennium.

**SECTION 11. AMENDMENT.** Section 57-43.1-02 of the North Dakota Century Code is amended and reenacted as follows:

**57-43.1-02. Tax imposed on motor vehicle fuels.**

1. Except as otherwise provided in this section, a tax of ~~twenty-one~~ twenty-two cents per gallon [3.79 liters] is imposed on all motor vehicle fuel sold or used in this state.
2. A supplier or distributor shall remit the tax imposed by this section on motor vehicle fuel used, on the wholesale distribution of motor vehicle fuel to a retailer, and on direct sales of motor vehicle fuel to a consumer.
3. The tax imposed by this section does not apply on a sale by a supplier to another supplier, on a sale by a supplier to a distributor, on a sale by a distributor to another distributor, on an export, or on a sale to an exempt consumer.
4. The person required to remit the tax imposed by this section shall pass the tax on to the retailer and to the consumer. A retailer who paid the tax to the supplier or distributor shall pass the tax on to the consumer.
5. The person required to remit the tax imposed by this section shall pay the tax to the commissioner by the twenty-fifth day of the calendar month after the month during which the motor vehicle fuel was sold or used by the person. When the twenty-fifth day of the calendar month falls on a Saturday, Sunday, or legal holiday, the due date is the first working day after the Saturday, Sunday, or legal holiday. When payment is made by mail, the payment is timely if the envelope containing the payment is postmarked by the United States postal service or other postal carrier service before midnight of the due date.
6. The commissioner shall pay over all of the money received during each calendar month to the state treasurer.

**SECTION 12.** Section 57-43.1-03.2 of the North Dakota Century Code is created and enacted as follows:

57-43.1-03.2. Refund of tax for fuel purchased by native Americans - Fuels tax refund reserve fund - Continuing appropriation.

1. A native American may file a claim with the tax commissioner for a refund of motor vehicle fuel taxes paid by that person under this chapter or special fuel taxes paid under chapter 57-43.2 if the motor vehicle fuel or special fuel was purchased from a retail fuel dealer located on the Indian reservation where the native American is an enrolled member and the fuel was delivered to the native American on that reservation. The refund provisions of this chapter apply to refund claims made under this section.
2. A fuels tax refund reserve fund is created as a special fund in the state treasury. The tax commissioner shall deposit in that fund such amounts from motor vehicle fuel tax and special fuel tax collections as the attorney general determines necessary to be expended for refunds to which native American government entities may be entitled under qualifying circumstances and conditions determined by the attorney general. There is appropriated as a continuing appropriation out of funds set aside under this subsection so much of the funds as the attorney general determines is necessary to meet the expenditures authorized under this subsection and such funds may be expended for that purpose.

**SECTION 13. AMENDMENT.** Section 57-43.2-02 of the North Dakota Century Code is amended and reenacted as follows:

**57-43.2-02. (Contingent effective date - See note - Effective through June 30, 2005) Tax imposed.**

1. Except as otherwise provided in this chapter, an excise tax of twenty-one cents per gallon [3.79 liters] is imposed on the sale or delivery of all special fuel sold or used in this state. For the purpose of determining the tax upon compressed natural gas under this section, one hundred twenty cubic feet [3.40 cubic meters] of compressed natural gas is equal to one gallon [3.79 liters] of other special fuel. The tax under this subsection is reduced by one and five-hundredths cents per gallon [3.79 liters] on the sale or delivery of diesel fuel that contains at least two percent biodiesel fuel by weight.
2. A supplier, distributor, or retailer shall remit the tax imposed by this section on special fuel used and on direct sales of special fuel to a customer.
3. The tax imposed by this section does not apply on sales by a supplier to another supplier, on a sale by a supplier to a distributor, on a sale by a distributor to another distributor, on a sale by a distributor to a retailer, on an export, or on a sale to an exempt consumer.
4. The person required to remit the tax imposed by this section shall pass the tax on to the customer.
5. The person required to remit the tax imposed by this section shall pay the tax to the commissioner by the twenty-fifth day of the calendar month after the month during which the special fuel was sold or used by the person. When the twenty-fifth day of the calendar month falls on a Saturday, Sunday, or legal holiday, the due date is the first working day after the Saturday, Sunday, or legal holiday. When payment is made by mail, the payment is timely if the envelope containing the payment is postmarked by the United States postal service or other postal carrier service before midnight of the due date.
6. The commissioner shall pay over all of the money received during each calendar month to the state treasurer.

**(Effective after June 30, 2005) Tax imposed.**

1. Except as otherwise provided in this chapter, an excise tax of ~~twenty-one~~ twenty-two cents per gallon [3.79 liters] is imposed on the sale or delivery of all special fuel sold or used in this state. For the purpose of determining the tax upon compressed natural gas under this section, one hundred

twenty cubic feet [3.40 cubic meters] of compressed natural gas is equal to one gallon [3.79 liters] of other special fuel.

2. A supplier, distributor, or retailer shall remit the tax imposed by this section on special fuel used and on direct sales of special fuel to a customer.
3. The tax imposed by this section does not apply on sales by a supplier to another supplier, on a sale by a supplier to a distributor, on a sale by a distributor to another distributor, on a sale by a distributor to a retailer, on an export, or on a sale to an exempt consumer.
4. The person required to remit the tax imposed by this section shall pass the tax on to the customer.
5. The person required to remit the tax imposed by this section shall pay the tax to the commissioner by the twenty-fifth day of the calendar month after the month during which the special fuel was sold or used by the person. When the twenty-fifth day of the calendar month falls on a Saturday, Sunday, or legal holiday, the due date is the first working day after the Saturday, Sunday, or legal holiday. When payment is made by mail, the payment is timely if the envelope containing the payment is postmarked by the United States postal service or other postal carrier service before midnight of the due date.
6. The commissioner shall pay over all of the money received during each calendar month to the state treasurer.

**SECTION 14. TEMPORARY ALLOCATION.** Fifteen dollars of each registration fee collected under subsections 2 and 5 of section 39-04-19 and any increase resulting from the reclassification of pickup trucks from subdivision b of subsection 2 to subdivision a of subsection 2 of section 39-04-19 must be deposited in the state highway fund. One cent of the fuels and special fuels tax imposed under sections 57-43.1-02 and 57-43.2-02 must be deposited in the state highway fund.

**SECTION 15. REPEAL.** Section 39-04-39.5 of the North Dakota Century Code is repealed.

**SECTION 16. EFFECTIVE DATE - CONTINGENT EXPIRATION DATE.** Section 12 of this Act is effective for qualifying motor vehicle and special fuel purchases made after December 31, 2004, and is effective until the first day of the first month after the tax commissioner, with the approval of the attorney general, certifies to the governor and the office of the legislative council that an Act of Congress has specifically authorized, or a United States Supreme Court decision has held or may be interpreted to have held, that a state may impose its motor vehicle and special fuel tax laws on native Americans who purchase motor vehicle fuels and special fuels from a retail fuel dealer located on the Indian reservation where the native American is enrolled. Sections 9, 10, 11, and 13 of this Act are effective for registrations and taxable events occurring after June 30, 2005. Section 15 of this Act is effective for registrations occurring after June 30, 2005.

**SECTION 17. EXPIRATION DATE.** Section 14 of this Act is effective through June 30, 2006, and after that date is ineffective."

Page 4, line 12, replace "6" with "7"

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### Senate Bill No. 2012 - Department of Transportation - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Administration	\$27,227,294	\$27,185,848	(\$11,606)	\$27,174,242	\$27,174,242	
Driver's and Vehicle Services	20,081,797	20,048,706	(13,354)	20,035,352	20,035,352	
Highways	736,823,693	789,997,698	72,096,713	862,094,411	863,094,411	(\$1,000,000)
Fleet Services	43,280,168	43,271,158	(3,120)	43,268,038	43,268,038	
Total all funds	\$827,412,952	\$880,503,410	\$72,068,633	\$952,572,043	\$953,572,043	(\$1,000,000)
Less estimated income	827,412,952	880,503,410	72,068,633	952,572,043	953,572,043	(1,000,000)

General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	1044.50	1044.50	0.00	1044.50	1044.50	0.00

### Dept. 801 - Department of Transportation - Detail of Conference Committee Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE	ADDS FUNDING FOR ONE CALL <sup>1</sup>	ADDS HIGHWAY CONSTRUCTION FUNDS <sup>2</sup>	ADDS FUNDING FOR EMERGENCY RELIEF PROJECTS <sup>3</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Administration	(\$11,606)				(\$11,606)
Driver's and Vehicle Services	(13,354)				(13,354)
Highways	(100,589)	\$168,520	\$17,900,000	\$54,128,782	72,096,713
Fleet Services	(3,120)				(3,120)
Total all funds	(\$128,669)	\$168,520	\$17,900,000	\$54,128,782	\$72,068,633
Less estimated income	(128,669)	168,520	17,900,000	54,128,782	72,068,633
General fund	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00

<sup>1</sup> The highways line item is increased by \$168,520 from the highway fund for costs of complying with provisions of Senate Bill No. 2209 which require the department to provide data on the location of utilities on highway rights of way, the same as the House version.

<sup>2</sup> The highways line item is increased by \$17,900,000, of which \$15,900,000 is federal funds and \$2,000,000 is from the highway fund for highway projects in anticipation of receiving \$202.3 million of federal highway construction funds in federal fiscal year 2005 and \$205 million in federal fiscal year 2006, the same as the House version.

<sup>3</sup> The highways line item is increased by \$54,128,782, of which \$43,968,332 is federal funds, \$8,472,520 is state matching, and \$1,687,930 is from the counties for emergency relief projects on highways, the same as the House version.

A section is added providing for refunds of fuels taxes paid by Native Americans.

The section added by the Senate requiring the department to maintain bridges over navigable waters in the state that it is currently maintaining is changed to clarify that the department is required to provide maintenance on these bridges, unless the department enters into an agreement with the municipality. The House version required the department to maintain the structural integrity of these bridges unless the department enters into an agreement with the municipality.

A section is added delaying the effective date from January 1, 2006, to January 1, 2008, of provisions allowing a landowner owning land next to a no-mow area to hay the no-mow or managed-mow area after July 15 without payment or penalty, the same as the House version.

The section added by the Senate authorizing the department to issue grant anticipation revenue vehicle (GARVEE) bonds is changed to limit the authorization to only the Liberty Memorial Bridge project and the United States Highway 2 project, the same as the House version.

The section added by the Senate naming the replacement bridge for the Liberty Memorial Bridge between Bismarck and Mandan the Medal of Honor Bridge is changed to name the replacement bridge the Liberty Memorial Bridge, the same as the House version.

Sections are added providing additional state highway revenue beginning in the 2005-07 biennium by:

- Increasing the motor vehicle fuel (gasoline and gasohol) and special fuels (diesel) tax rate by 1 cent per gallon, from 21 to 22 cents. This revenue will be deposited in the state highway fund during the first year of the biennium and in the highway tax distribution fund beginning the second year.
- Making pickup registration fees equivalent to passenger vehicles. This revenue will be deposited in the state highway fund during the first year of the biennium and in the highway tax distribution fund beginning the second year.
- Increasing annual motor vehicle registration fees by \$15. This revenue will be deposited in the state highway fund during the first year of the biennium providing a total of \$18 of each registration fee that is deposited directly in the highway fund and in the highway tax distribution fund during the second year providing a total of \$3 of each registration fee that is deposited directly in the highway fund.

A section is added allocating motor vehicle excise tax revenues between the general fund and the state highway fund. State aid distribution fund allocations from motor vehicle excise tax collections are not affected.

The following provisions included in the House version for generating additional state highway revenue are removed:

- Increasing the motor vehicle fuel (gasoline and gasohol) and special fuels (diesel) tax rate by 2 cents per gallon, from 21 to 23 cents for deposit in the highway tax distribution fund.
- Increasing the motor vehicle fuel (gasoline and gasohol) tax rate by an additional 2 cents per gallon, from 23 to 25 cents each year during the months of May through October, for deposit in the highway tax distribution fund.
- Increasing annual motor vehicle registration fees by \$10, for deposit directly in the state highway fund providing a total of \$13 of each registration fee that is deposited directly in the highway fund.

Sections added by the House are removed which would have provided that effective July 1, 2009, collections from 1 percent of the current 5 percent motor vehicle excise tax that would have been deposited in the state highway fund rather than in the state aid distribution fund and the general fund.

The section added by the House is removed which would have precluded cities and counties from receiving the additional revenue resulting from provisions of this bill until they develop, in collaboration with the Department of Transportation, a roadway plan. Provisions added by the House are also removed which would have provided \$1 million to the Department of Transportation from funds transferred from the cities' and counties' share of the additional revenue generated by this bill for the development of a roadway plan for cities and counties.

Engrossed SB 2012 was placed on the Seventh order of business on the calendar.

#### **CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. TRENBEATH MOVED** that the conference committee report on Engrossed SB 2012 be adopted, which motion failed on a verification vote.

#### **MOTION**

**SEN. CHRISTMANN MOVED** that Engrossed HB 1021 and Engrossed HB 1019 be moved to the bottom of the Seventh order, which motion prevailed.

#### **REPORT OF CONFERENCE COMMITTEE**

**SB 2032, as reengrossed:** Your conference committee (Sens. Grindberg, Heitkamp, Robinson and Reps. Carlson, Skarphol, Glassheim) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1323-1341, adopt amendments as follows, and place SB 2032 on the Seventh order:

That the House recede from its amendments as printed on pages 1323-1341 of the Senate Journal and pages 1585-1603 of the House Journal and that Reengrossed Senate Bill No. 2032 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new chapter to title 15, a new section to chapter 54-44.4, and a new section to chapter 57-38.5 of the North Dakota Century Code, relating to a centers of excellence program, an office of management and budget procurement information program, and seed capital investment tax credit treatment of investments in excess of caps on credits; to amend and reenact sections 6-09-15, 10-04-05, 10-30.5-04, and 54-16-01, subsection 1 of section 57-38-01.2, subsection 1 of section 57-38-71, and sections 57-38.5-01, 57-38.5-02, 57-38.5-03, 57-38.5-04, and 57-38.5-05 of the North Dakota Century Code, relating to the authority of the Bank of North Dakota to invest funds, cross-references affected by the repeal of the venture capital corporation law, the authority of the North Dakota development fund to invest and manage funds, emergency commission membership, and the seed capital investment tax credit; to repeal chapters 10-30.1 and 10-30.2 and section 15-10-41 of the North Dakota Century Code, relating to venture capital corporations, the Myron G. Nelson Fund, Incorporated, and the centers of excellence program; to provide for state agency studies, reports to

the legislative council, and legislative council studies; to provide an effective date; and to provide an expiration date.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. AMENDMENT.** Section 6-09-15 of the North Dakota Century Code is amended and reenacted as follows:

**6-09-15. (Effective through July 31, ~~2007~~ 2009) Powers.** The Bank of North Dakota may:

1. Make, purchase, guarantee, or hold loans:
  - a. To state or federally chartered lending agencies or institutions, or any other financial institutions.
  - b. To holders of Bank of North Dakota certificates of deposit and savings accounts up to ninety percent of the value of the certificates and savings accounts offered as security.
  - c. To actual farmers who are residents of this state, if the loans are secured by recorded mortgages giving the Bank of North Dakota a first lien on real estate in North Dakota in amounts not to exceed eighty percent of the value of the security.
  - d. That are insured or guaranteed in whole or in part by the United States, its agencies, or instrumentalities.
  - e. That are eligible to be guaranteed under chapter 15-62.1. Loans made pursuant to this subdivision may provide for interest that remains unpaid at the end of any period specified in the loan to be added to the principal amount of the debt and thereafter accumulate interest.
  - f. To individuals or bank holding companies for the purpose of purchasing or refinancing the purchase of bank stock of a bank located in the state.
  - g. To nonprofit organizations that are exempt from federal taxation under section 501(c)(3) of the Internal Revenue Code [26 U.S.C. 501(c)(3)], the proceeds of the loans to be used for construction, reconstruction, repair, renovation, maintenance, and associated costs on property under the control of the parks and recreation department.
  - h. Under Public Law No. 99-198 [99 Stat. 1534; 7 U.S.C. 1932 et seq.], as amended through December 31, 1996, to nonprofit corporations for the purpose of relending loan funds to rural businesses.
  - i. Under title 7, Code of Federal Regulations, part 1948, subpart C; part 1951, subparts F and R; and part 1955, subparts A, B, and C, as amended through December 31, 1996, to finance businesses and community development projects in rural areas.
  - j. Obtained as security pledged for or originated in the restructuring of any other loan properly originated or participated in by the Bank.
  - k. To instrumentalities of this state.
  - l. As otherwise provided by this chapter or other statutes.
  - m. If the Bank is participating in the loan and the Bank deems it is in the best interests of the Bank to do so, it may purchase the remaining portion of the loan from a participating lender that is closed by regulatory action, or from the receiver of the participating lender's assets.



- n. To an investment company created for completing a trust preferred securities transaction for the benefit of a financial institution located in this state.
2. Make agricultural real estate loans in order to participate in the agricultural mortgage secondary market program established pursuant to the Agricultural Credit Act [Pub. L. 100-233; 101 Stat. 1686; 12 U.S.C. 2279aa-2279aa-14], as amended through December 31, 1996.
3. Purchase participation interests in loans made or held by banks, bank holding companies, state or federally chartered lending agencies or institutions, any other financial institutions, or any other entity that provides financial services and that meets underwriting standards that are generally accepted by state or federal financial regulatory agencies.
4. Invest its funds:
  - a. In conformity with policies of the industrial commission.
  - b. In a public venture capital corporation organized and doing business in this state through the purchase of shares of stock.
  - c. In North Dakota alternative and venture capital investments and early-stage capital funds including the North Dakota development fund, incorporated, not to exceed ~~five~~ ten million dollars, for the purpose of providing funds for investment in North Dakota alternative and venture capital investments and early-stage capital funds. The Bank may allow for third-party management of the funds invested under this subdivision if the management is provided by North Dakota development fund, incorporated, or a third party that is located in the state and that has demonstrated fund management experience.
5. Buy and sell federal funds.
6. Lease, assign, exchange, transfer, convey, grant, pledge, or mortgage all real and personal property, title to which has been acquired in any manner.
7. Acquire real or personal property or property rights by purchase, lease, or the exercise of the right of eminent domain and may construct, remodel, and repair buildings.
8. Receive deposits from any source and deposit its funds in any bank or other financial institution.
9. Perform all acts and do all things necessary, convenient, advisable, or desirable to carry out the powers expressly granted or necessarily implied in this chapter through or by means of its president, officers, agents, or employees or by contracts with any person, firm, or corporation.
10. Purchase mortgage loans on residential real property originated by financial institutions.

**(Effective after July 31, ~~2007~~ 2009) Powers.** The Bank of North Dakota may:

1. Make, purchase, or hold loans:
  - a. To state or federally chartered lending agencies or institutions, or any other financial institutions.
  - b. To holders of Bank of North Dakota certificates of deposit and savings accounts up to ninety percent of the value of the certificates and savings accounts offered as security.
  - c. To actual farmers who are residents of this state, if the loans are secured by recorded mortgages giving the Bank of North Dakota a first lien on real estate in North Dakota in amounts not to exceed eighty percent of the value of the security.
  - d. That are insured or guaranteed in whole or in part by the United States, its agencies, or instrumentalities.

- e. That are eligible to be guaranteed under chapter 15-62.1. Loans made pursuant to this subdivision may provide for interest that remains unpaid at the end of any period specified in the loan to be added to the principal amount of the debt and thereafter accumulate interest.
  - f. To individuals or bank holding companies for the purpose of purchasing or refinancing the purchase of bank stock of a bank located in the state.
  - g. To nonprofit organizations that are exempt from federal taxation under section 501(c)(3) of the Internal Revenue Code [26 U.S.C. 501(c)(3)], the proceeds of the loans to be used for construction, reconstruction, repair, renovation, maintenance, and associated costs on property under the control of the parks and recreation department.
  - h. Under Public Law No. 99-198 [99 Stat. 1534; 7 U.S.C. 1932 et seq.], as amended through December 31, 1996, to nonprofit corporations for the purpose of relending loan funds to rural businesses.
  - i. Under title 7, Code of Federal Regulations, part 1948, subpart C; part 1951, subparts F and R; and part 1955, subparts A, B, and C, as amended through December 31, 1996, to finance businesses and community development projects in rural areas.
  - j. Obtained as security pledged for or originated in the restructuring of any other loan properly originated or participated in by the Bank.
  - k. To instrumentalities of this state.
  - l. As otherwise provided by this chapter or other statutes.
  - m. If the Bank is participating in the loan and the Bank deems it is in the best interests of the Bank to do so, it may purchase the remaining portion of the loan from a participating lender that is closed by regulatory action, or from the receiver of the participating lender's assets.
  - n. To an investment company created for completing a trust preferred securities transaction for the benefit of a financial institution located in this state.
2. Make agricultural real estate loans in order to participate in the agricultural mortgage secondary market program established pursuant to the Agricultural Credit Act [Pub. L. 100-233; 101 Stat. 1686; 12 U.S.C. 2279aa-2279aa-14], as amended through December 31, 1996.
  3. Purchase participation interests in loans made or held by banks, bank holding companies, state or federally chartered lending agencies or institutions, any other financial institutions, or any other entity that provides financial services and that meets underwriting standards that are generally accepted by state or federal financial regulatory agencies.
  4. Invest its funds:
    - a. In conformity with policies of the industrial commission.
    - b. In a public venture capital corporation organized and doing business in this state through the purchase of shares of stock.
  5. Buy and sell federal funds.
  6. Lease, assign, exchange, transfer, convey, grant, pledge, or mortgage all real and personal property, title to which has been acquired in any manner.
  7. Acquire real or personal property or property rights by purchase, lease, or the exercise of the right of eminent domain and may construct, remodel, and repair buildings.

8. Receive deposits from any source and deposit its funds in any bank or other financial institution.
9. Perform all acts and do all things necessary, convenient, advisable, or desirable to carry out the powers expressly granted or necessarily implied in this chapter through or by means of its president, officers, agents, or employees or by contracts with any person, firm, or corporation.
10. Purchase mortgage loans on residential real property originated by financial institutions.

**SECTION 2. AMENDMENT.** Section 10-04-05 of the North Dakota Century Code is amended and reenacted as follows:

**10-04-05. Exempt securities.** Sections 10-04-04, 10-04-07, 10-04-07.1, 10-04-08, and 10-04-08.4 do not apply to any of the following securities:

1. Securities issued or guaranteed by the United States of America, or by any state, territory, or insular possession thereof, or by any political subdivision of any such state, territory, or insular possession, or by the District of Columbia, or by any public agency or instrumentality of one or more of any of the foregoing, or payable from assessments for improvements or revenues of publicly owned utilities therein; or a certificate of deposit for any of the foregoing, but this exemption does not include any security payable solely from revenues to be received from a nongovernmental industrial or commercial enterprise unless the security is insured or unconditionally guaranteed by, or the revenues are derived from, a person whose securities are exempt from registration under this section.
2. Securities issued by and representing an interest in or a debt of, or guaranteed by, a national bank or a national bank and trust company or bank or credit or loan or savings association or savings and loan association or credit union organized pursuant to an Act of Congress and supervised by the United States, or any agency thereof, or issued or guaranteed as to both principal and interest by an international bank of which the United States is a member, or issued by and representing an interest in or a debt of, or guaranteed by, a state bank, trust company, savings bank, savings institution, or credit union organized and supervised under the laws of any state, and securities of any person subject to examination by the commissioner of financial institutions of North Dakota.
3. Securities issued by a building and loan association subject to supervision by an agency of the state of North Dakota, or policy contracts, including variable annuity contracts, of an insurance company subject to supervision by an agency of the state of North Dakota.
4. Securities issued or guaranteed as to principal, interest, or dividends by a corporation or limited liability company owning or operating a railroad or other public service utility, if the corporation or limited liability company is subject to regulation or supervision either as to its rates and charges or as to the issue of its securities by a public service commission, or by a board, body, or official having like powers, of the United States or of any state, territory, or insular possession thereof, or of any municipality located therein, or of the District of Columbia, or of the Dominion of Canada, or any province thereof.
5. Any security issued by any person organized and operated not for private profit but exclusively for religious, educational, benevolent, fraternal, charitable, social, or reformatory purposes; provided that prior to any offer of such security each person must meet the following conditions:
  - a. Apply for and obtain the written approval of the commissioner.
  - b. File an application, offering disclosure document, and pay a nonrefundable filing fee of one hundred fifty dollars, which document and fee must accompany the application.
  - c. File a notice identifying the basis of its qualification under this exemption with such additional information as the commissioner may require.

- d. Provide a copy of the offering disclosure document to each person to whom an offer to sell or sale is made.

The approval is effective for a period of one year from the date of approval. At least thirty days prior to the expiration date, there must be filed an application, offering disclosure document, and a nonrefundable fee of one hundred dollars for the renewal of the filing for additional periods of one year.

6. Any note, draft, bill of exchange, or bankers' acceptance which arises out of a current transaction or the proceeds of which have been or are to be used for current transactions, is not the subject of a public offering, is prime quality negotiable commercial paper which has at the time of issuance a definite maturity of not exceeding nine months, is payable in cash only, and is not convertible into and does not carry an option or right to receive payment or any bonus in any other security.
7. Securities, other than common stock, providing for a fixed return, which have been outstanding and in the hands of the public for not less than five years and upon which no default has occurred during the five years next preceding the date of sale.
8. Securities, including patronage dividends or refunds, issued by any cooperative organized under the statutes of this state.
9. Any equipment security based on a chattel mortgage, lease, or agreement for the conditional sale of cars, motive power, or other rolling stock mortgaged, leased, sold to, or furnished for the use of a railroad or other public service utility corporation or limited liability company, and any equipment security when the ownership of or title to such equipment is pledged or retained in accordance with the provisions of the laws of the United States or of any state thereof, or of the Dominion of Canada, to secure the payments of such equipment security whether it be an equipment trust certificate, bond, or note.
10. Any bond, note, or other evidence of debt issued by a holding corporation or limited liability company and secured by collateral consisting of any of the securities described in subsections 4 and 9, if the collateral securities equal in fair value at least one hundred twenty-five percent of the par value of the bonds, notes, or other evidences of debts secured thereby.
11. The execution of orders for purchase of securities by a registered dealer provided such dealer acts as agent for the purchaser, has made no solicitation of the order to purchase such securities, has no direct material interest in the sale or distribution of the securities ordered, receives no commission, profit, or other compensation other than the commissions involved in the purchase and sale of the securities and delivery to the purchaser of written confirmation of the order which clearly itemizes the commissions paid to the registered dealer. Clear and complete records of all transactions exempted under this subsection shall be maintained by the registered dealer or broker.
12. ~~Any security issued by a venture capital corporation or limited liability company organized under and operating in compliance with chapter 10-30.1; provided that prior to any offer of such security, the issuer must meet the following conditions:~~
  - a. ~~Apply for and obtain written approval by the commissioner.~~
  - b. ~~File an application, offering disclosure document, and pay a nonrefundable filing fee of one hundred fifty dollars. The document and fee must accompany the application.~~
  - e. ~~File such additional information as the commissioner requires by rule or order or may subsequently request.~~
  - d. ~~Provide a copy of the offering disclosure document to each person to whom an offer to sell or sale is made.~~

- e. ~~Not use public advertising matter or general solicitation, except tombstone advertisements approved by the commissioner, in connection with any offer or sale.~~
- f. ~~File a report of all offers and sales made in this state within thirty days after the completion of the offering.~~

~~The approval is effective for a period of one year from the date of approval. There must be filed, at least thirty days prior to the expiration date, an application, disclosure document, and a nonrefundable fee of one hundred dollars for the renewal of the filing for additional periods of one year.~~

- 13. Any security issued or guaranteed by Canada, any Canadian province, any political subdivision of any such province, or any agency or corporate or other instrumentality of one or more of the foregoing, or any other foreign government with which the United States currently maintains diplomatic relations, if the security is recognized as a valid obligation by the issuer or guarantor. This exemption does not include any security payable solely from revenues to be received from a nongovernmental industrial or commercial enterprise.
- 14. 13. a. Any security, other than a security that is a federal covered security pursuant to section 18(b)(1) of the Securities Act of 1933 and therefore not subject to any filing or registration requirements under this chapter, listed or designated, or approved for listing or designation upon notice of issuance on:
  - (1) The New York stock exchange;
  - (2) The American stock exchange;
  - (3) The national association of securities dealers automated quotation national market system;
  - (4) Tier I of the Philadelphia stock exchange;
  - (5) Tier I of the Pacific stock exchange;
  - (6) Chicago board options exchange; or
  - (7) Any other stock exchange or automated quotation system which the commissioner approves by rule;
- b. Any other security of the same issuer which is of senior or substantially equal rank;
- c. Any security called for by subscription rights or warrants so listed or approved; or
- d. Any warrant or right to purchase or subscribe to any of the foregoing.

The commissioner may withdraw this exemption by order as to any exchange or system, or any particular security, if the commissioner determines that it would be in the public interest.

- 15. 14. Securities issued by the North Dakota education association dues credit trust to members of the North Dakota education association.

**SECTION 3. AMENDMENT.** Section 10-30.5-04 of the North Dakota Century Code is amended and reenacted as follows:

**10-30.5-04. (Effective through July 31, 2007 2009) Powers.** The corporation must be organized as a nonprofit corporation. In addition to the powers in chapter 10-33, the corporation may:

1. Cooperate and contract with any private or public entity.
2. Receive appropriations from the legislative assembly and other public moneys as well as contributions from other private or public contributors.

3. Borrow funds not to exceed five ten million dollars from the Bank of North Dakota for the purpose of investing in North Dakota alternative and venture capital investments and early-stage capital funds. The corporation may provide management services for the Bank's alternative and venture capital investments and early-stage capital funds.

**(Effective after July 31, 2007 2009) Powers.** The corporation must be organized as a nonprofit corporation. In addition to the powers in chapter 10-33, the corporation may:

1. Cooperate and contract with any private or public entity.
2. Receive appropriations from the legislative assembly and other public moneys as well as contributions from other private or public contributors.

**SECTION 4.** A new chapter to title 15 of the North Dakota Century Code is created and enacted as follows:

**Definitions.** In this chapter, unless the context otherwise requires:

1. "Board" means the state board of higher education.
2. "Center" means a center of excellence relating to economic development which has been designated or named under this chapter.
3. "Commission" means the centers of excellence commission.
4. "Foundation" means the North Dakota economic development foundation.
5. "Industry cluster" means one of the following industries:
  - a. Advanced manufacturing;
  - b. Energy;
  - c. Information and technology;
  - d. Tourism;
  - e. Value-added agriculture; or
  - f. An industry, including the aerospace industry, specifically identified by the department of commerce as an industry that will contribute to the gross state product.

**Centers of excellence.**

1. The board shall establish a centers of excellence program relating to economic development. Through the program the commission shall make funding award recommendations for commission-approved applications to the board, the foundation, and the budget section of the legislative council. A center must be an institution of higher education under the control of the board or a nonprofit university-related or college-related foundation of an institution of higher education under the control of the board. In order to be considered for center designation, the institution of higher education or nonprofit foundation must be working in partnership with the private sector. In addition to any center designated under this chapter, the North Dakota state university center for technology enterprise and the university of North Dakota center for innovation are centers.
2. A commission funding award recommendation must be for a specified amount. Designation of a center occurs upon board, foundation, and budget section approval of a commission funding award recommendation. In considering whether to designate a center, the board, foundation, and budget section may not modify the commission recommendation. The budget section may not make a determination of whether to approve or reject a commission funding award recommendation until the emergency commission reviews the commission recommendation and makes a recommendation to the budget section.

3. A center that receives funds distributed under this chapter is not qualified to receive subsequent designations as a center until the biennium following the center's most recent designation.
4. The board rules adopted under subsection 9 of section 15-10-17, relating to ownership of intellectual property, inventions, and discoveries, must address activities and issues unique to centers.

**Centers of excellence commission.** The centers of excellence commission consists of six members. The foundation shall appoint three of the foundation's members to serve on the commission and the board shall appoint three of the board's members to serve on the commission. The commission members shall designate a chairman and a vice chairman of the commission. Each member of the commission shall serve for a term of three years, beginning July first; may be reappointed for additional terms; and serves at the pleasure of the appointing entity. If a commission member ceases to serve as a member of the appointing entity, that member's membership on the commission ceases immediately and the appointing entity shall appoint a new member for the remainder of the term. Terms of initial commission members begin on the effective date of this Act and must be staggered. On a meeting-by-meeting basis, an appointing entity may substitute a member of that appointing entity to serve in place of one of the regular members appointed by that entity. If the commission chairman and vice chairman are not present at a meeting, the commission members present at that meeting shall select a commission member to serve as chairman for that meeting. A commission member may receive compensation and travel and expense reimbursement from the appointing entity. The board shall provide the commission with appropriate staff services as may be requested by the commission.

**Application - Eligibility requirements.**

1. The board shall provide center application forms, accept applications, review applications for completeness and compliance with board policy, and forward complete applications to the commission in accordance with guidelines established by the commission.
2. The commission shall meet as necessary to review all complete applications; approve or disapprove complete applications; make funding award recommendations for commission-approved proposed centers; direct the office of management and budget to distribute funds to the centers; monitor centers for compliance with award requirements; and review changes in assertions made in center applications.
3. In considering whether to approve or disapprove an application, the commission shall consider whether the center will:
  - a. Use university or college research to promote private sector job growth and expansion of knowledge-based industries or use university or college research to promote the development of new products, high-tech companies, or skilled jobs in this state;
  - b. Create high-value private sector employment opportunities in this state;
  - c. Provide for public-private sector involvement and partnerships;
  - d. Leverage other funding;
  - e. Increase research and development activities that may involve federal funding from the national science foundation experimental program to stimulate competitive research;
  - f. Foster and practice entrepreneurship;
  - g. Promote the commercialization of new products and services in industry clusters;
  - h. Become financially self-sustaining; and
  - i. Establish and meet a deadline for acquiring and expending all public and private funds specified in the application.

**Use of funds - Terms of funds - Distribution of funds.**

1. A center shall use funds awarded under this chapter to enhance capacity; enhance infrastructure; and leverage state, federal, and private sources of funding. A center awarded funds under this chapter may not use the funds to supplant funding for current operations or academic instructions or to pay indirect costs.
2. As a condition for receipt of funds under this chapter, a center shall agree to provide the board, foundation, and budget section of the legislative council with annual audits on all funds distributed to the center under this chapter. The annual audits must be provided until the completion of four years following the final distribution of funds under this chapter.
3. Before the commission directs the office of management and budget to distribute funds awarded under this chapter, the center shall provide the commission with detailed documentation of private sector participation and the availability of two dollars of matching funds for each dollar of state funds to be distributed under this chapter. The matching funds may include funds facilitated through the collaboration of the private sector participants with other funding entities. The matching funds may include a combination of cash and in-kind assets with itemized value. Private sector participation may be established through equity investments or through contracts for services with private sector entities. In making funding recommendations and designation determinations, the commission, board, foundation, and budget section shall give major consideration to the portion of the matching funds provided in cash by the private sector.
4. If, before funds are distributed by the office of management and budget, a center undergoes a change in the terms of or assertions made in its application, the commission may direct that the office of management and budget withhold all or a portion of any undistributed funds pending commission review of the changes.

**SECTION 5. AMENDMENT.** Section 54-16-01 of the North Dakota Century Code is amended and reenacted as follows:

**54-16-01. Emergency commission - Members - Organization - Quorum - Meetings.** ~~The emergency commission consists of the governor, the chairman majority leaders of the senate and house of representatives of the legislative council assembly, the secretary of state, and the chairmen of the senate and house of representatives appropriations committees. If the chairman of an appropriations committee ceases to be a member of the legislative assembly, the vice chairman of that committee succeeds to that position on the commission. An appropriations committee vice chairman may serve in the place of the appropriations committee chairman as a member of the commission at the request of the appropriate appropriations committee chairman, if the appropriations committee chairman is unable to attend a commission meeting. The vice chairman of the legislative council~~ If a majority leader ceases to be a member of the legislative assembly, the respective house's assistant majority leader succeeds to that position on the commission. A majority leader's assistant majority leader may serve as a member of the commission in the place of the chairman of the legislative council majority leader at the request of the chairman of the legislative council majority leader if that individual majority leader is serving on the commission in another capacity or is unable to attend a commission meeting. Four members of the commission constitute a quorum. The governor is the chairman and the secretary of state is the secretary of the commission. The commission shall meet at the call of the chairman.

**SECTION 6.** A new section to chapter 54-44.4 of the North Dakota Century Code is created and enacted as follows:

**Procurement information - Web site.**

1. The office of management and budget shall establish and maintain a procurement information web site on the internet. This procurement information web site must provide current information regarding North Dakota government procurement opportunities in order to inform potential vendors of the commodities and services sought by state agencies and institutions. Notwithstanding section 54-44.4-09, for each purchase of services or commodities over the amount established for small purchases,



the office of management and budget and every purchasing agency shall provide procurement information on the web site. The time period and manner of providing procurement information on the web site must be in accordance with rules adopted by the office of management and budget. The office of management and budget may contract with a third party to assist in providing or maintaining the procurement information web site.

2. A state agency or institution may elect to use the procurement information web site for the purchase of services and commodities that are not subject to the procurement requirements of this chapter, including:
  - a. Commodities and services exempted under section 54-44.4-02;
  - b. Public improvements under title 48;
  - c. Architect, engineer, construction management, and land surveying services under chapter 54-44.7; and
  - d. Concessions under chapter 48-09.

**SECTION 7. AMENDMENT.** Subsection 1 of section 57-38-01.2 of the North Dakota Century Code is amended and reenacted as follows:

1. The taxable income of an individual, estate, or trust as computed pursuant to the provisions of the United States Internal Revenue Code of 1954, as amended, shall be:
  - a. Reduced by any interest received from obligations of the United States that is included in taxable income or in the computation thereof on the federal return.
  - b. Reduced by any other income included in the taxable income, or in the computation thereof, on the federal return which is exempt from taxation by this state because of the provisions of the Constitution of North Dakota or the Constitution of the United States.
  - c. Reduced by the amount of federal income tax liability, but not social security and self-employment taxes, as computed under chapter 1 of the Internal Revenue Code of 1954, as amended, for the same taxable year for which the North Dakota return is being filed, to the extent that such taxes are computed upon income which becomes a part of the North Dakota taxable income. Provided, that no adjustment to federal income taxes, paid or accrued, is required because of allowable deductions to federal taxable income made under the cost recovery provisions of subdivision b of subsection 5 of section 57-38-01. However, such federal income tax liability must be reduced by all credits thereon except credits for federal income tax withholding payments, estimates of federal income tax, and income taxes of foreign countries. Federal income taxes for prior periods assessed against the taxpayer by reason of audit or other adjustment by the internal revenue service, or voluntary disclosure by the taxpayer, are not deductible except in the period in which income so taxed was reported or reportable or in which an adjustment was required but only after an adjustment is made by or with the office of the state tax commissioner. A refund of federal income tax must be reported and included in North Dakota taxable income in the year in which the tax was originally deducted.
  - d.
    - (1) Reduced by three hundred dollars if the return filed is a joint return by husband and wife. If separate returns are filed by husband and wife, no deduction can be taken under this subdivision. This subdivision shall not be applicable to estates or trusts.
    - (2) Reduced by three hundred dollars if the return filed is the return of a "head of household" as defined by the United States Internal Revenue Code of 1954, as amended; provided, that the term "head of household" shall also include a "surviving spouse" as defined by said code.

- (3) Reduced by seven hundred fifty dollars for each adopted child who is under the age of twenty-one years and who is either irreversibly mentally retarded or, on the basis of the annual findings of a licensed physician, is blind or disabled as determined pursuant to the provisions of title XVI of the United States Social Security Act, provided the return filed is the return of the parent of an adopted child and such child qualifies as a dependent of such parent for federal income tax purposes.
  - (4) Reduced, up to a maximum of one thousand dollars, by the amount of filing fees, attorney's fees, and travel costs incurred in connection with an adoption and by the actual costs paid to a licensed child-placing agency in making the adoptive study and in supervising and evaluating the adoptive placement. Provided, however, that the reduction allowed under this paragraph shall apply only to such adoption expenses of a child who qualifies under the provisions of paragraph 3.
  - (5) Reduced by one thousand seven hundred fifty dollars for each child under the age of twenty-one years adopted by the taxpayer. The reduction under this paragraph may be claimed only by an adoptive parent of an adopted child and the child must qualify as a dependent of the adoptive parent for federal income tax purposes. The reduction may be claimed by only one spouse, for spouses filing separately under this chapter. The reduction provided by this paragraph may be claimed for the taxable year in which the adoption becomes final and any unused portion of the reduction may be carried forward by the taxpayer for up to five taxable years. The reduction does not apply to the adoption of children of the taxpayer's spouse.
- e. Reduced by the actual amount of the medical expenses that were incurred but not allowed on the federal return by reason of the federal medical deduction limitation.
  - f. Increased by the amount of any income taxes, or franchise or privilege taxes measured by income, to the extent that such taxes were deducted to determine federal taxable income.
  - g. Increased by the amount of any interest and dividends from foreign securities and from securities of state and their political subdivisions exempt from federal income tax; provided, that interest upon obligations of the state of North Dakota or any of its political subdivisions shall not be included.
  - h. Except for residents, reduced by the amount of net income not allocated and apportioned to this state under the provisions of chapter 57-38.1, but only to the extent that the amount of net income not allocated and apportioned to this state under the provisions of that chapter is not included in any adjustment made pursuant to the preceding subdivisions.
  - i. ~~Repealed by S.L. 2003, ch. 529, § 3.~~
  - j. Reduced by any amount, up to a maximum of five thousand dollars, received pursuant to the firefighters relief associations authorized by chapters 18-05 and 18-11, policemen's pension funds authorized by chapter 40-45, or the highway patrolmen's retirement system authorized by chapter 39-03.1; provided, however, that the adjustment provided in this subdivision shall be reduced by any amount received pursuant to the federal Social Security Act.
  - ~~k.~~ j. Reduced by any amount, up to a maximum of one thousand dollars, received by any person as payment for services performed while on active duty in the armed forces of the United States or as payment for attending periodic training meetings for drill and instruction as a member of the national guard or of a reserve unit of the armed forces of the United States. However, persons serving in the armed forces of the United States, except field grade and general officers, who are stationed outside of any state of the United States or the District of

Columbia for not less than thirty days during the tax year shall be allowed an additional reduction of up to three hundred dollars per month for each month or portion of a month received as payment for services performed while on active duty at such location.

- ~~h~~ k. Reduced by any amount, up to a maximum of five thousand dollars, received by any person fifty years of age or older as retired military personnel pay for service in the United States army, navy, air force, coast guard, or marine corps or reserve components thereof; provided, however, that the adjustment provided in this subdivision shall be reduced by any amount received pursuant to the federal Social Security Act.
- ~~m~~ l. Reduced by the amount of interest received during that taxable year on a contract for deed on the sale of eighty or more acres [32.37 or more hectares] of agricultural land to a beginning farmer. The contract for deed must extend for not less than ten years and have an annual interest rate equal to or less than the minimum rate allowed by the internal revenue service before interest is imputed. In order for an individual, estate, or trust to qualify for this reduction, the taxpayer must obtain a statement from the buyer stating that the buyer meets all requirements of the beginning farmer definition, together with such other information as the state tax commissioner may require. The value placed on any real property located in North Dakota and owned by the buyer must be the amount listed as the true and full value on the most recent real estate tax statement for that particular piece of property. In determining the net worth of any person, including the person's dependents and spouse, if any, for purposes of this subdivision, the value of their equity in their principal residence, the value of one personal or family motor vehicle, and the value of their household goods, including furniture, appliances, musical instruments, clothing, and other personal belongings may not be included. This statement must be filed along with the income tax return. For the purposes of this subdivision, "beginning farmer" means any person who is:
- (1) A resident of this state.
  - (2) Receiving more than one-half of that person's gross annual income from farming, unless the person initially commences farming during the tax year for which an adjustment will be claimed under this subdivision.
  - (3) Intending to use any farmland to be purchased or rented for agricultural purposes.
  - (4) Except for contracts for deed entered into prior to July 1, 1985, having adequate training by education in the type of farming operation which the person wishes to begin through satisfactory participation in the adult farm management education program of the state board for career and technical education or an equivalent program approved by the agriculture commissioner.
  - (5) Having, including the net worth of any dependents and spouse, a net worth of less than one hundred thousand dollars.
- ~~n~~ m. Reduced by the amount of interest received during that taxable year on a contract on the sale of any land, buildings, improvements, and equipment associated with the land, buildings, or improvements, used or useful in connection with a revenue-producing enterprise to a beginning businessman, excluding beginning farmers as defined in subdivision ~~m~~ l. The contract must extend for not less than ten years and have an annual interest rate equal to or less than the minimum rate allowed by the internal revenue service before interest is imputed. In order for an individual, estate, or trust to qualify for this reduction, the taxpayer must obtain a statement from the buyer containing a list of the buyer's assets and debts and giving the buyer's net worth, together with any other information required by the state tax commissioner. The value placed on any real property located in North Dakota and owned by the buyer shall be the amount listed as the

current market value on the most recent real estate tax statement for that particular piece of property. In determining the net worth of any person, including that person's dependents and spouse, if any, the value of their equity in their principal residence, the value of one personal or family motor vehicle, and the value of their household goods, including furniture, appliances, musical instruments, clothing, and other personal belongings is not to be included. This statement is to be filed along with the income tax return. For the purposes of this subdivision, "beginning businessman", excluding beginning farmers as defined in subdivision ~~m~~ l, means any person who is:

- (1) A resident of this state.
  - (2) Receiving more than one-half of that person's gross annual income from a revenue-producing enterprise, unless the person initially commences business during the tax year for which an adjustment will be claimed under this subdivision.
  - (3) Intending to use any revenue-producing enterprise purchased or rented for business purposes.
  - (4) Adequately trained, by experience or education, in the type of revenue-producing enterprise which that person wishes to begin.
  - (5) The owner of property with a net worth, including the net worth of property of that person's dependents and spouse, if any, of less than one hundred thousand dollars.
- ~~e~~ n. Reduced by any amount, up to a maximum of three hundred dollars received by any person or six hundred dollars if a joint return is filed, as interest earned from a financial institution located in this state. For purposes of this subdivision, "financial institution" means any organization authorized to do business under state or federal laws relating to financial institutions, including banks and trust companies, savings banks, building and loan associations, savings and loan companies or associations, and credit unions.
- ~~p~~. ~~Repealed by S.L. 1999, ch. 487, § 3.~~
- ~~q~~. ~~Reduced by the amount, up to a maximum of five thousand dollars for any person or ten thousand dollars if a joint return is filed, of investment made after January 1, 1989, in a venture capital corporation organized pursuant to chapter 10-30.1. This deduction may only be taken in the tax year in which the taxpayer qualifies for a credit pursuant to chapter 10-30.1. However, a taxpayer that makes an investment in a venture capital corporation on or after July 1, 1989, is only entitled to a deduction if the venture capital corporation uses the funds it receives from the taxpayer to invest or provide financing to qualified entities, which entities do not include a business or an affiliate of a business that owns tax-exempt securities.~~
- ~~f~~ o. Reduced by any amount, up to a maximum of five thousand dollars, received as retirement benefits paid by the United States, a territory or possession or political subdivision thereof, the government of the District of Columbia, or an agency or instrumentality of one or more of the foregoing, other than retired military personnel pay, as exempted in subdivision ~~l~~ k; provided, however, that the adjustment provided in this subdivision must be reduced by any amount received pursuant to the federal Social Security Act.
- ~~s~~ p. Reduced by the portion of a distribution from a qualified investment fund described in section 57-38-01 which is attributable to investments by the qualified investment fund in obligations of the United States, obligations of North Dakota or its political subdivisions, and any other obligation the interest from which is exempt from state income tax under federal statute or United States or North Dakota constitutional provisions; provided the amount of the distribution excluded under this subdivision is included in federal taxable income.

- ~~q.~~ q. Reduced by an amount equal to the earnings that are passed through to a taxpayer in connection with an allocation and apportionment to North Dakota under chapter 57-35.3.
- ~~r.~~ r. Reduced by the amount received by the taxpayer as payment for services performed when called or ordered to title 10 United States Code federal service as a member of the national guard or reserve member of the armed forces of the United States. An individual claiming the reduction under this subdivision may not also claim the reduction under subdivision ~~k~~ j for the time the individual was under federal orders for active duty and may not claim a reduction on income already excluded from federal taxation due to service in a combat or hazardous duty zone. This subdivision does not apply to federal service while attending annual training, basic military training, professional military education, or active guard and reserve tours for which the member has volunteered.

Provided, however, that each adjustment in the above subdivisions authorized under law shall be allowed only to the extent that the adjustment is allocated and apportioned to North Dakota income.

**SECTION 8. AMENDMENT.** Subsection 1 of section 57-38-71 of the North Dakota Century Code is amended and reenacted as follows:

1. "Beginning entrepreneur", excluding beginning farmers as defined in subdivision ~~m~~ l of subsection 1 of section 57-38-01.2, means any person who:
  - a. Is a resident of this state.
  - b. Receives more than one-half of that person's gross annual income from a revenue-producing enterprise, unless the person initially commences business during the tax year for which a deduction will be claimed under sections 57-38-71 through 57-38-74.
  - c. Intends to use any revenue-producing enterprise purchased or rented for business purposes.
  - d. Has had adequate training, by experience or education, in the type of revenue-producing enterprise which that person wishes to begin.
  - e. Has, including the net worth of that person's dependents and spouse, if any, a net worth of less than one hundred thousand dollars, not including the value of their equity in their principal residence, the value of one personal or family motor vehicle, and the value of their household goods, including furniture, appliances, musical instruments, clothing, and other personal belongings.

**SECTION 9. AMENDMENT.** Section 57-38.5-01 of the North Dakota Century Code is amended and reenacted as follows:

**57-38.5-01. Definitions.** As used in this chapter, unless the context otherwise requires:

1. "Director" means the director of the department of commerce division of economic development and finance.
2. "New wealth" means revenues to a North Dakota business which are generated by sales of products or services to customers outside of the state. "New wealth" also includes revenues to a qualified business the customers of which previously were unable to acquire, or had limited availability of, the product or service from a North Dakota provider.
3. "Passthrough entity" means a corporation that for the applicable tax year is treated as an S corporation or a general partnership, limited partnership, limited liability partnership, trust, or limited liability company and which for the applicable tax year is not taxed as a corporation under chapter 57-38.
4. "Primary sector business" means a qualified business that through the employment of knowledge or labor adds value to a product, process, or

service and which results in the creation of new wealth but does not include an agricultural commodity processing facility as defined under section 57-38.6-01.

4. 5. "Qualified business" means:
- a. A a business other than a real estate investment trust which is a primary sector business that:
    - (1) a. Is incorporated or its satellite operation is incorporated as a for-profit corporation or is a partnership, limited partnership, limited liability company, limited liability partnership, or joint venture;
    - (2) b. Is in compliance with the requirements for filings with the securities commissioner under the securities laws of this state;
    - (3) c. Has North Dakota residents as a majority of its employees in the North Dakota principal office or the North Dakota satellite operation; ~~and~~
    - (4) d. Has its principal office in this state and has the majority of its business activity performed in this state, except sales activity, or has a significant operation in North Dakota that has or is projected to have more than ten employees or one hundred fifty thousand dollars of sales annually; ~~or~~
  - b. ~~An organization that:~~
    - (1) ~~Is in compliance with the requirements for filings with the securities commissioner under the securities laws of this state; and~~
    - (2) ~~Attracts investments to build and own a value added agricultural processing facility that it leases with an option to purchase to a primary sector business that qualifies under subdivision a and~~
  - e. Relies on innovation, research, or the development of new products and processes in its plans for growth and profitability.
5. 6. "Taxpayer" means an individual, estate, or trust or a corporation or passthrough entity. The term does not include a real estate investment trust.

**SECTION 10. AMENDMENT.** Section 57-38.5-02 of the North Dakota Century Code is amended and reenacted as follows:

**57-38.5-02. Certification - Investment reporting by qualified businesses - Maximum investments in qualified businesses.** The director shall certify whether a business that has requested to become a qualified business meets the requirements of subsection 4 of section 57-38.5-01 and the certification must include the period of time the certification covers. The director shall establish the necessary forms and procedures for certifying qualified businesses. For investments made after December 31, 2004, the maximum aggregate amount of qualified investments a qualified business may receive is limited to five hundred thousand dollars under this chapter. The limitation on investments under this section may not be interpreted to limit additional investment by a taxpayer for which that taxpayer is not applying for a credit.

**SECTION 11. AMENDMENT.** Section 57-38.5-03 of the North Dakota Century Code is amended and reenacted as follows:

**57-38.5-03. Seed capital investment tax credit.** If a taxpayer makes a qualified investment in a qualified business, the taxpayer is entitled to a credit against state income tax liability under section 57-38-29, 57-38-30, or 57-38-30.3. The amount of the credit to which a taxpayer is entitled is forty-five percent of the amount invested by the taxpayer in qualified businesses during the taxable year, subject to the following:

1. The aggregate annual investment for which a taxpayer may obtain a tax credit under this section is ~~not less than five thousand dollars and not more than two hundred fifty thousand dollars.~~ This subsection may not be

interpreted to limit additional investment by a taxpayer for which that taxpayer is not applying for a credit.

2. In any taxable year, a taxpayer may claim no more than one-third of the credit under this section which is attributable to investments in a single taxable year.
3. Any amount of credit under this section not allowed because of the limitations in this section may be carried forward for up to four taxable years after the taxable year in which the investment was made.
4. A ~~partnership~~ passthrough entity that invests in a qualified business must be considered to be the taxpayer for purposes of the investment limitations in this section and the amount of the credit allowed with respect to a ~~partnership's~~ passthrough entity's investment in a qualified business must be determined at the ~~partnership~~ passthrough entity level. The amount of the total credit determined at the ~~partnership~~ passthrough entity level must be allowed to the ~~partners, limited to individuals, estates, and trusts,~~ members in proportion to their respective interests in the ~~partnership~~ passthrough entity.
5. The investment must be at risk in the business. An investment for which a credit is received under this section must remain in the business for at least three years. Investments placed in escrow do not qualify for the credit.
6. The entire amount of an investment for which a credit is claimed under this section must be expended by the qualified business for plant, equipment, research and development, marketing and sales activity, or working capital for the qualified business.
7. A taxpayer who owns a controlling interest in the qualified business or whose full-time professional activity is the operation of the business is not entitled to a credit under this section. A member of the immediate family of a taxpayer disqualified by this subsection is not entitled to the credit under this section. For purposes of this subsection, "immediate family" means the taxpayer's spouse, parent, sibling, or child or the spouse of any such person.
8. The tax commissioner may disallow any credit otherwise allowed under this section if any representation by a business in the application for certification as a qualified business proves to be false or if the taxpayer or qualified business fails to satisfy any conditions under this section or any conditions consistent with this section otherwise determined by the tax commissioner. The amount of any credit disallowed by the tax commissioner that reduced the taxpayer's income tax liability for any or all applicable tax years, plus penalty and interest as provided under section 57-38-45, must be paid by the taxpayer.

**SECTION 12. AMENDMENT.** Section 57-38.5-04 of the North Dakota Century Code is amended and reenacted as follows:

**57-38.5-04. Taxable year for seed capital investment tax credit.** The tax credit under section 57-38.5-03 must be credited against the taxpayer's income tax liability for the taxable year in which ~~full consideration for~~ the investment in the qualified business was received by the qualified business.

**SECTION 13. AMENDMENT.** Section 57-38.5-05 of the North Dakota Century Code is amended and reenacted as follows:

**57-38.5-05. Seed capital investment tax credit limits.** The aggregate amount of seed capital investment tax credit allowed for investments under this chapter ~~through calendar year 2002 is limited to one million dollars and after calendar year 2002~~ is limited to two million five hundred thousand dollars for each calendar year. If investments in qualified businesses reported to the commissioner under section 57-38.5-07 exceed the limits on tax credits for investments imposed by this section, the credit must be allowed to taxpayers in the chronological order of their investments in qualified businesses as determined from the forms filed under section 57-38.5-07.

**SECTION 14.** A new section to chapter 57-38.5 of the North Dakota Century Code is created and enacted as follows:

Credit for investments made before 2005. An investment made before January 1, 2005, which did not qualify for the tax credit under this chapter because of the two million five hundred thousand dollar credit limitation in effect before the effective date of this Act is entitled to a credit against state income tax liability under section 57-38-29 or 57-38-30.3 in the amount of forty-five percent of the amount invested by the taxpayer in a qualified business subject to the following:

1. The aggregate investment for which a taxpayer may obtain a credit under this section is not less than five thousand dollars and not more than two hundred fifty thousand dollars.
2. In any taxable year, a taxpayer may claim no more than one-fourth of the credit under this section which is attributable to investments made before January 1, 2005.
3. Any amount of credit under this section not allowed because of the limitations in this section may be carried forward for up to five taxable years after the taxable year in which the investment was made.
4. This section does not apply to investments made in an agricultural processing facility as defined under section 57-38.6-01.

**SECTION 15. REPEAL.** Chapters 10-30.1 and 10-30.2 of the North Dakota Century Code are repealed.

**SECTION 16. REPEAL.** Section 15-10-41 of the North Dakota Century Code is repealed.

**SECTION 17. NORTH DAKOTA BUSINESS CLIMATE INITIATIVE - LEGISLATIVE COUNCIL STUDY.** During the 2005-06 and 2007-08 interims, the legislative council shall study the state's business climate through a business climate initiative. The business climate initiative must include receipt of agency reports regarding economic development legislation introduced by the legislative council during previous legislative sessions, active participation in business climate focus groups across the state, and active participation in biennial business congresses. The focus groups shall discuss ways to enhance the state's business climate to stimulate job growth and enhance economic prosperity for employers and employees by encouraging the growth of existing businesses in the state, creating new businesses in the state, and encouraging expansion or relocation of businesses to this state. Each business congress must receive a report on the activities of the focus group discussions, shall identify methods to enhance the state's business climate to stimulate job growth and enhance economic prosperity, shall identify methods to prepare the state for the high-growth and high-demand jobs of the future, and shall evaluate the impact of existing state economic development programs. The department of commerce shall organize the business climate focus groups and the business congresses. Before each business congress, which must be held before June 1, 2006, and before June 1, 2008, the department shall hold a minimum of six focus group discussions, two of which specifically focus on local economic developers and four of which specifically focus on private business needs. The department shall consult with the legislative council in compiling focus group and business congress participant invitation lists and drafting and distributing invitations, establishing focus group and business congress dates and locations, and preparing agendas for focus groups and business congresses. The legislative council shall contract with a third party to provide professional services to plan, facilitate, report on, and coordinate followup for the focus groups and business congresses. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth and sixty-first legislative assemblies.

**SECTION 18. VENTURE AND RISK CAPITAL - LEGISLATIVE COUNCIL STUDY.** During the 2005-06 interim, the legislative council shall study issues relating to venture and risk capital and whether and how some of these issues may be negatively impacting business development in the state. The study must address how to define venture and risk capital for purposes of the study; real and perceived issues regarding gaps in the availability of venture and risk capital in the state; whether state programs adequately address the venture and risk capital needs of businesses in the state and whether these programs should be changed to increase availability to venture and risk capital, including whether the partnership in assisting community expansion program might be used as a model to address possible venture and risk capital availability issues and whether the state could effectively play a role as facilitator in improving access to



venture and risk capital; how the state could assist in creating an environment more conducive to attracting private venture and risk capital in the state; and how other states have attempted to address venture and risk capital concerns of businesses. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly.

**SECTION 19. ALTERNATIVE AND VENTURE CAPITAL INVESTMENTS - EARLY-STAGE CAPITAL FUNDS - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the president of the Bank of North Dakota shall report to the legislative council on the status of the Bank's investments in alternative and venture capital investments and early-stage capital funds under subdivision c of subsection 4 of section 6-09-15. The president shall inform the legislative council whether this investment program should continue and whether there are potential changes that could be made to improve the state's venture capital and early-stage capital investment structure.

**SECTION 20. CENTERS OF EXCELLENCE - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the state board of higher education and the centers of excellence commission shall report to the legislative council on the status of the centers of excellence program under section 4 of this Act. The report must include information regarding approved and rejected applications; funding; private sector participation; accomplishments of each center of excellence, including information regarding how each center of excellence is meeting, or will meet, the criteria under section 4 of this Act; and whether there are potential changes that could be made to improve the centers of excellence program.

**SECTION 21. INSURANCE AND LIABILITY DATA - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the insurance commissioner shall compile existing data regarding the state's liability insurance marketplace. The data must include information regarding issues that may result in barriers for businesses seeking to obtain affordable liability insurance coverage, with specific focus on the travel and tourism industry, and must include information regarding successful actions taken by other states to improve the availability and affordability of liability insurance. Before July 1, 2006, the insurance commissioner shall report to the legislative council the data compiled and identify proposed legislative changes necessary to implement any recommendations to make the state's laws and availability of liability insurance more attractive to businesses in this state.

**SECTION 22. TECHNOLOGY COMMERCIALIZATION STUDY - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the state board of higher education shall conduct a study of incentives the state could adopt to serve as catalysts for stimulating more efficient commercialization of new technologies. The study must include roundtable discussions; include consideration of leveraging research, capital, and entrepreneurs; include consideration of successful actions taken by other states to increase technology commercialization; and focus on approaches that are specifically tailored to the state's unique circumstances. The board may contract with a third party to conduct the study. Before July 1, 2006, the chancellor of the North Dakota university system shall report to the legislative council the outcome of the study and identify proposed legislative changes necessary to implement any recommendations to stimulate technology commercialization in this state.

**SECTION 23. TRANSPORTATION STUDY - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the upper great plains transportation institute shall conduct a study of how improvements to the transportation infrastructure of this state might enhance the business climate and the state's competitive position in economic development, with a focus on the potential to expand the sale of goods to markets outside the state by strengthening the state's transportation infrastructure. In conducting this study, the upper great plains transportation institute shall consult with the department of transportation and the department shall cooperate in the study. The study must include consideration of how to improve the load-carrying limits of the state's highways and associated costs and benefits; consideration of what enhancements must be made to the state's highways to allow load limits to be raised to more efficiently move goods to market and associated costs and benefits; exploration of the phenomenon of the decline of freight service by rail, including the prospects for offering incentives to rail providers to expand the availability of rail for transportation of goods to market and the associated costs and benefits; recommendations on how to enhance the state's transportation infrastructure; whether it is feasible to identify and assist airports that are specially situated in order to assist in economic development; and an analysis of the projected economic development impacts associated with the

recommended infrastructure improvements. Before July 1, 2006, the upper great plains transportation institute shall report to the legislative council the outcome of the study and identify proposed legislative changes necessary to implement any recommended changes to the state's transportation infrastructure.

**SECTION 24. PROCUREMENT ASSISTANCE STUDY - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the director of the office of management and budget shall report to the legislative council on the status of providing procurement information through the internet under section 6 of this Act; perform a study on the most effective manner in which to provide for a procurement assistance center; and report to the legislative council on the outcome of the procurement assistance center study, including what services might be provided by such a center, how services might be provided by such a center, and what legislative changes would be required to implement such a center.

**SECTION 25. EFFECTIVE DATE - EXPIRATION DATE.** Sections 9 through 13 of this Act are effective for taxable years beginning after December 31, 2004. Section 15 of this Act becomes effective on August 1, 2007. Sections 2, 7, and 8 of this Act are effective for taxable years beginning after December 31, 2008. Section 10 of this Act is effective for a business certified as a qualified business after December 31, 2004. Section 14 of this Act is effective for taxable year 2004 and is thereafter ineffective, except any unused credit may be carried forward as provided in section 13 of this Act. Section 4 of this Act is effective through July 31, 2011, and after that date is ineffective."

Renumber accordingly

Reengrossed SB 2032 was placed on the Seventh order of business on the calendar.

#### **CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. GRINDBERG MOVED** that the conference committee report on Reengrossed SB 2032 be adopted, which motion prevailed on a voice vote.

Reengrossed SB 2032, as amended, was placed on the Eleventh order.

#### **SECOND READING OF SENATE BILL**

**SB 2032:** A BILL for an Act to create and enact a new chapter to title 15, a new section to chapter 54-44.4, and a new section to chapter 57-38.5 of the North Dakota Century Code, relating to a centers of excellence program, an office of management and budget procurement information program, and seed capital investment tax credit treatment of investments in excess of caps on credits; to amend and reenact sections 6-09-15, 10-04-05, 10-30.5-04, and 54-16-01, subsection 1 of section 57-38-01.2, subsection 1 of section 57-38-71, and sections 57-38.5-01, 57-38.5-02, 57-38.5-03, 57-38.5-04, and 57-38.5-05 of the North Dakota Century Code, relating to the authority of the Bank of North Dakota to invest funds, cross-references affected by the repeal of the venture capital corporation law, the authority of the North Dakota development fund to invest and manage funds, emergency commission membership, and the seed capital investment tax credit; to repeal chapters 10-30.1 and 10-30.2 and section 15-10-41 of the North Dakota Century Code, relating to venture capital corporations, the Myron G. Nelson Fund, Incorporated, and the centers of excellence program; to provide for state agency studies, reports to the legislative council, and legislative council studies; to provide an effective date; and to provide an expiration date.

#### **ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 46 YEAS, 1 NAY, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Brown; Christmann; Cook; Dever; Erbele; Espgaard; Every; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heitkamp; Holmberg; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Lee, G.; Lee, J.; Lindaas; Lyson; Mathern; Mutch; Nelson; Nething; O'Connell; Robinson; Schobinger; Seymour; Stenehjerm; Syverson; Tallackson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Triplett; Urlacher; Wardner; Warner

**NAYS:** Fairfield

Reengrossed SB 2032 passed and the title was agreed to.

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**REPORT OF CONFERENCE COMMITTEE**

**SB 2018, as engrossed:** Your conference committee (Sens. Grindberg, Heitkamp, Robinson and Reps. Carlson, Skarphol, Glassheim) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1311-1323, adopt amendments as follows, and place SB 2018 on the Seventh order:

That the House recede from its amendments as printed on pages 1311-1323 of the Senate Journal and pages 1573-1584 of the House Journal and that Engrossed Senate Bill No. 2018 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation for defraying the expenses of the department of commerce; to provide exemptions; to provide appropriations to various agencies; to authorize the office of management and budget to borrow funds from the Bank of North Dakota; to provide for an unemployment compensation shared work demonstration project; to provide for a transfer from the beginning farmer revolving loan fund; to provide a statement of legislative intent; to create and enact two new sections to chapter 54-34.3, a new section to chapter 54-44.5, and three new sections to chapter 54-60 of the North Dakota Century Code, relating to a division of economic development and finance international business and trade office, a division of economic development and finance local economic developer certification program, creation of an office of renewable energy and energy efficiency within the division of community services, department of commerce target industry requirements, a department of commerce state employee image training program, and a department of commerce business hotline program; to amend and reenact sections 2 and 3 of House Bill No. 1009, as approved by the fifty-ninth legislative assembly, subsection 2 of section 4-14.1-07, sections 4-14.1-08, 4-14.1-09, 4-14.1-10, and 54-34.3-03, subsection 1 of section 54-34.3-06, and sections 57-02-27.3 and 57-51.1-07.2 of the North Dakota Century Code, relating to the agriculture commissioner's appropriation, administration of ethanol production incentives, the structure of the division of economic development and finance, the division of economic development and finance North Dakota American Indian business development office, taxable valuation of wind turbine electric generators, and the permanent oil tax trust fund; to provide for state agency studies and reports to the legislative council; and to provide an effective date.

**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 department of commerce in section 3 of this Act as follows:

Salaries and wages	\$6,713,340
Operating expenses	8,237,247
Grants	46,585,026
North Dakota development fund	1,550,000
Agricultural products utilization	2,983,179
Discretionary grants	1,447,127
Lewis and Clark bicentennial	<u>3,851,911</u>
Total all funds - Base level	\$71,367,830
Less estimated income - Base level	<u>52,353,107</u>
Total general fund - Base level	\$19,014,723

**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 department of commerce which are included in the appropriation in section 3 of this Act as follows:

Salaries and wages	\$986,030
Operating expenses	1,294,721
Capital assets	25,000
Grants	3,517,844
North Dakota development fund	(1,550,000)
Agricultural products utilization	(192,179)
Discretionary funds	3,000
Economic development initiatives	644,568
Economic development grants	150,000
Lewis and Clark bicentennial	<u>80,733</u>
Total all funds - Adjustments/enhancements	\$4,959,717

Less estimated income - Adjustments/enhancements	4,836,887
Total general fund - Adjustments/enhancements	<u>\$122,830</u>

**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 department of commerce for the purpose of defraying the expenses of its various divisions for the biennium beginning July 1, 2005, and ending June 30, 2007, as follows:

Salaries and wages	\$7,699,370
Operating expenses	9,531,968
Capital assets	25,000
Grants	50,102,870
Agricultural products utilization	2,791,000
Discretionary funds	1,450,127
Economic development initiatives	644,568
Economic development grants	150,000
Lewis and Clark bicentennial	<u>3,932,644</u>
Total all funds	\$76,327,547
Less estimated income	<u>57,189,994</u>
Total general fund appropriation	\$19,137,553

**SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$150,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of establishing and maintaining procurement information on the internet and for performing the procurement assistance study, for the biennium beginning July 1, 2005, and ending June 30, 2007. The office of management and budget is authorized one full-time equivalent position.

**SECTION 5. 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 state board of higher education for the purpose of performing the technology commercialization study provided for in Senate Bill No. 2032, for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 6. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$360,000, or so much of the sum as may be necessary, to the upper great plains transportation institute for the purpose of performing the transportation study provided for in Senate Bill No. 2032, for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 7. APPROPRIATION - JOB SERVICE.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$20,000, or so much of the sum as may be necessary, and from other funds to be collected by job service, the sum of \$20,000, or so much of the sum as may be necessary, to job service North Dakota for the purpose of defraying any implementation costs associated with implementing a shared work demonstration project, for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 8. JOB SERVICE NORTH DAKOTA - SHARED WORK DEMONSTRATION PROJECT.** During the 2005-06 interim, job service North Dakota shall develop, implement, and operate a shared work demonstration project to demonstrate the feasibility of providing for a statewide shared work unemployment compensation program. Job service North Dakota shall seek the advice of the unemployment insurance advisory council in developing, implementing, and operating this demonstration project. The demonstration project must:

1. Operate for one selected employer, which must have at least seventy-five employees and must be an experienced-rated employer.
2. Operate in accordance with a specific written agreement between job service North Dakota, the selected employer, and the labor representative of the collective bargaining agreement if a collective bargaining agreement exists.
3. Allow shared work compensation to be paid to employees who, being otherwise eligible for unemployment insurance benefits, have their working

hours reduced by the selected employer by at least ten percent but no more than sixty percent.

4. Operate in such a manner that the selected employer's unemployment insurance experience ratings are not compromised.
5. Operate in such a manner that the unemployment trust fund is not so negatively impacted as to result in a greater tax burden to the remainder of the employers contributing to the trust fund.
6. Operate from January 1, 2006, through June 30, 2007, after which the demonstration project must cease.
7. Provide that employees receiving benefits calculated solely under the shared work demonstration project are not subject to the sixty percent weekly earnings disregard provided for under section 52-06-06.

**SECTION 9. LEGISLATIVE COUNCIL STUDY - SHARED WORK DEMONSTRATION PROJECT.** During the 2005-06 interim, the legislative council shall consider studying the implementation by job service North Dakota of a shared work demonstration project. If the legislative council conducts this study, the legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly.

**SECTION 10. APPROPRIATION.** There is appropriated out of any moneys in the agricultural fuel tax fund in the state treasury, not otherwise appropriated, the sum of \$75,000, or so much of the sum as may be necessary, and from federal funds, the sum of \$150,000, or so much as may be necessary, to the department of commerce for the agricultural products utilization commission for the purpose of an animal identification initiatives grant program to meet national standards for the biennium beginning July 1, 2005, and ending June 30, 2007. The state's administrator of the animal identification program as provided for in section 36-09-25 shall establish the grant criteria to be used by the agricultural products utilization commission for allocating the grants to auction markets, weighing associations, and feedlots.

**SECTION 11. CENTERS OF EXCELLENCE - OFFICE OF MANAGEMENT AND BUDGET - BORROWING AUTHORITY - APPROPRIATION - REPAYMENT FROM PERMANENT OIL TAX TRUST FUND.** As requested by the centers of excellence commission, the office of management and budget shall borrow the sum of \$15,000,000, or so much of the sum as may be necessary, from the Bank of North Dakota, which is appropriated for the purpose of providing funding to centers of excellence as directed by the centers of excellence commission, for the biennium beginning July 1, 2005, and ending June 30, 2007. By June 30, 2007, the office of management and budget shall repay any loan obtained pursuant to provisions of this section, including accrued interest, from funds available in the permanent oil tax trust fund. Repayment may be made from transfers into the permanent oil tax trust fund after a total of \$77,000,000 of oil tax revenues has been received by the general fund during the 2005-07 biennium, including the \$71,000,000 deposited in the general fund in accordance with section 57-51.1-07.2.

**SECTION 12. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - PERMANENT OIL TAX TRUST FUND - LOAN REPAYMENT.** Notwithstanding section 57-51.1-07.2, there is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of \$16,000,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of repaying the Bank of North Dakota for loans and accrued interest relating to funds borrowed for centers of excellence, for the biennium beginning July 1, 2005, and ending June 30, 2007. The appropriation made under this section is limited to 50 percent or \$16,000,000, whichever is less, of the revenues deposited in the permanent oil tax trust fund that exceed \$6,000,000 for the 2005-07 biennium.

**SECTION 13. CENTERS OF EXCELLENCE - OFFICE OF MANAGEMENT AND BUDGET - CONTINGENT BORROWING AUTHORITY - APPROPRIATION.** As requested by the centers of excellence commission and subject to emergency commission and budget section approval, the office of management and budget shall borrow the sum of \$5,000,000, or so much of the sum as may be necessary, from the Bank of North Dakota, which is appropriated for the purpose of providing funding to centers of excellence as directed by the centers of excellence commission, for the biennium beginning July 1, 2005, and ending June 30, 2007. The office of management and budget shall request funding from the sixtieth legislative assembly to repay any

loan obtained pursuant to provisions of this section, including accrued interest, from funds available in the permanent oil tax trust fund. The borrowing authority and appropriation provided for in this section is available only if all other funding provided by the fifty-ninth legislative assembly for centers of excellence has been obligated.

**SECTION 14. LEGISLATIVE INTENT - FUTURE FUNDING FOR CENTERS OF EXCELLENCE.** It is the intent of the fifty-ninth legislative assembly that the centers of excellence program be a continuing program for economic development in North Dakota and that the legislative assembly intends to make available an additional \$30,000,000 for centers of excellence in future bienniums using similar funding mechanisms which will provide a total of \$50,000,000 for centers of excellence.

**SECTION 15. AGRICULTURE FUEL TAX REFUNDS.** The less estimated income line item in section 3 of this Act includes \$575,000 from refunds of tax for fuel used for agricultural purposes, to be used by the agricultural products utilization commission, for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 16. TRANSFER.** During the biennium beginning July 1, 2005, and ending June 30, 2007, the director of the office of management and budget and the state treasurer shall transfer \$425,000 from the beginning farmer revolving loan fund to the agricultural fuel tax fund.

**SECTION 17. EXEMPTION.** The funds appropriated in the agricultural products utilization line item in section 3 of this Act are not subject to section 54-44.1-11 and any unexpended funds from this line item for grants are available for grants during the biennium beginning July 1, 2007, and ending June 30, 2009.

**SECTION 18. EXEMPTION.** The funds appropriated in the discretionary funds line item in section 3 of this Act are not subject to section 54-44.1-11 and any unexpended funds from this line item may be spent during the biennium beginning July 1, 2007, and ending June 30, 2009.

**SECTION 19. ECONOMIC DEVELOPMENT INITIATIVES.** The economic development initiatives line item in section 3 of this Act includes \$394,568 from the general fund and \$250,000 of special funds raised by the department of commerce for the following economic development initiatives recommended by the primary sector business congress for the biennium beginning July 1, 2005, and ending June 30, 2007:

- Target industry identification and report
- Image information program
- Business hotline program
- Local economic developer certification and training program
- Dakota manufacturing initiative
- Intellectual property rights study and report
- Economic development incentives study and report
- Business climate initiative study

**SECTION 20. LIFE SCIENCES SECTOR DEVELOPMENT GRANT.** The department of commerce shall provide a \$100,000 grant from funds appropriated in the economic development grants line item in section 3 of this Act to an economic development corporation in the Red River valley research corridor by June 30, 2006, to increase opportunities in the state for expanded research and business development in the life sciences sector for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 21. RURAL DEVELOPMENT COUNCIL GRANT - BUDGET SECTION REPORT.** The department of commerce shall provide a grant of up to \$50,000 from the funds appropriated in the economic development grants line item in section 3 of this Act to the rural development council for the purpose of matching federal funds for the biennium beginning July 1, 2005, and ending June 30, 2007. The department of commerce shall report to the budget section after July 1, 2006, on the use of this funding.

**SECTION 22. WHEAT SCAB RESEARCH GRANT - AGRICULTURAL PRODUCTS UTILIZATION COMMISSION.** Upon receipt, review, and approval of an application for grant funding that meets the provisions of House Bill No. 1519, as approved by the fifty-ninth legislative assembly, from a private company within the state doing research on sensor technology for the purpose of obtaining more detailed environmental data relating to wheat scab disease and to improve the management of the disease, the agricultural products utilization commission shall provide a grant to this

company of \$100,000 from its funding available for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 23. LEWIS AND CLARK BICENTENNIAL - ADDITIONAL SALES TAX ON LODGING.** The Lewis and Clark bicentennial line item in section 3 of this Act includes \$3,041,511, or such lesser amount as is generated from the separate and additional tax imposed under section 57-39.2-03.8 or 57-39.7-01 of the North Dakota Century Code.

**SECTION 24. STATE TAX COMMISSIONER - AUDIT OF ETHANOL PRODUCTION INCENTIVE PROGRAM.** The state tax commissioner shall conduct an audit of the ethanol production incentive program during the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 25. RED RIVER VALLEY RESEARCH CORRIDOR MARKETING - BUDGET SECTION REPORT.** An amount up to \$400,000 from the general fund in section 3 of this Act must be made available through a grant to the Red River valley research corridor for the purpose of matching federal funds. The funds are available for the period beginning July 1, 2005, and ending June 30, 2007. The department of commerce shall report to the budget section after July 1, 2006, on the use of this funding.

**SECTION 26. CENTER FOR TECHNOLOGY - BUDGET SECTION REPORT.** An amount up to \$50,000 from the general fund in section 3 of this Act must be made available through a grant to the North Dakota center for technology program. The department of commerce shall report to the budget section after July 1, 2006, on the use of this funding.

**SECTION 27. PARTNERS IN MARKETING - BUDGET SECTION REPORT.** An amount up to \$250,000 from the general fund in section 3 of this Act must be made available for grants in the partners in marketing grant program. The department of commerce shall report to the budget section after July 1, 2006, on the use of this funding.

**SECTION 28. NORTH DAKOTA DEVELOPMENT FUND - INTERNATIONAL BUSINESS AND TRADE OFFICE.** Notwithstanding chapter 10-30.5, during the 2005-07 biennium the North Dakota development fund shall provide the division of economic development and finance with grant funds of up to \$500,000 for the purpose of funding the international business and trade office. The North Dakota development fund shall distribute funds to the division of economic development and finance upon proof of the division securing one dollar of matching funds from other public or private sources for every two dollars from the development fund.

**SECTION 29. AMENDMENT.** Subsection 2 of section 4-14.1-07 of the North Dakota Century Code is amended and reenacted as follows:

2. The agricultural products utilization commission office of renewable energy and energy efficiency shall determine the amount of production incentives to which a plant is entitled under this section by multiplying the number of gallons of ethanol produced by the plant and marketed to a distributor or wholesaler by forty cents. The commission office shall forward the production incentives to the plant upon receipt of an affidavit by the plant indicating that the ethanol is to be sold at retail to consumers. The affidavit must be accompanied by an affidavit from a wholesaler or retailer indicating that the ethanol is to be sold at retail to consumers. Within ninety days after the conclusion of the plant's fiscal year, the plant shall submit to the budget section of the legislative council a statement by a certified public accountant indicating whether the plant produced a profit from its operation in the preceding fiscal year, after deducting the payments received under this section.

**SECTION 30. AMENDMENT.** Section 4-14.1-08 of the North Dakota Century Code is amended and reenacted as follows:

**4-14.1-08. Ethanol production incentive - Calculation - Payment.** The agricultural products utilization commission office of renewable energy and energy efficiency shall provide quarterly to each eligible facility a production incentive based on the average North Dakota price per bushel of corn received by farmers during the quarter, as established by the North Dakota agricultural statistics service and the average North Dakota rack price per gallon [3.79 liters] of ethanol during the quarter, as

compiled by the American coalition for ethanol. The amount payable as a production incentive must be calculated by including the sum arrived at under subsection 1 with the sum arrived at under subsection 2.

1. a. If the average quarterly price per bushel of corn is above one dollar and eighty cents, for each one cent by which the quarterly price is above one dollar and eighty cents, the ~~agricultural products utilization commission~~ office of renewable energy and energy efficiency shall add to the amount payable under this section one-tenth of one cent times the number of gallons of ethanol produced by the eligible facility during the quarter.
- b. If the average quarterly price per bushel of corn is one dollar and eighty cents, the ~~agricultural products utilization commission~~ office of renewable energy and energy efficiency shall add zero to any amount payable under this section.
- c. If the average quarterly price per bushel of corn is below one dollar and eighty cents, for each one cent by which the quarterly price is below one dollar and eighty cents, the ~~agricultural products utilization commission~~ office of renewable energy and energy efficiency shall subtract from the amount payable under this section one-tenth of one cent times the number of gallons of ethanol produced by the eligible facility during the quarter.
2. a. If the average quarterly rack price per gallon of ethanol is above one dollar and thirty cents, for each one cent by which the average quarterly rack price is above one dollar and thirty cents, the ~~agricultural products utilization commission~~ office of renewable energy and energy efficiency shall subtract from the amount payable under this section, two-tenths of one cent times the number of gallons of ethanol produced by the eligible facility during the quarter.
- b. If the average quarterly rack price per gallon of ethanol is one dollar and thirty cents, the ~~agricultural products utilization commission~~ office of renewable energy and energy efficiency shall subtract zero from any amount payable under this section.
- c. If the average quarterly rack price per gallon of ethanol is below one dollar and thirty cents, for each one cent by which the average quarterly rack price is below one dollar and thirty cents, the ~~agricultural products utilization commission~~ office of renewable energy and energy efficiency shall add to the amount payable under this section two-tenths of one cent times the number of gallons of ethanol produced by the eligible facility during the quarter.

**SECTION 31. AMENDMENT.** Section 4-14.1-09 of the North Dakota Century Code is amended and reenacted as follows:

**4-14.1-09. Subsidy limitations.** The ~~agricultural products utilization commission~~ office of renewable energy and energy efficiency may not distribute more than one million six hundred thousand dollars annually in payments under section 4-14.1-08. No eligible facility may receive state ethanol payments that exceed a cumulative total of ten million dollars. Change in ownership of an eligible facility does not affect the ten million dollar cumulative total allowed to be paid to that eligible facility under this section.

**SECTION 32. AMENDMENT.** Section 4-14.1-10 of the North Dakota Century Code is amended and reenacted as follows:

**4-14.1-10. Ethanol production incentive fund - Continuing appropriation.** There is created in the state treasury a special fund known as the ethanol production incentive fund. The fund consists of transfers made in accordance with section 39-04-39 and deposits made in accordance with section 57-43.1-03.1. All moneys in the fund are appropriated on a continuing basis to the ~~agricultural products utilization commission~~ office of renewable energy and energy efficiency for use in paying ethanol production incentives under sections 4-14.1-07, 4-14.1-08, and 4-14.1-09.

**SECTION 33. AMENDMENT.** Section 2 of House Bill No. 1009, as approved by the fifty-ninth legislative assembly, is amended and reenacted as follows:



**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 agriculture commissioner which are included in the appropriation in section 3 of this Act as follows:

Salaries and wages		\$1,243,403
Operating expenses		896,050
Capital assets		(3,000)
Grants		1,674,225
Board of animal health	4,309,224	1,159,224
Contingent appropriation - Wildlife services		130,000
State meat inspection		(763,461)
Pride of Dakota		(180,948)
Wildlife services		(800,000)
Safe send		(308,870)
Noxious weeds		(1,596,836)
Agriculture in the classroom		(45,000)
Total all funds - Adjustments/enhancements	\$1,554,847	\$1,404,847
Less estimated income - Adjustments/enhancements	4,294,916	1,144,916
Total general fund - Adjustments/enhancements		\$259,931

**SECTION 34. AMENDMENT.** Section 3 of House Bill No. 1009, as approved by the fifty-ninth legislative assembly, is amended and reenacted as follows:

**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 agriculture commissioner for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2005, and ending June 30, 2007, as follows:

Salaries and wages		\$5,738,433
Operating expenses		4,255,875
Capital assets		5,000
Grants		1,774,225
Board of animal health	2,178,688	2,028,688
Contingent appropriation - Wildlife services		130,000
Crop harmonization board		25,000
Total all funds	\$14,107,224	\$13,957,221
Less estimated income	9,613,765	9,463,765
Total general fund appropriation		\$4,493,456

**SECTION 35. AMENDMENT.** Section 54-34.3-03 of the North Dakota Century Code is amended and reenacted as follows:

**54-34.3-03. Division structure.** The division consists of:

1. A finance office;
2. An international business and trade office; ~~and~~
3. ~~Other offices that~~ Offices established by statute; and
4. Offices the director organizes and establishes as necessary to carry out most efficiently and effectively the mission and duties of the division.

**SECTION 36. AMENDMENT.** Subsection 1 of section 54-34.3-06 of the North Dakota Century Code is amended and reenacted as follows:

1. A North Dakota American Indian business development office to assist North Dakota American Indian tribal and individual economic development representatives, businesses, and ~~North Dakota American Indian~~ entrepreneurs with access to state and federal programs designed to assist ~~them~~ these business interests. The office shall provide services to assist in the formation of partnerships between American Indian and non-American Indian businesses.

**SECTION 37.** A new section to chapter 54-34.3 of the North Dakota Century Code is created and enacted as follows:

International business and trade office - Advisory board.

1. The director shall administer the international business and trade office. The purpose of the office is to assist North Dakota businesses expand exports to international markets by:
  - a. Advocating for exporters;
  - b. Offering export educational opportunities to North Dakota businesses;
  - c. Researching and raising awareness of export opportunities, issues, and challenges impacting North Dakota businesses;
  - d. Assisting North Dakota businesses in identifying, developing, and cultivating international markets for products; and
  - e. Organizing and carrying out trade missions that seek to facilitate contact and communication between North Dakota businesses and international markets.
2. The director may contract with a third party for the provision of services for the international business and trade office. If the director contracts with a third party under this subsection, all data and data bases collected and created by the third party in performing services for the office are the property of the department and the third party.
3. The division may seek and accept any gift, grant, or donation of funds, property, services, or other assistance from public or private sources for the purpose of furthering the objectives of the office of international business and trade.
4. The director may establish an international business and trade office advisory board with which the director may consult in administering the international business and trade office. Each member of the advisory board created under this subsection is entitled to receive per diem compensation at a rate established by the director not exceeding sixty-two dollars and fifty cents, and reimbursement of expenses as provided by law for state officers, while attending meetings or performing duties directly related to board membership, except that per diem compensation under this section may not be paid to any member who receives compensation or salary as a regular state employee or official.

**SECTION 38.** A new section to chapter 54-34.3 of the North Dakota Century Code is created and enacted as follows:

Local economic developer certification program.The director shall implement a certification program through which the division provides training to assist local economic developers in meeting the needs of businesses. The director may contract with a third-party service provider to assist in implementing the program. The director may set and charge a fee for the receipt of services under this program.

**SECTION 39.** A new section to chapter 54-44.5 of the North Dakota Century Code is created and enacted as follows:

Office of renewable energy and energy efficiency.The office of renewable energy and energy efficiency is established within the division of community services. The office shall assist in the development of renewable energy within this state to provide secure, diverse, sustainable, and competitive renewable energy supplies and promote the conservation of energy and the wise use of energy resources in both the public and private sectors. The office shall communicate and disseminate information concerning state and federal energy conservation and renewable energy incentives, including tax credits, financing and grants to business entities seeking to invest in wind-generated power and transmission, ethanol production and distribution; and the development of biodiesel, biomass, solar, hydropower, geothermal, and other renewable energy sources. The office shall also manage and distribute all production incentive payments as authorized by chapter 4-14.1.

**SECTION 40.** A new section to chapter 54-60 of the North Dakota Century Code is created and enacted as follows:

Target industries - Report to legislative council.The commissioner shall identify target industries on which the commissioner shall focus economic development efforts. The commissioner shall designate one of these target industries as a special focus target industry. In identifying and updating target industries, the commissioner shall solicit the advice of the foundation and the North Dakota university system. The commissioner may contract for the services of a third party in identifying target industries. The commissioner shall report biennially to the legislative council. This report must include information regarding the process used and factors considered in identifying and updating the target industries, the specific tactics the department has used to specifically address the needs of the target industries, the unique tactics and the specific incentives the department has used to support the growth of the special focus target industry, and any recommended legislative changes necessary to better focus economic development services on these industries.

**SECTION 41.** A new section to chapter 54-60 of the North Dakota Century Code is created and enacted as follows:

North Dakota image information program.The commissioner shall implement a program for use by state agencies to assist state agencies and state agencies' employees to present to the public a positive image of the state. The commissioner may expand the program to include use of the program by the private sector.

**SECTION 42.** A new section to chapter 54-60 of the North Dakota Century Code is created and enacted as follows:

Business hotline. The commissioner shall create and implement a business hotline program. The program must provide for a telephone number through which the department shall provide, during regular business hours, in-state and out-of-state callers with information regarding how to do business in the state, the services and assistance available to businesses, the advantages of doing business in the state, and information on state and other resources that provide assistance to businesses in the state. In addition to directly providing information, the department may use the business hotline as a clearinghouse through which to refer callers to other federal, state, local, or private sector economic developers. The program must include an in-state and out-of-state marketing campaign in support of the program. The commissioner shall follow up on business leads gained through the program and shall gather data on the results of calls, including business expansion, location, and startup.

**SECTION 43. AMENDMENT.** Section 57-02-27.3 of the North Dakota Century Code is amended and reenacted as follows:

**57-02-27.3. Taxable valuation of centrally assessed wind turbine electric generators.** A centrally assessed wind turbine electric generation unit with a nameplate generation capacity of one hundred kilowatts or more, on which construction is completed before January 1, 2011, must be valued at three percent of assessed value to determine taxable valuation of the property. However, a centrally assessed wind turbine electric generation unit with a nameplate generation capacity of one hundred kilowatts or more, for which a purchased power agreement has been executed after April 30, 2005, and before January 1, 2006, and construction is begun after April 30, 2005, and before July 1, 2006, must be valued at one and one-half percent of assessed value to determine taxable valuation of the property and this reduced valuation applies for that property for the duration of the initial purchased power agreement for that generation unit.

**SECTION 44. AMENDMENT.** Section 57-51.1-07.2 of the North Dakota Century Code is amended and reenacted as follows:

**57-51.1-07.2. Permanent oil tax trust fund - Deposits - Interest - Adjustment of distribution formula.** ~~At the end of any biennium beginning after June 30, 1997, all~~ All revenue deposited in the general fund during ~~that~~ a biennium and derived from taxes imposed on oil and gas under chapters 57-51 and 57-51.1 which exceeds seventy-one million dollars must be transferred by the state treasurer to a special fund in the state treasury known as the permanent oil tax trust fund. The state treasurer shall transfer interest earnings of the permanent oil tax trust fund to the general fund at the end of each fiscal year. The principal of the permanent oil tax trust fund may not be expended except upon a two-thirds vote of the members elected to each house of the legislative assembly.

If the distribution formulas under chapter 57-51 or 57-51.1 are amended effective after June 30, 1997, the director of the budget shall adjust the seventy-one

million dollar amount in this section by the same percentage increase or decrease in the amount of revenue allocable to the general fund after the change in the allocation formula, and transfers to the permanent oil tax trust fund shall thereafter be made using that adjusted figure so that the dollar amount of the transfers to the permanent oil tax trust fund is not increased or decreased merely because of changes in the distribution formulas.

~~Notwithstanding section 54-27.2-02, the state treasurer shall make the transfers required by this section before calculating any general fund revenue balance available for transfer to the budget stabilization fund under chapter 54-27.2. In this section, "at the end of any biennium" has the same meaning as in section 54-27.2-02.~~

**SECTION 45. DAKOTA MANUFACTURING INITIATIVE.** The department of commerce shall seek to contract with the Dakota manufacturing extension partnership, incorporated, to implement the Dakota manufacturing initiative. The initiative includes building a membership association of manufacturers in North Dakota and South Dakota, complementing existing national, regional, and local manufacturing entities; providing nonduplicative services to the association's manufacturing members which address critical needs, including identifying and developing private procurement opportunities; and developing a consortium of major manufacturers in North Dakota and South Dakota to design and support overall supply chain development and supplier development. Under the initiative, state funds must be leveraged with additional public and private funds, which may include federal funding sources, South Dakota state funding, and funding from manufacturers.

**SECTION 46. NORTH DAKOTA AMERICAN INDIAN BUSINESS DEVELOPMENT OFFICE AND INTERNATIONAL BUSINESS AND TRADE OFFICE - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the commissioner of commerce shall report to the legislative council on the status of the North Dakota American Indian business development office and the status of the international business and trade office; whether the North Dakota American Indian business development office and international business and trade office should continue; whether the division of economic development and finance should continue to contract with a third party for international business and trade office services; and whether there are potential changes that could be made to enhance the support of American Indian businesses and to enhance the support of international trade by North Dakota businesses.

**SECTION 47. LOCAL ECONOMIC DEVELOPERS CERTIFICATION PROGRAM - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the commissioner of commerce shall report to the legislative council on the status of the certification program through which the division of economic development and finance provides training services to local economic developers. The report must include information regarding what services have been provided under the program to assist local economic developers, to whom the services were provided, local economic developer level of satisfaction with the program, whether the program should continue, and whether there are changes that could be made to better assist local economic developers.

**SECTION 48. IMAGE INFORMATION PROGRAM - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the commissioner of commerce shall report to the legislative council on the status of the image information program. The report must include information regarding what information the program provides to state agencies and state agencies' employees, the manner in which the information is provided, the state agencies reached through the program, whether the program has been expanded to provide information to the private sector, whether the program should continue, and whether there are potential changes that could be made to better enhance the state's and private sector's ability to present a positive image of the state.

**SECTION 49. BUSINESS HOTLINE PROGRAM - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the commissioner of commerce shall report to the legislative council on the status of the business hotline program. This report must include information regarding what information the program provides to callers; the number of calls made to the business hotline number; the manner in which the information is provided to callers; followup data; how the program is marketed; whether the program should continue; and whether there are potential changes that could be made to improve the dissemination of business information to businesses in the state, to persons planning on starting a business in the state, and to businesses wishing to do business in the state.

**SECTION 50. DAKOTA MANUFACTURING INITIATIVE - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the commissioner of commerce shall report to the legislative council on the status of the Dakota manufacturing initiative. This report must include information regarding how the initiative has been established and regarding the activities of the Dakota manufacturing extension partnership, incorporated. The commissioner shall include in the report whether the state should continue this initiative or whether the goal of assisting manufacturers would be better served by alternative means. The commissioner shall report whether there are potential changes that could be made to improve the networking of manufacturing businesses and other suppliers in this state.

**SECTION 51. INTELLECTUAL PROPERTY RIGHTS STUDY - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the department of commerce, in consultation with the state board of higher education, shall conduct a study of the state's intellectual property laws as they relate to the protection of intellectual property rights. The study must include a review of the state's intellectual property laws, including barriers that may inhibit research and development in the state, and must include consideration of successful actions taken by other states to improve the protection of intellectual property rights. The department shall contract with a third party in performing this study. Before July 1, 2006, the commissioner of commerce shall report to the legislative council the outcome of the study and identify proposed legislative changes necessary to implement any recommendations to improve the protection of intellectual property rights.

**SECTION 52. ECONOMIC DEVELOPMENT INCENTIVES STUDY - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the department of commerce shall conduct a study of the state's economic development incentives. The study must include an inventory of all of the state's economic development incentives, a review of the nature of each incentive, an indication of the targeted class of recipients of each incentive, an indication of the stage of business targeted by each incentive, an analysis of possible barriers to using the incentives, an analysis of possible gaps and overlaps in the state's economic development incentive system, a review of the effectiveness of each incentive and how to gauge the effectiveness of each incentive, and a review of economic development incentive best practices and how the state's incentives compare to best practices. The department of commerce may contract with a third party in performing this study. Before July 1, 2006, the commissioner of commerce shall report to the legislative council the outcome of the study and identify proposed legislative changes necessary to implement any recommended changes to the state's economic development incentive system to make the state's business environment more effective, efficient, and competitive.

**SECTION 53. ACCOUNTABILITY MEASURES - REPORTING.** The commissioner of the department of commerce shall monitor and report annually during the 2005-06 interim to either the budget section or an interim committee designated by the legislative council regarding the following North Dakota economic goals and associated benchmarks:

1. Develop unified efforts for economic development based on collaboration and accountability:
  - a. Site selection ranking of the North Dakota department of commerce.
  - b. Share of local economic development organizations participating in statewide marketing strategy.
2. Strengthen cooperation between the university system, economic development organizations, and private businesses:
  - a. Academic research and development expenditures as percentage of gross state product.
  - b. Industry research and development expenditures as percentage of gross state product.
3. Create quality jobs that retain North Dakota's workforce and attract new high-skilled labor:
  - a. Net job growth.
  - b. New private sector businesses per one hundred thousand residents.

- c. Average annual wage.
- d. Net migration.
4. Create a strong marketing image that builds on the state's numerous strengths, including workforce, education, and quality of life:
  - a. Positive national and out-of-state media exposure (favorable mentions).
  - b. Number of North Dakota department of commerce web site hits per months.
  - c. Number of leads generated by the North Dakota department of commerce.
5. Accelerate job growth in sustainable, diversified industry clusters to provide opportunities for the state's economy:
  - a. Net job growth in manufacturing.
  - b. Net job growth in business services.
  - c. New private sector businesses in manufacturing.
  - d. New private sector businesses in business services.
  - e. Number of utility patents per one hundred thousand residents.
6. Strengthen North Dakota's business climate to increase international competitiveness:
  - a. Gross state product (annual growth rate).
  - b. Venture capital investments (thousands).
  - c. Merchandise export value (per capita).

The department, in cooperation with job service North Dakota, the department of human services, and the university system, shall include in its report the number of individuals trained and the number who became employed as a result of each department's workforce development and training programs, including the state's investment, the areas of occupational training, the average annual salary of those employed, and the average increase in earnings twelve months after completion of training.

**SECTION 54. EFFECTIVE DATE.** Section 43 of this Act is effective for taxable years beginning after December 31, 2004."

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### Senate Bill No. 2018 - Summary of Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Office of Management and Budget						
Total all funds	\$0	\$50,000	\$36,100,000	\$36,150,000	\$31,150,000	\$5,000,000
Less estimated income			36,000,000	36,000,000	31,000,000	5,000,000
General fund	\$0	\$50,000	\$100,000	\$150,000	\$150,000	\$0
University System office						
Total all funds	\$0	\$0	\$50,000	\$50,000	\$50,000	\$0
Less estimated income						
General fund	\$0	\$0	\$50,000	\$50,000	\$50,000	\$0
Job Service North Dakota						
Total all funds	\$0	\$0	\$40,000	\$40,000	\$0	\$40,000
Less estimated income			20,000	20,000		20,000
General fund	\$0	\$0	\$20,000	\$20,000	\$0	\$20,000
Department of Commerce						
Total all funds	\$128,561,660	\$76,491,020	\$61,527	\$76,552,547	\$79,377,547	(\$2,825,000)

Less estimated income	105,432,496	55,423,044	1,991,950	57,414,994	60,274,994	(2,860,000)
General fund	\$23,129,164	\$21,067,976	(\$1,930,423)	\$19,137,553	\$19,102,553	\$35,000
Department of Agriculture						
Total all funds	\$0	\$0	\$0	\$0	\$0	\$0
Less estimated income						
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Transportation Institute						
Total all funds	\$0	\$0	\$360,000	\$360,000	\$360,000	\$0
Less estimated income						
General fund	\$0	\$0	\$360,000	\$360,000	\$360,000	\$0
Bill Total						
Total all funds	\$128,561,660	\$76,541,020	\$36,611,527	\$113,152,547	\$110,937,547	\$2,215,000
Less estimated income	105,432,496	55,423,044	38,011,950	93,434,994	91,274,994	2,160,000
General fund	\$23,129,164	\$21,117,976	(\$1,400,423)	\$19,717,553	\$19,662,553	\$55,000

**Senate Bill No. 2018 - Office of Management and Budget - Conference Committee Action**

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Operating expenses		\$50,000	\$100,000	\$150,000	\$150,000	
Centers of excellence			15,000,000	15,000,000	15,000,000	
Loan repayments			16,000,000	16,000,000	16,000,000	
Centers of excellence - contingency			5,000,000	5,000,000		\$5,000,000
Total all funds	\$0	\$50,000	\$36,100,000	\$36,150,000	\$31,150,000	\$5,000,000
Less estimated income			36,000,000	36,000,000	31,000,000	5,000,000
General fund	\$0	\$50,000	\$100,000	\$150,000	\$150,000	\$0
FTE	0.00	0.00	1.00	1.00	1.00	0.00

**Dept. 110 - Office of Management and Budget - Detail of Conference Committee Changes**

	ADDS FUNDING FOR PROCUREMENT WEB SITE <sup>1</sup>	ADDS CENTERS OF EXCELLENCE FUNDING <sup>2</sup>	ADDS CONTINGENT CENTERS OF EXCELLENCE FUNDING <sup>3</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Operating expenses	\$100,000			\$100,000
Centers of excellence		\$15,000,000		15,000,000
Loan repayments		16,000,000		16,000,000
Centers of excellence - contingency			\$5,000,000	5,000,000
Total all funds	\$100,000	\$31,000,000	\$5,000,000	\$36,100,000
Less estimated income		31,000,000	5,000,000	36,000,000
General fund	\$100,000	\$0	\$0	\$100,000
FTE	1.00	0.00	0.00	1.00

<sup>1</sup> Funding is increased by \$100,000 from the general fund to provide a total of \$150,000 for the Office of Management and Budget to establish and maintain a state procurement web site. Statutory changes added by the Senate relating to state procurement are removed. The House also made these changes.

<sup>2</sup> Sections are added providing funding for the centers of excellence program. The Office of Management and Budget is authorized to borrow up to \$15,000,000 from the Bank of North Dakota and to distribute the funds to centers of excellence as directed by the Centers of Excellence Commission. The loans and accrued interest are to be repaid from funds transferred to the permanent oil tax trust fund during the 2005-07 biennium. Repayments may not begin until a total of \$77,000,000 of oil tax revenues has been received by the general fund, of which \$71,000,000 will be retained in the general fund and \$6,000,000 transferred to the permanent oil tax trust fund. As additional amounts in excess of the \$6,000,000 are transferred into the fund, the Office of Management and Budget may use 50 percent of any additional transfers for repaying the Bank loans and interest, the total of which may not exceed \$16,000,000. A section is added providing that transfers from the general fund to the permanent oil tax trust fund may occur before the end of each biennium. The House also made these changes.

A section of legislative intent is added providing that the Legislative Assembly intends to provide a total of \$50,000,000 for centers of excellence during the 2005-07 and future bienniums, the same as the House version.

<sup>3</sup> A section is added authorizing an additional \$5 million of Bank of North Dakota loan proceeds to be used for centers of excellence grants if the \$15 million is not adequate for the 2005-07 biennium. The Office of Management and Budget must receive Emergency Commission and Budget Section approval before borrowing any of this \$5 million.

**Senate Bill No. 2018 - University System Office - Conference Committee Action**

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES <sup>1</sup>	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Operating expenses			\$50,000	\$50,000	\$50,000	
Total all funds	\$0	\$0	\$50,000	\$50,000	\$50,000	\$0
Less estimated income						
General fund	\$0	\$0	\$50,000	\$50,000	\$50,000	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

<sup>1</sup> Funding is provided for conducting a technology commercialization study, the same as the House version.

Senate Bill No. 2018 - Job Service North Dakota - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES <sup>1</sup>	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Operating expenses			<u>\$40,000</u>	<u>\$40,000</u>		<u>\$40,000</u>
Total all funds	\$0	\$0	\$40,000	\$40,000	\$0	\$40,000
Less estimated income			<u>20,000</u>	<u>20,000</u>		<u>20,000</u>
General fund	\$0	\$0	\$20,000	\$20,000	\$0	\$20,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

<sup>1</sup> Sections are added requiring Job Service to develop and implement a shared work demonstration project, appropriating \$40,000, of which \$20,000 is from the general fund and \$20,000 of funds to be collected by Job Service, and providing for a Legislative Council study regarding the project.

Senate Bill No. 2018 - Department of Commerce - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages	\$7,169,321	\$7,139,998	\$559,372	\$7,699,370	\$7,699,370	
Operating expenses	8,722,128	8,722,128	809,840	9,531,968	9,331,968	\$200,000
Capital assets	25,000	25,000		25,000	25,000	
Grants	49,479,748	49,479,748	623,122	50,102,870	50,102,870	
Centers of excellence	5,000,000	2,500,000	(2,500,000)			
Agricultural products utilization	2,792,124	2,791,250	(250)	2,791,000	6,076,000	(3,285,000)
Discretionary funds	1,440,127	1,900,127	(450,000)	1,450,127	1,440,127	10,000
Lewis and Clark Bicentennial	3,933,212	3,932,769	(125)	3,932,644	3,932,644	
Centers of excellence - Borrowing	50,000,000					
Economic development grants			150,000	150,000	125,000	25,000
Economic development initiatives			644,568	644,568	644,568	
APUC - Animal identification grants			225,000	225,000		225,000
Total all funds	\$128,561,660	\$76,491,020	\$61,527	\$76,552,547	\$79,377,547	(\$2,825,000)
Less estimated income	<u>105,432,496</u>	<u>55,423,044</u>	<u>1,991,950</u>	<u>57,414,994</u>	<u>60,274,994</u>	<u>(2,860,000)</u>
General fund	\$23,129,164	\$21,067,976	(\$1,930,423)	\$19,137,553	\$19,102,553	\$35,000
FTE	59.00	59.00	3.00	62.00	62.00	0.00

Dept. 601 - Department of Commerce - Detail of Conference Committee Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE	CHANGES FUNDING FOR ECONOMIC INITIATIVES <sup>1</sup>	CHANGES FUNDING FOR ECONOMIC GRANTS <sup>2</sup>	ADDS FUNDING FOR SALARIES <sup>3</sup>	ADDS FUNDING FOR DEVELOPMENT FUND FTE <sup>4</sup>	ADDS FUNDING FOR LEARNING VACATIONS <sup>5</sup>
Salaries and wages	(\$6,364)	\$105,432		\$120,000	\$118,994	\$80,000
Operating expenses						45,000
Capital assets						
Grants						
Centers of excellence						
Agricultural products utilization	(250)					
Discretionary funds		(460,000)				
Lewis and Clark Bicentennial	(125)					
Centers of excellence - Borrowing						
Economic development grants			\$150,000			
Economic development initiatives		644,568				
APUC - Animal identification grants						
Total all funds	(\$6,739)	\$290,000	\$150,000	\$120,000	\$118,994	\$125,000
Less estimated income	<u>(2,044)</u>	<u>250,000</u>			<u>118,994</u>	
General fund	(\$4,695)	\$40,000	\$150,000	\$120,000	\$0	\$125,000
FTE	0.00	1.00	0.00	0.00	0.00	1.00

	ADDS FUNDING FOR INDIAN BUSINESS DEVELOPMENT <sup>6</sup>	ADDS FUNDING FOR TRADE OFFICE <sup>7</sup>	ADDS FUNDING FOR WORKFORCE DEVELOPMENT <sup>8</sup>	REMOVES FUNDING FOR CENTERS OF EXCELLENCE <sup>9</sup>	ADDS FUNDING FOR VISITOR RESCUES <sup>10</sup>	ADDS ADDITIONAL FUNDING FOR TRADE OFFICE <sup>11</sup>
Salaries and wages	\$105,432		\$35,878			
Operating expenses	23,840	\$500,000	41,000			\$200,000
Capital assets						
Grants			623,122			
Centers of excellence				(\$2,500,000)		
Agricultural products utilization						
Discretionary funds					\$10,000	
Lewis and Clark Bicentennial						
Centers of excellence -						



Borrowing						
Economic development grants						
Economic development initiatives						
APUC - Animal identification grants						
Total all funds	\$129,272	\$500,000	\$700,000	(\$2,500,000)	\$10,000	\$200,000
Less estimated income		<u>500,000</u>	<u>700,000</u>			<u>200,000</u>
General fund	\$129,272	\$0	\$0	(\$2,500,000)	\$10,000	\$0
FTE	1.00	0.00	0.00	0.00	0.00	0.00

	ADDS ANIMAL IDENTIFICATION GRANTS <sup>12</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages		\$559,372
Operating expenses		809,840
Capital assets		
Grants		623,122
Centers of excellence		(2,500,000)
Agricultural products utilization		(250)
Discretionary funds		(450,000)
Lewis and Clark Bicentennial		(125)
Centers of excellence - Borrowing		
Economic development grants		150,000
Economic development initiatives		644,568
APUC - Animal identification grants	\$225,000	225,000
Total all funds	\$225,000	\$61,527
Less estimated income	<u>225,000</u>	<u>1,991,950</u>
General fund	\$0	(\$1,930,423)
FTE	0.00	3.00

<sup>1</sup> A total of \$750,000, of which \$500,000 is from the general fund and \$250,000 from funds to be raised by the department, is provided for the economic development initiatives listed below which were recommended by the Primary Sector Business Congress. The funding is increased from the \$460,000 provided by the Senate. Funding from the general fund for 1 FTE position is included in the salaries and wages line item and the remainder is included in a separate line item. The Senate had included funding in the discretionary funds line item and specified amounts for each initiative. In this amendment, specific amounts are not identified for each initiative. These changes are the same as the House version.

- Target industry identification and report.
- Image information program.
- Business hotline program.
- Local economic developer certification and training program.
- Dakota manufacturing initiative.
- Intellectual property rights study and report.
- Economic development incentives study and report.
- Business climate initiative study.

<sup>2</sup> A separate line item is added providing funding from the general fund for the life sciences sector development grant (\$100,000), the same as the House version. The Senate had designated funding from the discretionary funds line item for this grant. Funding of \$50,000 from the general fund is included in this line item and a section is added directing the department to provide a grant to the Rural Development Council. The funding of \$25,000 from the general fund included in both the Senate and House versions for a wind-to-hydrogen demonstration project grant is removed.

<sup>3</sup> The salaries and wages line item is increased by \$120,000 from the general fund to provide funding for a vacant FTE position, the same as the House version.

<sup>4</sup> Funding is added for the 1 FTE position recommended in the executive budget to be paid for from the Development Fund pursuant to a continuing appropriation. This amendment includes the funding and the FTE position in the Department of Commerce budget. The House also made this change.

<sup>5</sup> This amendment adds \$125,000 from the general fund and 1 FTE position for the Tourism Division to develop, market, and implement learning-based vacations, including development of a learning-based vacation web site which will allow individuals to create individualized learning-based vacations. The House also made this change.

<sup>6</sup> Funding and 1 FTE position are added for operating costs of the American Indian Business Development Office within the Department of Commerce. Sections are added making statutory changes and providing for a report to the Legislative Council relating to the American Indian Business Development Office. The House also made these changes.

<sup>7</sup> The operating expenses line item is increased by \$500,000 from the Development Fund for costs associated with the International Business and Trade Office. The funds are not transferred from the Development Fund until 50 percent matching funds are available. Sections are added changing statutory provisions relating to the office, including establishing the purpose of the office and authorizing an advisory board. The House also made these changes.

<sup>8</sup> This amendment adds funding available from a federal technical skills training grant for additional workforce training, the same as the House version.

<sup>9</sup> This amendment removes funding and related statutory and reporting provisions relating to centers of excellence, the same as the House version.

<sup>10</sup> The discretionary funds line item is increased by \$10,000 from the general fund for reimbursing political subdivisions for extraordinary costs incurred in rescues of visitors to North Dakota tourist attractions.

<sup>11</sup> The operating expenses line item is increased by \$200,000 of other funds made available from the State Mill and Elevator for the international trade office.

<sup>12</sup> A section is added appropriating \$225,000, of which \$75,000 is from the agricultural fuel tax fund and \$150,000 is federal funds for the Agricultural Products Utilization Commission to use for an animal identification grant program.

A section is added providing for an economic development incentives study and report to the Legislative Council, the same as the House version.

Sections are added which:

- Create an Office of Renewable Energy in the Community Services Division of the Department of Commerce.
- Reduce the taxable valuation for certain wind turbine electric generators.
- Transfer \$425,000 from the beginning farmer revolving loan fund to the agricultural fuel tax fund.

Sections added by the Senate, but which the House removed relating to the following items, are also removed by the conference committee:

- Changes to the seed capital investment tax credit - Moved to Senate Bill No. 2032.
- Directing a tax study.
- Directing a Legislative Council business climate initiative study - Moved to Senate Bill No. 2032.

The section and funding added by the House to specifically appropriate funding for ethanol production incentives is removed.

The section added by the Senate but which the House removed relating to the Agricultural Products Utilization Commission providing a \$100,000 wheat scab research grant to a private company is included in this amendment, with the \$100,000 subject to approval by the Agricultural Products Utilization Commission.

#### **Senate Bill No. 2018 - Department of Agriculture - Conference Committee Action**

Sections are added which amend the Agriculture Commissioner's appropriations bill (House Bill No. 1009, as approved) to remove \$150,000 of federal funds for costs associated with animal identification.

#### **Senate Bill No. 2018 - Transportation Institute - Conference Committee Action**

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES <sup>1</sup>	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Operating expenses			\$360,000	\$360,000	\$360,000	
Total all funds	\$0	\$0	\$360,000	\$360,000	\$360,000	\$0
Less estimated income						
General fund	\$0	\$0	\$360,000	\$360,000	\$360,000	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

<sup>1</sup> Funding is added for conducting a transportation study, the same as the House version.

Engrossed SB 2018 was placed on the Seventh order of business on the calendar.

**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. GRINDBERG MOVED** that the conference committee report on Engrossed SB 2018 be adopted, which motion prevailed on a verification vote.

Engrossed SB 2018, as amended, was placed on the Eleventh order.

**SECOND READING OF SENATE BILL**

**SB 2018:** A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce; to provide exemptions; to provide appropriations to various agencies; to authorize the office of management and budget to borrow funds from the Bank of North Dakota; to provide for an unemployment compensation shared work demonstration project; to provide for a transfer from the beginning farmer revolving loan fund; to provide a statement of legislative intent; to create and enact two new sections to chapter 54-34.3, a new section to chapter 54-44.5, and three new sections to chapter 54-60 of the North Dakota Century Code, relating to a division of economic development and finance international business and trade office, a division of economic development and finance local economic developer certification program, creation of an office of renewable energy and energy efficiency within the division of community services, department of commerce target industry requirements, a department of commerce state employee image training program, and a department of commerce business hotline program; to amend and reenact sections 2 and 3 of House Bill No. 1009, as approved by the fifty-ninth legislative assembly, subsection 2 of section 4-14.1-07, sections 4-14.1-08, 4-14.1-09, 4-14.1-10, and 54-34.3-03, subsection 1 of section 54-34.3-06, and sections 57-02-27.3 and 57-51.1-07.2 of the North Dakota Century Code, relating to the agriculture commissioner's appropriation, administration of ethanol production incentives, the structure of the division of economic development and finance, the division of economic development and finance North Dakota American Indian business development office, taxable valuation of wind turbine electric generators, and the permanent oil tax trust fund; to provide for state agency studies and reports to the legislative council; and to provide an effective date.

**ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 44 YEAS, 3 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Brown; Christmann; Cook; Dever; Erbele; Espgaard; Every; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heitkamp; Holmberg; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Lee, G.; Lee, J.; Lindaas; Lyson; Mathern; Nelson; Nething; Robinson; Schobinger; Seymour; Stenehjerm; Syverson; Tallackson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Triplett; Urlacher; Wardner; Warner

**NAYS:** Fairfield; Mutch; O'Connell

Reengrossed SB 2018 passed and the title was agreed to.

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**MOTION**

**SEN. CHRISTMANN MOVED** that Engrossed HB 1021 and Engrossed HB 1019 be placed at the top of the Seventh order, which motion prevailed.

**MOTION**

**SEN. CHRISTMANN MOVED** that Sen. Schobinger replace Sen. Stenehjerm on the Conference Committee on SB 2012, which motion prevailed.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has adopted the conference committee report and subsequently passed: SB 2018, SB 2032.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has not adopted the conference committee report on: SB 2012.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The President has appointed Sen. Schobinger to replace Sen. Stenehjerm on the Conference Committee on SB 2012.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The President has signed: HB 1524.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1013, HB 1154.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: SB 2007, SB 2010, SB 2011, SB 2016, SB 2031, SB 2157, SB 2267.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report, subsequently passed, and the emergency clause carried: SB 2014, SB 2020, SB 2228.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report on: SB 2002, SB 2059.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report on: SB 2004, SB 2019.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** Your signature is respectfully requested on: HB 1012.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has signed: HB 1259, HB 1359, HB 1397, HB 1524.

**COMMUNICATION FROM GOVERNOR JOHN HOEVEN**

This is to inform you that on April 20, 2005, I have signed the following: SB 2298.

This is to inform you that on April 22, 2005, I have signed the following: SB 2047, SB 2111, SB 2187, SB 2217, SB 2251, SB 2266, SB 2270, SB 2302, SB 2361, SB 2372, and SB 2388.

**MOTION**

**SEN. CHRISTMANN MOVED** that the Senate stand in recess until 7:30 p.m., which motion prevailed.

**THE SENATE RECONVENED** pursuant to recess taken, with President Dalrymple presiding.

**REPORT OF CONFERENCE COMMITTEE**

**SB 2373, as reengrossed:** Your conference committee (Sens. Trenbeath, Syverson, Triplett and Reps. Wieland, Pollert, Metcalf) recommends that the **HOUSE RECEDE** from the House amendments on SJ page 1182, adopt amendments as follows, and place SB 2373 on the Seventh order:

That the House recede from its amendments as printed on page 1182 of the Senate Journal and page 1442 of the House Journal and that Reengrossed Senate Bill No. 2373 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for the implementation of a pilot program for the treatment of individuals who are chemically dependent on methamphetamine or other controlled substances; to provide for a report to the legislative assembly; to provide an appropriation; and to provide an expiration date.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. Substance abuse treatment pilot program.** The department of human services shall implement a substance abuse treatment pilot program consisting of up to twenty beds at the state hospital or at a private treatment facility through a grant as determined by the department for the treatment and rehabilitation of individuals who are chemically dependent on methamphetamine or other controlled substances. Prior to establishing the program, the department shall issue a statewide request for proposal seeking providers for this program.

**SECTION 2. REPORT TO LEGISLATIVE ASSEMBLY.** The department of human services shall collect statistics regarding the operation of the pilot program, track participants in the pilot program, and provide a report to the sixtieth legislative assembly detailing the number of participants in the pilot program, the cost of the pilot program,

relapse statistics, and other data concerning the effectiveness of the pilot program provided for under section 1 of this Act.

**SECTION 3. APPROPRIATION - ADDITIONAL FUNDS - EMERGENCY COMMISSION AND BUDGET SECTION APPROVAL.** 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, and from other funds consisting of third party, client payments, and other sources, the sum of \$800,000, to the department of human services for the costs associated with establishing the pilot program at the state hospital or at a private treatment facility for the treatment of individuals who are chemically dependent on methamphetamine or other controlled substances, for the biennium beginning July 1, 2005, and ending June 30, 2007. The funds appropriated under this section may not be used for the cost of any facility construction or renovation project. If additional federal or other funds become available for the treatment services provided for under this section, the department of human services may seek emergency commission and budget section approval to receive and spend the funds for treatment services, excluding construction or renovation projects.

**SECTION 4. EXPIRATION DATE.** Section 1 of this Act is effective through June 30, 2007, and after that date is ineffective."

Renumber accordingly

Reengrossed SB 2373 was placed on the Seventh order of business on the calendar.

#### **CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. TRENBEATH MOVED** that the conference committee report on Reengrossed SB 2373 be adopted, which motion prevailed on a voice vote.

Reengrossed SB 2373, as amended, was placed on the Eleventh order.

#### **SECOND READING OF SENATE BILL**

**SB 2373:** A BILL for an Act to provide for the implementation of a pilot program for the treatment of individuals who are chemically dependent on methamphetamine or other controlled substances; to provide for a report to the legislative assembly; to provide an appropriation; and to provide an expiration date.

#### **ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 47 YEAS, 0 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Brown; Christmann; Cook; Dever; Erbele; Espgaard; Every; Fairfield; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heitkamp; Holmberg; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Lee, G.; Lee, J.; Lindaas; Lyson; Mathern; Mutch; Nelson; Nething; O'Connell; Robinson; Schobinger; Seymour; Stenehjerm; Syverson; Tallackson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Triplett; Urlacher; Wardner; Warner

Reengrossed SB 2373 passed and the title was agreed to.

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#### **REPORT OF CONFERENCE COMMITTEE**

**SB 2003, as engrossed:** Your conference committee (Sens. Holmberg, Kringstad, Robinson and Reps. Aarsvold, Brusegaard, Martinson) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1247-1256, adopt amendments as follows, and place SB 2003 on the Seventh order:

That the House recede from its amendments as printed on pages 1247-1256 of the Senate Journal and pages 1471-1480 of the House Journal and that Engrossed Senate Bill No. 2003 be amended as follows:

Page 1, line 3, replace "a report" with "reports"

Page 1, line 4, replace "performance audit of the university of North Dakota school of medicine" with "legislative council study; to amend and reenact section 15-62.2-01 of the North Dakota Century Code, relating to student financial assistance grants"

Page 1, line 5, remove "and health sciences"

Page 5, line 11, replace "1,130,634" with "1,399,694"

Page 5, line 12, replace "1,047,862" with "1,045,572"

Page 5, line 13, replace "(4,115,556)" with "(4,526,546)"

Page 5, after line 13, insert:

    "Operations pool

(189,858)

    Equity pool

2,000,000"

Page 5, line 16, replace "1,846,073" with "574,187"

Page 5, line 17, replace "35,480" with "186,480"

Page 5, line 21, replace "\$1,002,386" with "\$457,350"

Page 5, line 23, replace "515,845" with "1,060,881"

Page 5, line 26, replace "769,695" with "753,221"

Page 5, line 28, replace "\$519,024" with "\$535,498"

Page 5, line 30, replace "763,176" with "746,702"

Page 6, line 2, replace "361,425" with "357,307"

Page 6, line 4, replace "329,131" with "325,013"

Page 6, line 6, replace "704,131" with "700,013"

Page 6, line 9, replace "371,523" with "365,626"

Page 6, line 10, replace "6,907,685" with "8,047,685"

Page 6, line 11, replace "7,279,208" with "8,413,311"

Page 6, line 12, replace "6,910,000" with "7,960,000"

Page 6, line 13, replace "369,208" with "453,311"

Page 6, line 16, replace "8,070,453" with "7,993,476"

Page 6, line 18, replace "9,108,862" with "9,031,885"

Page 6, line 20, replace "8,008,862" with "7,931,885"

Page 6, line 23, replace "8,290,440" with "8,227,691"

Page 6, line 25, replace "\$17,754,865" with "\$17,817,614"

Page 6, line 27, replace "8,245,135" with "8,182,386"

Page 6, line 30, replace "1,072,000" with "1,050,004"

Page 6, line 31, replace "(3,320,168)" with "(1,620,168)"

Page 7, line 1, replace "\$2,248,168" with "\$570,164"

Page 7, line 2, replace "(3,300,000)" with "(1,600,000)"

Page 7, line 3, replace "1,051,832" with "1,029,836"

Page 7, line 6, replace "1,006,685" with "1,112,796"

Page 7, line 8, replace "\$4,885,634" with "\$4,779,523"

Page 7, line 10, replace "996,413" with "1,102,524"

Page 7, line 13, replace "409,157" with "401,295"

Page 7, line 14, replace "(4,060,595)" with "(3,910,595)"

Page 7, line 15, replace "\$(3,651,438)" with "\$(3,509,300)"

Page 7, line 17, replace "353,562" with "495,700"

Page 7, line 20, replace "1,469,553" with "1,446,271"

Page 7, line 21, replace "3,519,020" with "3,599,020"

Page 7, line 22, replace "4,988,573" with "5,045,291"

Page 7, line 24, replace "1,453,573" with "1,510,291"

Page 7, line 27, replace "512,599" with "501,854"

Page 7, line 28, replace "(3,810,218)" with "(3,842,218)"

Page 7, line 29, replace "\$(3,297,619)" with "\$(3,340,364)"

Page 7, line 30, replace "(4,053,300)" with "(4,085,300)"

Page 7, line 31, replace "755,681" with "744,936"

Page 8, line 3, replace "235,629" with "231,604"

Page 8, line 5, replace "3,635,691" with "3,631,666"

Page 8, line 7, replace "135,691" with "131,666"

Page 8, line 10, replace "1,209,963" with "1,195,137"

Page 8, line 11, replace "1,209,963" with "1,195,137"

Page 8, line 15, replace "213,000" with "210,630"

Page 8, line 16, replace "168,577" with "166,207"

Page 8, line 18, replace "283,577" with "281,207"

Page 8, line 19, replace "24,846,649" with "25,566,475"

Page 8, line 20, replace "\$(31,485,778)" with "\$(28,767,778)"

Page 8, line 21, replace "\$(6,639,129)" with "\$(3,201,303)"

Page 9, line 3, replace "1,615,940" with "1,885,000"

Page 9, line 4, replace "5,520,712" with "5,518,422"

Page 9, line 6, replace "20,974,083" with "20,563,093"

Page 9, line 7, replace "578,417" with "388,559"

Page 9, after line 7, insert:

"Equity pool

2,000,000"

Page 9, line 10, replace "4,776,288" with "3,504,402"

Page 9, line 11, replace "1,713,780" with "1,864,780"

Page 9, line 15, replace "59,471,851" with "60,016,887"

Page 9, line 17, replace "57,134,575" with "57,679,611"

Page 9, line 20, replace "16,882,022" with "16,865,548"

Page 9, line 22, replace "17,628,303" with "17,611,829"

Page 9, line 24, replace "17,125,503" with "17,109,029"

Page 9, line 27, replace "5,394,107" with "5,389,989"

Page 9, line 29, replace "5,781,644" with "5,777,526"

Page 10, line 1, replace "5,758,894" with "5,752,997"

Page 10, line 2, replace "6,996,475" with "8,136,475"

Page 10, line 3, replace "12,755,369" with "13,889,472"

Page 10, line 4, replace "6,910,000" with "7,960,000"

Page 10, line 5, replace "5,845,369" with "5,929,472"

Page 10, line 8, replace "92,628,579" with "92,551,602"

Page 10, line 10, replace "149,329,124" with "149,252,147"

Page 10, line 12, replace "94,929,124" with "94,852,147"

Page 10, line 15, replace "75,867,399" with "75,804,650"

Page 10, line 17, replace "77,559,625" with "77,496,876"

Page 10, line 20, replace "25,008,824" with "24,986,828"

Page 10, line 21, replace "1,122,252" with "2,822,252"

Page 10, line 22, replace "26,131,076" with "27,809,080"

Page 10, line 23, replace "368,920" with "2,068,920"

Page 10, line 24, replace "25,762,156" with "25,740,160"

Page 10, line 27, replace "14,605,516" with "14,711,627"

Page 10, line 29, replace "19,989,206" with "20,095,317"

Page 10, line 31, replace "14,989,206" with "15,095,317"

Page 11, line 3, replace "9,011,492" with "9,003,630"

Page 11, line 4, replace "1,708,994" with "1,858,994"

Page 11, line 5, replace "10,720,486" with "10,862,624"

Page 11, line 7, replace "9,220,486" with "9,362,624"

Page 11, line 10, replace "27,239,131" with "27,215,849"

Page 11, line 11, replace "4,131,870" with "4,211,870"

Page 11, line 12, replace "31,371,001" with "31,427,719"

Page 11, line 14, replace "27,836,001" with "27,892,719"

Page 11, line 17, replace "11,817,271" with "11,806,526"

Page 11, line 18, replace "540,416" with "508,416"

Page 11, line 19, replace "all funds" with "general fund appropriation" and replace "12,357,687" with "12,314,942"

Page 11, remove lines 20 and 21

Page 11, line 24, replace "4,338,485" with "4,334,460"

Page 11, line 26, replace "7,948,210" with "7,944,185"



Page 11, line 28, replace "4,448,210" with "4,444,185"

Page 12, line 1, replace "31,375,828" with "31,361,002"

Page 12, line 2, replace "31,375,828" with "31,361,002"

Page 12, line 6, replace "2,928,016" with "2,925,646"

Page 12, line 7, replace "3,029,654" with "3,027,284"

Page 12, line 9, replace "2,054,653" with "2,052,283"

Page 12, line 10, replace "386,388,067" with "387,107,893"

Page 12, line 11, replace "79,060,997" with "81,778,997"

Page 12, line 12, replace "465,449,064" with "468,886,890"

Page 12, line 13, replace "386,388,067" with "387,282,893"

Page 12, line 14, replace "162,403,497" with "165,121,497"

Page 12, line 15, replace "548,791,564" with "552,404,390"

Page 12, line 16, replace "\$1,615,940, or so much of the sum as" with "\$200,000 of the funding"

Page 12, line 17, remove "may be necessary,"

Page 12, line 18, after "used" insert "for a grant to the space grant consortium to match federal funds and the remainder of the funding may be used"

Page 12, line 20, after the period insert "The board shall consider using a substantial amount of funding for an international student initiative."

Page 12, line 25, replace "\$578,417" with "\$388,559"

Page 12, line 29, replace "\$20,974,083" with "\$20,563,093"

Page 13, replace lines 12 through 16 with:

**"SECTION 9. EQUITY POOL - REPORT TO THE BUDGET SECTION.** The sum of \$2,000,000, or so much of the sum as may be necessary, included in the equity pool line item in subdivision 1 of section 3 of this Act, must be used to address equity at higher education institutions and other campus needs as determined by the state board of higher education. The state board of higher education may not select a formula for distributing the equity funding until January 1, 2006. A representative of the board shall provide a report to the budget section regarding the allocation of the equity pool. Equity or parity funding allocations must be considered in the campus equity position for budgeting purposes."

Page 13, line 22, after the period insert "The board may allocate up to \$150,000 of the funding for providing doctoral incentives to students at private baccalaureate degree-granting institutions."

Page 13, line 31, after the period insert "Twenty-three and one-half percent of the additional funds must be used for student financial assistance grants for students at private baccalaureate degree-granting institutions."

Page 15, remove lines 26 through 31

Page 16, remove lines 1 and 2

Page 17, after line 17, insert:

**"SECTION 21. BISMARCK STATE COLLEGE CAREER AND TECHNOLOGY INSTITUTE.** The state board of higher education may enter into an agreement or agreements with the Bismarck state college foundation or other private entity and do all things necessary and proper to authorize construction by the foundation or other private

entity of a building on the Bismarck state college campus, using state funds, federal funds, donations, gifts, or other private funds.

**SECTION 22. LEGISLATIVE INTENT - STUDENT EXCHANGE PROGRAMS.**

It is the intent of the fifty-ninth legislative assembly that the state board of higher education consider allowing related faculty members and practicing professionals in the related fields in the state to assist in the selection of students awarded funding through the student exchange program and consider investigating options of entering contracts with other higher education institutions for providing opportunities for students to complete professional fields of study not offered through the North Dakota university system, specifically other institutions granting professional degrees targeting critical shortages in large animal veterinary practice.

**SECTION 23. LEGISLATIVE COUNCIL STUDY OF HIGHER EDUCATION FUNDING AND ACCOUNTABILITY.** The legislative council shall consider studying higher education funding and accountability during the 2005-06 interim. If conducted, the study should include a review of the progress made in implementing the higher education roundtable recommendations relating to the university system meeting the state's expectations and needs, the funding methodology needed to meet these expectations and needs, and the appropriate accountability and reporting system for the North Dakota university system. The review should include an independent consultant's evaluation of:

1. The roundtable recommendations and the goals and objectives of the North Dakota university system;
2. The long-term financing plan for the North Dakota university system, including a review of the peer institutions selected and updated funding comparisons;
3. The North Dakota university system's prioritization of higher education funding, including the resource allocation mechanism addressing equity funding issues and the funding for initiatives at North Dakota's colleges and universities; and
4. The accountability mechanisms.

The study should be conducted and the consultant selected with input from the state board of higher education. The independent consultant selected to do the evaluation shall possess a national reputation and experience in higher education governance and funding and management in multicampus public university systems and shall not have been under contract with the state board of higher education during the previous five years.

The study may include the use of a higher education roundtable format.

The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly.

**SECTION 24. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$175,000, or so much of the sum as may be necessary, to the legislative council for the purpose of conducting the higher education study as provided for in this Act, for the biennium beginning July 1, 2005, and ending June 30, 2007. The legislative council may receive any other funds available for conducting the study and such funds are hereby appropriated.

**SECTION 25. USE OF UNSPENT 2003-05 GENERAL FUND APPROPRIATIONS.** The state board of higher education shall use \$250,000 of North Dakota university system office unspent 2003-05 biennium general fund appropriation authorized to continue under section 54-44.1-11 for capital asset needs at Valley City State University in the sum of \$150,000, including \$108,000 for brick tuck-pointing, \$10,000 for a sound system, and \$32,000 to replace special funds for the W. E. Osmon bleacher replacement project, and for internships at the North Dakota trade office in the sum of \$100,000 for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 26. AMENDMENT.** Section 15-62.2-01 of the North Dakota Century Code is amended and reenacted as follows:

**15-62.2-01. Student financial assistance and scholars programs - Establishment - Administrative responsibility.** The North Dakota student financial assistance and scholars programs are established to provide grants or scholarships, or both, to assist the following students:

1. Resident undergraduate students pursuant to section 15-10-19.1.
2. North Dakota resident students who have attended and graduated from a high school in a bordering state pursuant to section 15-40.2-10, who are attending qualified institutions of postsecondary education within North Dakota.
3. North Dakota resident students who, because of physical or mental handicap as certified by a physician, are attending postsecondary institutions out of state due to the lack of special services or facilities, or both, necessary to meet the postsecondary educational needs of the handicapped students within North Dakota.
4. Scholars who qualify and are selected for scholarships pursuant to sections 15-62.2-00.1 and 15-62.2-03.1 through 15-62.2-03.5.

A student must be in substantial need of financial assistance to receive grants under the student financial assistance program. The state board of higher education shall administer the student financial assistance program and the scholars program. At least twenty-three and one-half percent of the funds appropriated for the student financial assistance program must be allocated to students at private baccalaureate degree-granting institutions with the remaining funds allocated to students at public and American Indian institutions."

Page 17, line 18, after "assets" insert ", professional student exchange program,"

Page 17, line 19, replace "20" with "19"

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### Senate Bill No. 2003 - Summary of Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Legislative Council						
Total all funds	\$0	\$0	\$175,000	\$175,000	\$175,000	\$0
Less estimated income						
General fund	\$0	\$0	\$175,000	\$175,000	\$175,000	\$0
University System office						
Total all funds	\$387,926,815	\$59,471,851	\$545,036	\$60,016,887	\$59,831,887	\$185,000
Less estimated income	2,337,276	2,337,276		2,337,276	2,337,276	
General fund	\$385,589,539	\$57,134,575	\$545,036	\$57,679,611	\$57,494,611	\$185,000
Bismarck State College						
Total all funds	\$2,302,800	\$20,870,803	(\$16,474)	\$20,854,329	\$20,854,329	\$0
Less estimated income	2,302,800	3,745,300		3,745,300	3,745,300	
General fund	\$0	\$17,125,503	(\$16,474)	\$17,109,029	\$17,109,029	\$0
Lake Region State College						
Total all funds	\$343,875	\$5,781,644	(\$4,118)	\$5,777,526	\$5,777,526	\$0
Less estimated income						
General fund	\$343,875	\$5,781,644	(\$4,118)	\$5,777,526	\$5,777,526	\$0
Williston State College						
Total all funds	\$6,910,000	\$12,755,369	\$1,134,103	\$13,889,472	\$13,889,472	\$0
Less estimated income	6,910,000	6,910,000	1,050,000	7,960,000	7,960,000	
General fund	\$0	\$5,845,369	\$84,103	\$5,929,472	\$5,929,472	\$0
University of North Dakota						
Total all funds	\$54,331,554	\$190,429,124	(\$76,977)	\$190,352,147	\$190,537,147	(\$185,000)
Less estimated income	54,331,554	95,500,000		95,500,000	95,500,000	
General fund	\$0	\$94,929,124	(\$76,977)	\$94,852,147	\$95,037,147	(\$185,000)
UND Medical Center						
Total all funds	\$0	\$31,375,828	(\$14,826)	\$31,361,002	\$31,361,002	\$0
Less estimated income						
General fund	\$0	\$31,375,828	(\$14,826)	\$31,361,002	\$31,361,002	\$0
North Dakota State University						
Total all funds	\$34,000,000	\$111,559,625	(\$62,749)	\$111,496,876	\$111,496,876	\$0
Less estimated income	34,000,000	34,000,000		34,000,000	34,000,000	
General fund	\$0	\$77,559,625	(\$62,749)	\$77,496,876	\$77,496,876	\$0
State College of Science						
Total all funds	\$368,920	\$26,131,076	\$1,678,004	\$27,809,080	\$27,809,080	\$0
Less estimated income	368,920	368,920	1,700,000	2,068,920	2,068,920	

General fund	\$0	\$25,762,156	(\$21,996)	\$25,740,160	\$25,740,160	\$0
Dickinson State University						
Total all funds	\$5,000,000	\$19,989,206	\$106,111	\$20,095,317	\$20,095,317	\$0
Less estimated income	<u>5,000,000</u>	<u>5,000,000</u>		<u>5,000,000</u>	<u>5,000,000</u>	
General fund	\$0	\$14,989,206	\$106,111	\$15,095,317	\$15,095,317	\$0
Mayville State University						
Total all funds	\$1,500,000	\$10,720,486	\$142,138	\$10,862,624	\$10,862,624	\$0
Less estimated income	<u>1,500,000</u>	<u>1,500,000</u>		<u>1,500,000</u>	<u>1,500,000</u>	
General fund	\$0	\$9,220,486	\$142,138	\$9,362,624	\$9,362,624	\$0
Minot State University						
Total all funds	\$3,535,000	\$36,371,001	\$56,718	\$36,427,719	\$36,427,719	\$0
Less estimated income	<u>3,535,000</u>	<u>8,535,000</u>		<u>8,535,000</u>	<u>8,535,000</u>	
General fund	\$0	\$27,836,001	\$56,718	\$27,892,719	\$27,892,719	\$0
Valley City State University						
Total all funds	\$282,000	\$12,357,687	(\$42,745)	\$12,314,942	\$12,346,942	(\$32,000)
Less estimated income	<u>32,000</u>	<u>32,000</u>		<u>32,000</u>	<u>32,000</u>	
General fund	\$250,000	\$12,325,687	(\$10,745)	\$12,314,942	\$12,314,942	\$0
Minot State University - Bottineau						
Total all funds	\$0	\$7,948,210	(\$4,025)	\$7,944,185	\$7,944,185	\$0
Less estimated income		<u>3,500,000</u>		<u>3,500,000</u>	<u>3,500,000</u>	
General fund	\$0	\$4,448,210	(\$4,025)	\$4,444,185	\$4,444,185	\$0
Forest Service						
Total all funds	\$3,029,654	\$3,029,654	(\$2,370)	\$3,027,284	\$3,027,284	\$0
Less estimated income	<u>975,001</u>	<u>975,001</u>		<u>975,001</u>	<u>975,001</u>	
General fund	\$2,054,653	\$2,054,653	(\$2,370)	\$2,052,283	\$2,052,283	\$0
Bill Total						
Total all funds	\$499,530,618	\$548,791,564	\$3,612,826	\$552,404,390	\$552,436,390	(\$32,000)
Less estimated income	<u>111,292,551</u>	<u>162,403,497</u>	<u>2,718,000</u>	<u>165,121,497</u>	<u>165,153,497</u>	<u>(32,000)</u>
General fund	\$388,238,067	\$386,388,067	\$894,826	\$387,282,893	\$387,282,893	\$0

## Senate Bill No. 2003 - Legislative Council - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Operating expenses			<u>\$175,000</u>	<u>\$175,000</u>	<u>\$175,000</u>	
Total all funds	\$0	\$0	\$175,000	\$175,000	\$175,000	\$0
Less estimated income						
General fund	\$0	\$0	\$175,000	\$175,000	\$175,000	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

## Dept. 160 - Legislative Council - Detail of Conference Committee Changes

	PROVIDES FUNDING FOR A HIGHER EDUCATION STUDY <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Operating expenses	<u>\$175,000</u>	<u>\$175,000</u>
Total all funds	\$175,000	\$175,000
Less estimated income		
General fund	\$175,000	\$175,000
FTE	0.00	0.00

<sup>1</sup> This amendment provides a \$175,000 general fund appropriation to the Legislative Council for the purpose of conducting a higher education study, the same amount as provided by the House.

## Senate Bill No. 2003 - General Fund Summary

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
University System office	\$385,589,539	\$57,134,575	\$545,036	\$57,679,611	\$57,494,611	\$185,000
Bismarck State College		17,125,503	(16,474)	17,109,029	17,109,029	
Lake Region State College	343,875	5,781,644	(4,118)	5,777,526	5,777,526	
Williston State College		5,845,369	84,103	5,929,472	5,929,472	
University of North Dakota		94,929,124	(76,977)	94,852,147	95,037,147	(185,000)
UND Medical Center		31,375,828	(14,826)	31,361,002	31,361,002	
North Dakota State University		77,559,625	(62,749)	77,496,876	77,496,876	
State College of Science		25,762,156	(21,996)	25,740,160	25,740,160	
Dickinson State University		14,989,206	106,111	15,095,317	15,095,317	
Mayville State University		9,220,486	142,138	9,362,624	9,362,624	
Minot State University		27,836,001	56,718	27,892,719	27,892,719	
Valley City State University	250,000	12,325,687	(10,745)	12,314,942	12,314,942	
Minot State University - Bottineau		4,448,210	(4,025)	4,444,185	4,444,185	
Forest Service	<u>2,054,653</u>	<u>2,054,653</u>	<u>(2,370)</u>	<u>2,052,283</u>	<u>2,052,283</u>	

Total general fund	\$388,238,067	\$386,388,067	\$719,826	\$387,107,893	\$387,107,893	\$0
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**Detail of Conference Committee Changes to the General Fund**

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE	INCREASES FUNDING FOR BOARD INITIATIVES	DECREASES FUNDING FOR COMMON INFORMATION SERVICES	DECREASES FUNDING FOR OPERATIONS POOL	DECREASES FUNDING FOR STUDENT FINANCIAL ASSISTANCE GRANTS	INCREASES FUNDING FOR THE PROFESSIONAL STUDENT EXCHANGE PROGRAM <sup>1</sup>
University System office	(\$13,280)	\$269,060	(\$400,000)	(\$189,858)	(\$1,271,886)	\$151,000
Bismarck State College	(16,474)					
Lake Region State College	(4,118)					
Williston State College	(5,897)					
University of North Dakota	(76,977)					
UND Medical Center	(14,826)					
North Dakota State University	(62,749)					
State College of Science	(21,996)					
Dickinson State University	(13,715)					
Mayville State University	(7,862)					
Minot State University	(23,282)					
Valley City State University	(10,745)					
Minot State University - Bottineau	(4,025)					
Forest Service	<u>(2,370)</u>					
Total general fund	(\$278,316)	\$269,060	(\$400,000)	(\$189,858)	(\$1,271,886)	\$151,000

	PROVIDES FUNDING FOR AN EQUITY POOL <sup>2</sup>	INCREASES FUNDING FOR OPERATIONS <sup>3</sup>	PROVIDES FUNDING FOR EXTRAORDINARY REPAIRS <sup>4</sup>	ADJUSTS FUNDING FOR A MAJOR CAPITAL PROJECT <sup>5</sup>	TOTAL GENERAL FUND CHANGES
University System office	\$2,000,000				\$545,036
Bismarck State College					(16,474)
Lake Region State College					(4,118)
Williston State College			\$90,000		84,103
University of North Dakota					(76,977)
UND Medical Center					(14,826)
North Dakota State University					(62,749)
State College of Science					(21,996)
Dickinson State University		\$119,826			106,111
Mayville State University			150,000		142,138
Minot State University			80,000		56,718
Valley City State University					(10,745)
Minot State University - Bottineau					(4,025)
Forest Service					<u>(2,370)</u>
Total general fund	\$2,000,000	\$119,826	\$320,000	\$0	\$719,826

**Senate Bill No. 2003 - Other Funds Summary**

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
University System office	\$2,337,276	\$2,337,276		\$2,337,276	\$2,337,276	
Bismarck State College	2,302,800	3,745,300		3,745,300	3,745,300	
Lake Region State College						
Williston State College	6,910,000	6,910,000	\$1,050,000	7,960,000	7,960,000	
University of North Dakota	54,331,554	95,500,000		95,500,000	95,500,000	
UND Medical Center						
North Dakota State University	34,000,000	34,000,000		34,000,000	34,000,000	
State College of Science	368,920	368,920	1,700,000	2,068,920	2,068,920	
Dickinson State University	5,000,000	5,000,000		5,000,000	5,000,000	
Mayville State University	1,500,000	1,500,000		1,500,000	1,500,000	
Minot State University	3,535,000	8,535,000		8,535,000	8,535,000	
Valley City State University	32,000	32,000	(32,000)	32,000	32,000	(\$32,000)
Minot State University - Bottineau		3,500,000		3,500,000	3,500,000	
Forest Service	<u>975,001</u>	<u>975,001</u>		<u>975,001</u>	<u>975,001</u>	
Total other funds	\$111,292,551	\$162,403,497	\$2,718,000	\$165,128,497	\$165,153,497	(\$32,000)

**Detail of Conference Committee Changes to Other Funds**

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE	INCREASES FUNDING FOR BOARD INITIATIVES	DECREASES FUNDING FOR COMMON INFORMATION SERVICES	DECREASES FUNDING FOR OPERATIONS POOL	DECREASES FUNDING FOR STUDENT FINANCIAL ASSISTANCE GRANTS	INCREASES FUNDING FOR THE PROFESSIONAL STUDENT EXCHANGE PROGRAM <sup>1</sup>
University System office						
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
North Dakota State University						
State College of Science						

Dickinson State University  
 Mayville State University  
 Minot State University  
 Valley City State University  
 Minot State University -  
 Bottineau  
 Forest Service

Total other funds	\$0	\$0	\$0	\$0	\$0	\$0
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	PROVIDES FUNDING FOR AN EQUITY POOL <sup>2</sup>	INCREASES FUNDING FOR OPERATIONS <sup>3</sup>	PROVIDES FUNDING FOR EXTRAORDINARY REPAIRS <sup>4</sup>	ADJUSTS FUNDING FOR A MAJOR CAPITAL PROJECT <sup>5</sup>	TOTAL OTHER FUNDS CHANGES
University System office					
Bismarck State College					
Lake Region State College					
Williston State College				\$1,050,000	\$1,050,000
University of North Dakota					
UND Medical Center					
North Dakota State University				1,700,000	1,700,000
State College of Science					
Dickinson State University					
Mayville State University					
Minot State University					
Valley City State University				(32,000)	(32,000)
Minot State University - Bottineau					
Forest Service					
Total other funds	\$0	\$0	\$0	\$2,718,000	\$2,718,000

Senate Bill No. 2003 - All Funds Summary

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
University System office	\$387,926,815	\$59,471,851	\$545,036	\$60,016,887	\$59,831,887	\$185,000
Bismarck State College	2,302,800	20,870,803	(16,474)	20,854,329	20,854,329	
Lake Region State College	343,875	5,781,644	(4,118)	5,777,526	5,777,526	
Williston State College	6,910,000	12,755,369	1,134,103	13,889,472	13,889,472	
University of North Dakota	54,331,554	190,429,124	(76,977)	190,352,147	190,537,147	(185,000)
UND Medical Center		31,375,828	(14,826)	31,361,002	31,361,002	
North Dakota State University	34,000,000	11,559,625	(62,749)	111,496,876	111,496,876	
State College of Science	368,920	26,131,076	1,678,004	27,809,080	27,809,080	
Dickinson State University	5,000,000	19,989,206	106,111	20,095,317	20,095,317	
Mayville State University	1,500,000	10,720,486	142,138	10,862,624	10,862,624	
Minot State University	3,535,000	36,371,001	56,718	36,427,719	36,427,719	
Valley City State University	282,000	12,357,687	(42,745)	12,314,942	12,346,942	(32,000)
Minot State University - Bottineau		7,948,210	(4,025)	7,944,185	7,944,185	
Forest Service	<u>3,029,654</u>	<u>3,029,654</u>	<u>(2,370)</u>	<u>3,027,284</u>	<u>3,027,284</u>	
Total all funds	\$499,530,618	\$548,791,564	\$3,437,826	\$552,229,390	\$552,261,390	(\$32,000)
FTE	2196.67	2196.67	1.00	2197.67	2197.67	0.00

Detail of Conference Committee Changes to All Funds

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE	INCREASES FUNDING FOR BOARD INITIATIVES	DECREASES FUNDING FOR COMMON INFORMATION SERVICES	DECREASES FUNDING FOR OPERATIONS POOL	DECREASES FUNDING FOR STUDENT FINANCIAL ASSISTANCE GRANTS	INCREASES FUNDING FOR THE PROFESSIONAL STUDENT EXCHANGE PROGRAM <sup>1</sup>
University System office	(\$13,280)	\$269,060	(\$400,000)	(\$189,858)	(\$1,271,886)	\$151,000
Bismarck State College	(16,474)					
Lake Region State College	(4,118)					
Williston State College	(5,897)					
University of North Dakota	(76,977)					
UND Medical Center	(14,826)					
North Dakota State University	(62,749)					
State College of Science	(21,996)					
Dickinson State University	(13,715)					
Mayville State University	(7,862)					
Minot State University	(23,282)					
Valley City State University	(10,745)					
Minot State University - Bottineau	(4,025)					
Forest Service	<u>(2,370)</u>					
Total all funds	(\$278,316)	\$269,060	(\$400,000)	(\$189,858)	(\$1,271,886)	\$151,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	PROVIDES FUNDING FOR AN EQUITY POOL <sup>2</sup>	INCREASES FUNDING FOR OPERATIONS <sup>3</sup>	PROVIDES FUNDING FOR EXTRAORDINARY REPAIRS <sup>4</sup>	ADJUSTS FUNDING FOR A MAJOR CAPITAL PROJECT <sup>5</sup>	TOTAL ALL FUNDS CHANGES
University System office	\$2,000,000				\$545,036
Bismarck State College					(16,474)
Lake Region State College					(4,118)
Williston State College			\$90,000	\$1,050,000	1,134,103
University of North Dakota					(76,977)
UND Medical Center					(14,826)
North Dakota State University					(62,749)

State College of Science				1,700,000	1,678,004
Dickinson State University	\$119,826				106,111
Mayville State University		150,000			142,138
Minot State University		80,000			56,718
Valley City State University				(32,000)	(42,745)
Minot State University - Bottineau					(4,025)
Forest Service					<u>(2,370)</u>
Total all funds	\$2,000,000	\$119,826	\$320,000	\$2,718,000	\$3,437,826
FTE	0.00	1.00	0.00	0.00	1.00

<sup>1</sup> This amendment increases funding for the professional student exchange program by \$151,000 from the general fund to fund 3 additional veterinary medicine slots. This change was also made by the House.

<sup>2</sup> This amendment provides a \$2,000,000 general fund appropriation for an equity pool to be allocated to higher education institutions by the State Board of Higher Education. The State Board of Higher Education may not select a formula for distributing the equity funding until January 1, 2006. A representative of the board shall provide a report to the Budget Section regarding the allocation of the equity pool. This funding was also provided by the House.

<sup>3</sup> This amendment increases funding for the operations of Dickinson State University by \$119,826 from the general fund and authorizes 1 FTE position for custodial services and utility costs associated with the addition to Murphy Hall. This change was also made by the House.

<sup>4</sup> Williston State College - This amendment provides funding of \$90,000 from the general fund for extraordinary repair needs in Stevens Hall.

Mayville State University - This amendment provides funding of \$150,000 from the general fund for extraordinary repair needs in Old Main.

Minot State University - This amendment provides funding of \$80,000 from the general fund for extraordinary repair needs in the student union ballroom.

These changes were also made by the House.

<sup>5</sup> Williston State College - This amendment provides Williston State College with a \$1,050,000 special funds appropriation for an oil well training site on campus. This change was also made by the House.

State College of Science - This amendment increases the capital assets line item for the State College of Science by \$1.7 million from special funds for renovating the college's football stadium and track. This change was also made by the House.

Valley City State University - This amendment removes \$32,000 of special funds for the W. E. Osmon bleacher replacement project and provides the university will receive \$32,000 from North Dakota University System office unspent 2003-05 general fund appropriations to complete the \$282,000 project.

### Senate Bill No. 2003 - Other Changes - Conference Committee Action

This amendment also:

- Removes Section 9 of the engrossed bill relating to student financial assistance grants. This change was also made by the House.
- Provides that the State Board of Higher Education may allocate funding of \$150,000 of the funding appropriated for education incentive programs for providing doctoral incentives to students at private baccalaureate degree-granting institutions. The House provided that \$150,000 of the funding appropriated for education incentive programs must be provided to private baccalaureate degree-granting institutions for doctoral incentives.
- Removes Section 19 of the engrossed bill providing for a performance audit of the University of North Dakota School of Medicine and Health Sciences. This change was also made by the House.
- Adds a new section relating to the Career and Technology Institute at Bismarck State College. This section was also added by the House.
- Adds a new section relating to student exchange programs. This section was also added by the House.
- Adds a new section to the bill amending North Dakota Century Code Section 15-62.2-01 to provide that 23.5 percent of the funding appropriated for the student financial assistance program must be allocated to private baccalaureate degree-granting institutions. The House added a section providing that 25 percent of the funding appropriated for the student financial assistance program be allocated to private baccalaureate degree-granting institutions.
- Revises Section 4 of the engrossed bill relating to board initiatives to provide that \$200,000 of the funding appropriated must be allocated for a grant to the space grant consortium. The board is also to consider using a substantial amount of funding for an international student initiative. This change was not made by the House.

- Adds a section providing for the use of unspent 2003-05 general fund appropriations. This change was not made by the House.

Engrossed SB 2003 was placed on the Seventh order of business on the calendar.

#### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

**SEN. HOLMBERG MOVED** that the conference committee report on Engrossed SB 2003 be adopted, which motion prevailed on a verification vote.

Engrossed SB 2003, as amended, was placed on the Eleventh order.

#### SECOND READING OF SENATE BILL

**SB 2003:** A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to authorize the state board of higher education to issue and sell bonds for capital projects; to provide statements of legislative intent; to provide for reports to the budget section; to provide for a legislative council study; to amend and reenact section 15-62.2-01 of the North Dakota Century Code, relating to student financial assistance grants; and to declare an emergency.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 39 YEAS, 8 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Christmann; Cook; Dever; Espegard; Every; Fairfield; Fischer; Freborg; Hacker; Heitkamp; Holmberg; Kilzer; Klein; Krauter; Krebsbach; Lee, G.; Lee, J.; Lindaas; Lyson; Mathern; Mutch; Nething; O'Connell; Robinson; Schobinger; Seymour; Stenehjem; Tallackson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Triplett; Urlacher; Wardner; Warner

**NAYS:** Bowman; Brown; Erbele; Flakoll; Grindberg; Kringstad; Nelson; Syverson

Reengrossed SB 2003 passed, the title was agreed to, and the emergency clause was declared carried.

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#### REPORT OF CONFERENCE COMMITTEE

**HB 1021, as engrossed:** Your conference committee (Sens. Fischer, Holmberg, Robinson and Reps. Carlson, Skarphol, Glassheim) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1653-1654, adopt amendments as follows, and place HB 1021 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1653 and 1654 of the House Journal and pages 1294-1296 of the Senate Journal and that Engrossed House Bill No. 1021 be amended as follows:

Page 1, line 4, replace "and to transfer funds from the water development trust fund to the general" with "to provide legislative intent; to provide water commission authority to issue bonds; to provide an exemption from payment of fees; and to authorize a cash advance from the general fund."

Page 1, remove line 5

Page 1, line 19, replace "94,276" with "92,903"

Page 1, line 20, replace "(47,204,774)" with "(33,963,759)"

Page 1, line 21, replace "(\$47,110,498)" with "(\$33,870,856)"

Page 1, line 22, replace "(47,544,575)" with "(25,485,460)"

Page 1, line 23, replace "\$434,077" with "(\$8,385,396)"

Page 2, line 6, replace "2,170,511" with "2,169,138"

Page 2, line 7, replace "110,577,845" with "123,818,860"

Page 2, line 8, replace "112,748,356" with "125,987,998"



Page 2, line 9, replace "102,928,883" with "124,987,998"

Page 2, line 10, replace "9,819,473" with "1,000,000"

Page 2, line 12, replace "\$52,863,116" with "\$54,013,116"

Page 2, line 20, replace "\$15,044,400" with "\$29,963,873"

Page 6, replace lines 1 through 4 with:

**"SECTION 12. LEGISLATIVE INTENT - ADMINISTRATIVE EXPENSES.** It is the intent of the fifty-ninth legislative assembly that the use of water development trust fund moneys as a source of funding for state water commission administrative expenses be reduced during the 2007-09 biennium and discontinued as a source thereafter.

**SECTION 13. LEGISLATIVE INTENT - NELSON COUNTY INFRASTRUCTURE.** It is the intent of the fifty-ninth legislative assembly that the state water commission provide up to \$500,000 for water-related damage to infrastructure in Nelson County.

**SECTION 14. BONDING AUTHORITY - WATER PROJECTS.** In addition to the \$60,000,000 of bonding authority authorized in section 61-02.1-02.1, the state water commission may issue an additional amount of bonds not to exceed \$7,000,000 plus the costs of issuance of the bonds, capitalized interest, and reasonably required reserves during the biennium beginning July 1, 2005, and ending June 30, 2007. The repayment provision of the additional \$7,000,000 bond issuance is to be the same as the \$60,000,000 bond issuance as provided for in section 61-02.1-02.1.

**SECTION 15. EXEMPTION FROM PAYMENT OF FEES.** For purposes of charging fees or requiring payment for services pursuant to sections 54-10-01, 54-12-08, and 54-44.1-15, the state auditor, attorney general, and the director of the office of management and budget shall consider the funds appropriated to the state water commission from the water development trust fund in the same manner as if the funds were appropriated from the general fund for the 2005-07 biennium.

**SECTION 16. STATE WATER COMMISSION - CASH ADVANCE FROM STATE GENERAL FUND.** Notwithstanding any other provision of law, the state water commission may receive a cash advance of up to \$5,000,000 from the state general fund during the biennium beginning July 1, 2005, and ending June 30, 2007. The cash advance only may be made available for the state water commission to pay for administrative expenses, provided that sufficient funding is not available in the water development trust fund for these expenses. The cash advance is to be repaid upon the deposit of additional tobacco settlement collections in the water development trust fund. The state water commission is to inform the office of management and budget of any cash advance required pursuant to this section. Any cash advance under this section must be repaid to the state general fund by June 30, 2007."

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### House Bill No. 1021 - Water Commission - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Administrative and support services	\$2,176,060	\$2,170,511	(\$1,373)	\$2,169,138	\$2,169,138	
Water and atmospheric resources	110,611,774	110,577,845	13,241,015	123,818,860	130,818,860	(\$7,000,000)
Total all funds	\$112,787,834	\$112,748,356	\$13,239,642	\$125,987,998	\$132,987,998	(\$7,000,000)
Less estimated income	<u>110,724,477</u>	<u>102,928,883</u>	<u>22,059,115</u>	<u>124,987,998</u>	<u>122,932,571</u>	<u>2,055,427</u>
General fund	\$2,063,357	\$9,819,473	(\$8,819,473)	\$1,000,000	\$10,055,427	(\$9,055,427)
FTE	84.00	84.00	0.00	84.00	84.00	0.00

#### Dept. 770 - Water Commission - Detail of Conference Committee Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE <sup>1</sup>	INCREASES FUNDING FROM RESOURCES TRUST FUND <sup>2</sup>	INCREASES FUNDING FROM WATER DEVELOPMENT TRUST FUND <sup>3</sup>	ADJUSTS FUNDING FOR ADMINISTRATIVE EXPENSES <sup>4</sup>	ADDS SPENDING AUTHORITY FOR WATER PROJECTS FROM BOND PROCEEDS <sup>5</sup>	CHANGES FUNDING SOURCE FOR ADMINISTRATIVE EXPENSES <sup>6</sup>
Administrative and support services	(\$1,373)					
Water and atmospheric resources	(8,985)	\$1,150,000	\$5,100,000		\$7,000,000	
Total all funds	(\$10,358)	\$1,150,000	\$5,100,000	\$0	\$7,000,000	\$0
Less estimated income		<u>1,150,000</u>	<u>5,100,000</u>	<u>(246,312)</u>	<u>7,000,000</u>	<u>9,055,427</u>
General fund	(\$10,358)	\$0	\$0	\$246,312	\$0	(\$9,055,427)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

TOTAL  
CONFERENCE  
COMMITTEE  
CHANGES

Administrative and support services	(\$1,373)
Water and atmospheric resources	13,241,015
Total all funds	\$13,239,642
Less estimated income	<u>22,059,115</u>
General fund	(\$8,819,473)
FTE	0.00

<sup>1</sup> This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month.

<sup>2</sup> The conference committee agreed with the Senate amendment to increase the spending authority from the resources trust fund, based on total anticipated available funding, for water projects from \$52,863,116 to \$54,013,116.

<sup>3</sup> The conference committee agreed with the Senate amendment to increase spending authority by \$5,100,000 from the water development trust fund based on the anticipated amount available in the fund. The Senate version authorized a total of \$21,908,446 from the water development trust fund for water projects and bond payments. The conference committee version provided for \$1 million of the administrative expenses to be funded directly from the general fund and the remaining amount to be funded directly from the water development trust fund, thus increasing the total amount available to the State Water Commission for water projects, bond payments, and administrative expenses to \$29,963,873.

<sup>4</sup> This amendment adjusts total administrative expenses to reflect the total amount included in the executive budget recommendation. The total administrative expenses of the State Water Commission is \$10,055,427. The conference committee provided for \$1 million of these expenses to be funded from the general fund and the remaining amount from the water development trust fund. The Senate version provided for a transfer of \$8,055,427 from the water development trust fund to the general fund and the total amount of administrative expenses to be funded from the general fund.

<sup>5</sup> The conference committee authorized the State Water Commission to issue up to \$7 million in bonds, in addition to the \$60 million of authority included in House Bill No. 1153, for statewide water development projects. The Senate version authorized \$14 million in additional bonding authority.

<sup>6</sup> The conference committee removed the section providing for a transfer of \$8,055,427 from the water development trust fund to the general fund and provided that \$1 million of administrative expenses be funded directly from the general fund and the remaining amount of \$9,055,427 be funded directly from the water development trust fund.

The conference committee agreed with the Senate amendment adding an intent section that the administrative expenses of the State Water Commission be funded in the future from general fund moneys.

The conference committee agreed with the Senate amendment adding an intent section that up to \$500,000 be made available for water-related damages to infrastructure in Nelson County.

The conference committee provided for a direct appropriation from the general fund of \$1 million and the remaining administrative expenses of \$9,055,427 to be funded directly from the water development trust fund. The House amendment provided for an amount equal to the administrative expenses of the State Water Commission be transferred from the water development trust fund to the general fund. The Senate version reduced the transfer by \$2 million.

The conference committee added a section providing an exemption for the State Water Commission during the 2005-07 biennium from rent, legal, and audit fees.

The conference committee added a section providing that the State Water Commission may receive a cash advance of up to \$5 million from the general fund to pay for administrative expenses. The cash advance must be repaid by the end of the 2005-07 biennium.

Engrossed HB 1021 was placed on the Seventh order of business on the calendar.

**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. FISCHER MOVED** that the conference committee report on Engrossed HB 1021 be adopted, which motion prevailed on a voice vote.

Engrossed HB 1021, as amended, was placed on the Fourteenth order.

**SECOND READING OF HOUSE BILL**

**HB 1021:** A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission; to provide a line of credit and an appropriation for repayment; to amend and reenact section 61-02-23.3 of the North Dakota Century Code, relating to the operation of the Devils Lake outlet; to provide legislative intent; to provide water commission authority to issue bonds; to provide an exemption from payment of fees; and to authorize a cash advance from the general fund.

**ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 47 YEAS, 0 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Brown; Christmann; Cook; Dever; Erbele; Espgaard; Every; Fairfield; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heitkamp; Holmberg; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Lee, G.; Lee, J.; Lindaas; Lyson; Mathern; Mutch; Nelson; Nething; O'Connell; Robinson; Schobinger; Seymour; Stenehjem; Syverson; Tallackson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Triplett; Urlacher; Wardner; Warner

Engrossed HB 1021, as amended, passed and the title was agreed to.

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**REPORT OF CONFERENCE COMMITTEE**

**HB 1019, as engrossed:** Your conference committee (Sens. Andrist, Schobinger, Tallackson and Reps. Martinson, Rennerfeldt, Aarsvold) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1390-1391, adopt amendments as follows, and place HB 1019 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1390 and 1391 of the House Journal and pages 1043 and 1044 of the Senate Journal and that Engrossed House Bill No. 1019 be amended as follows:

Page 1, line 2, after "society" insert "; and to provide a contingent appropriation"

Page 1, line 22, replace "518,505" with "511,640"

Page 2, line 2, replace "8,923" with "8,674"

Page 2, line 4, replace "\$1,001,095" with "\$1,008,209"

Page 2, line 5, replace "(1,767,955)" with "(1,768,704)"

Page 2, line 6, replace "766,860" with "760,495"

Page 2, line 12, replace "5,596,695" with "5,589,830"

Page 2, line 18, replace "932,669" with "932,420"

Page 2, line 19, replace "10,649,881" with "10,642,767"

Page 2, line 20, replace "2,623,087" with "2,622,338"

Page 2, line 21, replace "8,026,794" with "8,020,429"

Page 2, after line 30, insert:

**"SECTION 6. CONTINGENT APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$35,000, or so much of the sum as may be necessary, to the state historical society for the purpose of constructing a monument in Roosevelt park in Minot to honor recipients of the medal of honor, for the biennium beginning July 1, 2005, and ending June 30, 2007. These funds may be spent only if the state historical society receives matching funds from any source for the monument after consultation and cooperation

with the Minot park board, veterans, veterans' groups, and other interested parties through an advisory committee appointed by the director of the state historical society."

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### House Bill No. 1019 - State Historical Society - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$5,617,445	\$5,596,695	(\$6,865)	\$5,589,830	\$5,589,830	
Operating expenses	1,493,706	1,508,706		1,508,706	1,508,706	
Capital assets	582,319	982,319		982,319	982,319	
Grants	1,300,000	1,300,000		1,300,000	1,300,000	
Cultural heritage grants	75,000	325,000		325,000	325,000	
Yellowstone-Missouri- Fort Union Commission	4,492	4,492		4,492	4,492	
Lewis and Clark Bicentennial Contingent appropriation	933,217	932,669	(249)	932,420	932,420	
			<u>35,000</u>	<u>35,000</u>		<u>\$35,000</u>
Total all funds	\$10,006,179	\$10,649,881	\$27,886	\$10,677,767	\$10,642,767	\$35,000
Less estimated income	<u>2,425,455</u>	<u>2,623,087</u>	<u>(749)</u>	<u>2,622,338</u>	<u>2,722,338</u>	<u>(100,000)</u>
General fund	\$7,580,724	\$8,026,794	\$28,635	\$8,055,429	\$7,920,429	\$135,000
FTE	57.00	57.00	0.00	57.00	57.00	0.00

#### Dept. 701 - State Historical Society - Detail of Conference Committee Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE <sup>1</sup>	ADDS CONTINGENCY FUNDING FOR MEDAL OF HONOR MONUMENT <sup>2</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$6,865)		(\$6,865)
Operating expenses			
Capital assets			
Grants			
Cultural heritage grants			
Yellowstone-Missouri- Fort Union Commission			
Lewis and Clark Bicentennial Contingent appropriation	(249)	<u>\$35,000</u>	<u>(249)</u>
Total all funds	(\$7,114)	\$35,000	\$27,886
Less estimated income	<u>(749)</u>		<u>(749)</u>
General fund	(\$6,365)	\$35,000	\$28,635
FTE	0.00	0.00	0.00

<sup>1</sup> This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month, the same as the Senate version.

<sup>2</sup> This amendment adds contingency funding of \$35,000 from the general fund for a grant to the Minot Park Board for a Medal of Honor monument to be located at Roosevelt Park in Minot.

The conference committee did not change the funding source for the Fort Abercrombie Interpretive Center project from the House version of \$200,000 from the general fund to be used to match \$200,000 of federal funds. The Senate version had replaced \$100,000 of general fund funding with \$100,000 of special funds spending authority.

Engrossed HB 1019 was placed on the Seventh order of business on the calendar.

#### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

**SEN. ANDRIST MOVED** that the conference committee report on Engrossed HB 1019 be adopted, which motion prevailed on a voice vote.

Engrossed HB 1019, as amended, was placed on the Fourteenth order.

#### SECOND READING OF HOUSE BILL

**HB 1019:** A BILL for an Act to provide an appropriation for defraying the expenses of the state historical society; and to provide a contingent appropriation.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 47 YEAS, 0 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Brown; Christmann; Cook; Dever; Erbele; Espegard; Every; Fairfield; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heitkamp; Holmberg; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Lee, G.; Lee, J.; Lindaas; Lyson; Mathern; Mutch; Nelson; Nething; O'Connell; Robinson; Schobinger; Seymour; Stenehjem; Syverson; Tallackson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Triplett; Urlacher; Wardner; Warner

Engrossed HB 1019, as amended, passed and the title was agreed to.

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**MOTION**

**SEN. CHRISTMANN MOVED** that the Senate stand in recess until 8:15 p.m., which motion prevailed.

**THE SENATE RECONVENED** pursuant to recess taken, with President Dalrymple presiding.

**MOTION**

**SEN. CHRISTMANN MOVED** that Engrossed SB 2021 be placed at the top of the Seventh order on the calendar, which motion prevailed.

**REPORT OF CONFERENCE COMMITTEE**

**SB 2021, as engrossed:** Your conference committee (Sens. Christmann, Fischer, Robinson and Reps. Skarphol, Monson, Glassheim) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1158-1161, adopt amendments as follows, and place SB 2021 on the Seventh order:

That the House recede from its amendments as printed on pages 1158-1161 of the Senate Journal and pages 1359-1363 of the House Journal and that Engrossed Senate Bill No. 2021 be amended as follows:

Page 1, line 2, after the semicolon insert "to provide an appropriation; to provide a contingent appropriation; to provide a statement of legislative intent;"

Page 2, line 3, replace "3,365,672" with "2,080,403"

Page 2, line 4, replace "16,792,816" with "9,926,842"

Page 2, line 6, replace "187,400" with "182,159"

Page 2, line 7, replace "(57,814)" with "91,936"

Page 2, line 9, replace "106,238" with "105,988"

Page 2, line 11, replace "8,219" with "8,094"

Page 2, line 13, replace "(2,360,110)" with "(2,216,110)"

Page 2, line 14, replace "\$1,855,446" with "(\$6,007,663)"

Page 2, line 15, replace "585,355" with "(7,569,758)"

Page 2, line 16, replace "1,270,091" with "1,562,095"

Page 2, line 23, replace "29,081,366" with "27,796,097"

Page 2, line 24, replace "48,913,676" with "42,047,702"

Page 2, line 26, replace "5,812,880" with "5,807,639"

Page 2, line 27, replace "736,004" with "885,754"

Page 2, line 29, replace "7,542,461" with "7,542,211"

Page 2, line 30, replace "686,562" with "686,437"

Page 2, line 31, replace "2,381,090" with "2,525,090"

Page 3, line 1, replace "108,167,550" with "100,304,441"

Page 3, line 2, replace "98,702,656" with "90,547,543"

Page 3, line 3, replace "9,464,894" with "9,756,898"

Page 3, after line 3, 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 \$125,000, or so much of the sum as may be necessary, to the secretary of state for a portion of the costs associated with migrating the agency's information technology data base from the AS/400 to a current platform, for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 5. CONTINGENT APPROPRIATION.** If the fifty-ninth legislative assembly authorizes the replacement of the department of human services' medicaid management information system, there is appropriated out of special funds derived from other income, not otherwise appropriated, the sum of \$8,125,784 to the information technology department for costs associated with development and implementation of the system, for the biennium beginning July 1, 2005, and ending June 30, 2007. The information technology department is authorized ten additional full-time equivalent positions for the project; however, the positions are only authorized until the development and implementation of the system is completed.

**SECTION 6. CRIMINAL JUSTICE INFORMATION SHARING AND EDUCATIONAL TECHNOLOGY COUNCIL.** If federal homeland security funding or other federal funding becomes available, the first \$175,000 must be used to complete all proposed criminal justice information sharing initiative projects totaling \$418,910. The next \$50,000 must be used to replace funding from the general fund appropriated for the criminal justice information sharing initiative projects with the savings being made available to the educational technology council for additional classroom video and classroom transformation grants. Any remaining funds must be used to replace funding appropriated from the general fund with the funds from the general fund remaining unspent."

Page 3, line 27, replace "5" with "8"

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### Senate Bill No. 2021 - Summary of Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Secretary of State						
Total all funds	\$0	\$0	\$125,000	\$125,000	\$0	\$125,000
Less estimated income						
General fund	\$0	\$0	\$125,000	\$125,000	\$0	\$125,000
Information Technology Department						
Total all funds	\$109,640,934	\$108,167,550	\$262,675	\$108,430,225	\$108,962,117	(\$531,892)
Less estimated income	98,830,575	98,702,656	(29,329)	98,673,327	98,673,327	
General fund	\$10,810,359	\$9,464,894	\$292,004	\$9,756,898	\$10,288,790	(\$531,892)
Industrial Commission						
Total all funds	\$0	\$0	\$0	\$0	\$100,000	(\$100,000)
Less estimated income						
General fund	\$0	\$0	\$0	\$0	\$100,000	(\$100,000)
Bill Total						
Total all funds	\$109,640,934	\$108,167,550	\$387,675	\$108,555,225	\$109,062,117	(\$506,892)
Less estimated income	98,830,575	98,702,656	(29,329)	98,673,327	98,673,327	
General fund	\$10,810,359	\$9,464,894	\$417,004	\$9,881,898	\$10,388,790	(\$506,892)

#### Senate Bill No. 2021 - Secretary of State - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages						
Operating expenses			\$125,000	\$125,000		\$125,000
Total all funds	\$0	\$0	\$125,000	\$125,000	\$0	\$125,000
Less estimated income						

General fund	\$0	\$0	\$125,000	\$125,000	\$0	\$125,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Dept. 108 - Secretary of State - Detail of Conference Committee Changes**

	PROVIDES FUNDING FOR INFORMATION TECHNOLOGY PROJECT <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages		
Operating expenses	<u>\$125,000</u>	<u>\$125,000</u>
Total all funds	\$125,000	\$125,000
Less estimated income	_____	_____
General fund	\$125,000	\$125,000
FTE	0.00	0.00

<sup>1</sup> This amendment provides a \$125,000 general fund appropriation to the Secretary of State for a portion of the costs associated with migrating the agency's information technology data base from the AS/400 to a current platform. Funding of \$250,000 from the general fund for the project was removed from the agency's appropriations bill, House Bill No. 1002, by the House and not restored by the Senate.

**Senate Bill No. 2021 - Information Technology Department - Conference Committee Action**

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages	\$29,200,029	\$29,081,366	(\$1,285,269)	\$27,796,097	\$27,796,097	
Operating expenses	48,913,676	48,913,676	(6,865,974)	42,047,702	42,047,702	
Capital assets	10,361,163	10,361,163		10,361,163	10,361,163	
Division of Independent Study	5,827,909	5,812,880	(5,241)	5,807,639	5,956,439	(\$148,800)
Educational Technology Council	1,755,189	736,004	149,750	885,754	1,093,936	(208,182)
EduTech	2,652,348	2,652,348		2,652,348	2,652,348	
Wide area network	7,543,414	7,542,461	(250)	7,542,211	7,542,211	
Geographic information system	687,206	686,562	(125)	686,437	686,437	
Criminal justice information sharing	2,700,000	2,381,090	144,000	2,525,090	2,700,000	(174,910)
Contingent appropriation	_____	_____	<u>8,125,784</u>	<u>8,125,784</u>	<u>8,125,784</u>	_____
Total all funds	\$109,640,934	\$108,167,550	\$262,675	\$108,430,225	\$108,962,117	(\$531,892)
Less estimated income	<u>98,830,575</u>	<u>98,702,656</u>	<u>(29,329)</u>	<u>98,673,327</u>	<u>98,673,327</u>	_____
General fund	\$10,810,359	\$9,464,894	\$292,004	\$9,756,898	\$10,288,790	(\$531,892)
FTE	265.20	265.20	0.00	265.20	265.20	0.00

**Dept. 112 - Information Technology Department - Detail of Conference Committee Changes**

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE	RESTORES FUNDING FOR THE EDUCATIONAL TECHNOLOGY COUNCIL <sup>1</sup>	RESTORES FUNDING FOR THE CRIMINAL JUSTICE INFORMATION SHARING INITIATIVE <sup>2</sup>	REMOVES FUNDING RELATING TO MMIS PROJECT AND PROVIDES A CONTINGENT APPROPRIATION <sup>3</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$25,459)			(\$1,259,810)	(\$1,285,269)
Operating expenses				(6,865,974)	(6,865,974)
Capital assets					
Division of Independent Study	(5,241)				(5,241)
Educational Technology Council	(250)	\$150,000			149,750
EduTech					
Wide area network	(250)				(250)
Geographic information system	(125)				(125)
Criminal justice information sharing			\$144,000		144,000
Contingent appropriation	_____	_____	_____	<u>8,125,784</u>	<u>8,125,784</u>
Total all funds	(\$31,325)	\$150,000	\$144,000	\$0	\$262,675
Less estimated income	<u>(29,329)</u>	_____	_____	_____	<u>(29,329)</u>
General fund	(\$1,996)	\$150,000	\$144,000	\$0	\$292,004
FTE	0.00	0.00	0.00	0.00	0.00

<sup>1</sup> This amendment increases funding for Educational Technology Council grants to schools by \$150,000, from \$435,000 to \$585,000, to provide funding of \$35,000 for learning management system licenses and \$550,000 for classroom video grants, classroom transformation grants, and atomic learning licenses. The Senate reduced funding for Educational Technology Council grants to schools by \$1,018,182, from \$1,453,182 to \$435,000, and the House increased funding by \$358,182, from \$435,000 to \$793,182. The following is a summary of funding for grants to schools for the 2005-07 biennium:

Executive budget	\$1,453,182
Senate version	\$435,000
House version	\$793,182
Conference committee version	\$585,000

<sup>2</sup> This amendment restores funding of \$144,000 from the general fund for the criminal justice information sharing initiative. The amendment also adds a section of legislative intent providing that if federal funds become available, the department should use the federal funds for the initiative before the funding appropriated from the general fund. The Senate reduced funding from the general fund for the criminal justice information sharing initiative by \$318,910, from \$700,000 to \$381,090, and the House restored the funding of \$318,910. The following is a summary of funding from the general fund for the criminal justice information sharing initiative for the 2005-07 biennium:

Executive budget	\$700,000
Senate version	\$381,090
House version	\$700,000
Conference committee version	\$525,090

<sup>3</sup> This amendment provides that the funding and FTE positions associated with the replacement of the Medicaid management information system is contingent upon the approval of the project by the Legislative Assembly. This change was also made by the House.

This amendment also provides that \$50,000 may be made available from the criminal justice information sharing line item to the Educational Technology Council line item for additional classroom video and classroom transformation grants if federal funds become available to complete all proposed criminal justice information sharing projects.

This amendment does not include a section to amend subsection 11 of North Dakota Century Code Section 28-32-01 to provide that certain policies, standards, and guidelines of the Information Technology Department are exempt from compliance with the Administrative Agencies Practice Act.

This amendment does not include funding of \$148,800 from the general fund for the Division of Independent Study for developing, publishing, and distributing a North Dakota studies textbook and workbook for grades 4 and 8 as the funding is included in House Bill No. 1013. This funding was included in the House version of the bill.

#### **Senate Bill No. 2021 - Industrial Commission - Conference Committee Action**

This amendment does not provide any funding for the Industrial Commission for the costs associated with connecting the state paleontologist located in the Heritage Center to Internet2, as provided in the House version of the bill.

Engrossed SB 2021 was placed on the Seventh order of business on the calendar.

#### **CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. CHRISTMANN MOVED** that the conference committee report on Engrossed SB 2021 be adopted, which motion prevailed on a voice vote.

Engrossed SB 2021, as amended, was placed on the Eleventh order.

#### **SECOND READING OF SENATE BILL**

**SB 2021:** A BILL for an Act to provide an appropriation for defraying the expenses of the information technology department; to provide an appropriation; to provide a contingent appropriation; to provide a statement of legislative intent; to amend and reenact subsection 4 of section 54-59-05 of the North Dakota Century Code, relating to the powers and duties of the information technology department; and to declare an emergency.

#### **ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 46 YEAS, 1 NAY, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Christmann; Cook; Dever; Erbele; Espegard; Every; Fairfield; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heitkamp; Holmberg; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Lee, G.; Lee, J.; Lindaas; Lyson; Mathern; Mutch; Nelson; Nothing; O'Connell; Robinson; Schobinger; Seymour; Stenehjerm; Syverson; Tallackson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Triplett; Urlacher; Wardner; Warner

**NAYS:** Brown

Reengrossed SB 2021 passed, the title was agreed to, and the emergency clause was declared carried.

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**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has adopted the conference committee report and subsequently passed: HB 1019, HB 1021.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has adopted the conference committee report and subsequently passed: SB 2373.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has adopted the conference committee report, subsequently passed, and the emergency clause carried: SB 2021.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has adopted the conference committee report, subsequently passed, and the emergency clause carried: SB 2003.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House has concurred in the Senate amendments and subsequently passed: HB 1530.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1020.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: SB 2018, SB 2032.

**MOTION**

**SEN. CHRISTMANN MOVED** that the Senate be on the Fourth, Fifth, Seventh, and Sixteenth orders of business and at the conclusion of those orders, the Senate stand adjourned until 8:00 a.m., Saturday, April 23, 2005, which motion prevailed.

**REPORT OF STANDING COMMITTEE**

**HB 1035, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1035 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a state government performance and accountability system pilot project.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:****SECTION 1. LEGISLATIVE COUNCIL - GOVERNMENT PERFORMANCE AND ACCOUNTABILITY SYSTEM PILOT PROJECT.**

The legislative council shall assign, to an interim committee, responsibility to establish a government performance and accountability system pilot project involving up to three executive branch agencies during the 2005-06 interim. The interim committee may include representatives of the office of management and budget and the state auditor's office. The legislative council shall report its findings and recommendations, along with any legislation necessary to implement its recommendations relating to the pilot project, to the sixtieth legislative assembly.

**SECTION 2. GOVERNMENT PERFORMANCE AND ACCOUNTABILITY SYSTEM PILOT PROJECT - GUIDELINES AND CRITERIA.** Each executive branch agency selected for inclusion in the pilot project shall, with input from the legislative council's interim committee:

1. Prepare biennial goals and objectives and related performance measurement indicators for major programs of the agency or department. The performance measures must provide, to the extent possible, the data necessary to assess the performance of major activities of an agency, including a program's efficiency and effectiveness; and provide a comparison, to the extent appropriate, to other states' performance measures.

2. Establish, to the extent possible, a three-year to five-year strategic plan to guide its operations and activities. The strategic plan must include:
  - a. The mission, goals, and objectives of the agency or department.
  - b. Identification of the groups of people served by the agency and the results of any methodology used to assess and improve services.
  - c. The strategies and activities utilized to meet agency or department goals and objectives.
  - d. A general description of the agency's or department's sources and uses of funds.
  - e. Estimated future service requirements and the resources that may be necessary to meet those requirements.
  - f. External factors affecting services of the agency or department.
  - g. The performance measurement indicators developed under this Act used to evaluate and assess the agency's or department's performance.
3. Prepare, to the extent possible, a biennial performance report that summarizes its goals and objectives, compares performance results to performance targets, provides explanations of any major variances between performance results and targets, presents multiyear trends in performance results, and, to the extent possible, provides comparisons to other states' performance results and national benchmarks."

Renumber accordingly

#### REPORT OF CONFERENCE COMMITTEE

**SB 2001, as engrossed:** Your conference committee (Sens. Holmberg, Kringstad, Lindaas and Reps. Monson, Carlson, Glassheim) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1182-1186, adopt amendments as follows, and place SB 2001 on the Seventh order:

That the House recede from its amendments as printed on pages 1182-1186 of the Senate Journal and pages 1349-1352 of the House Journal and that Engrossed Senate Bill No. 2001 be amended as follows:

Page 1, line 2, after the semicolon insert "to provide for governance of a legislative applications replacement system project; to provide for applications and transfers; to provide for a legislative council study; to amend and reenact section 54-03-20 of the North Dakota Century Code, relating to compensation of members of the legislative assembly; to provide an effective date;"

Page 2, line 5, replace "253,551" with "601,739"

Page 2, line 7, replace "100,000" with "226,085"

Page 2, line 9, replace "456,700" with "930,973"

Page 2, line 12, replace "255,125" with "251,007"

Page 2, line 16, replace "47,034" with "42,916"

Page 2, line 17, replace "503,734" with "973,889"

Page 2, line 26, replace "5,736,429" with "6,084,617"

Page 2, line 28, replace "106,000" with "232,085"

Page 2, line 30, replace "9,017,952" with "9,492,225"

Page 3, line 2, replace "5,171,154" with "5,167,036"

Page 3, line 5, replace "7,579,890" with "7,575,772"

Page 3, line 6, replace "16,597,842" with "17,067,997"

Page 3, after line 16, insert:

**"SECTION 5. LEGISLATIVE APPLICATIONS REPLACEMENT SYSTEM GOVERNANCE.** The legislative council shall develop, during the 2005-06 interim, a design, an analysis, and a plan for implementation of a replacement system for legislative applications. The legislative council staff and the information technology department staff shall develop a project plan. The legislative council's interim legislative management committee shall review the project plan and may request revisions to the plan before adopting the plan. The legislative council chairman may appoint an executive steering group for the project which may consist of members from the legislative council staff, members from the information technology department staff, and legislators. The project plan must be developed in a phased approach and must include a process for soliciting suggestions from members of the legislative assembly regarding system functions. After completion of a project phase, the legislative management committee shall review and approve the deliverables from the completed phase before any consideration may be made for a subsequent phase. The individual designated as the project manager shall provide reports regarding the project as required by chapters 54-35 and 54-59.

**SECTION 6. LEGISLATIVE COUNCIL STUDY - PRINTING OF BILLS AND RESOLUTIONS.** The legislative council, through its legislative management committee, shall study, during the 2005-06 interim, the feasibility and desirability of arranging for the printing of bills and resolutions for the sixtieth legislative assembly by using computers and high-speed printers rather than printing multiple copies of all bills and having copies available in the bill and journal room. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixtieth legislative assembly.

**SECTION 7. LEGISLATIVE COUNCIL STUDY - LEGISLATIVE MEETING ROOMS.** The legislative council, through its legislative management committee, shall study, during the 2005-06 interim, the need for additional legislative committee meeting rooms. The legislative council may expend any funds available for the remodeling of legislative meeting rooms if the study concludes that additional meeting rooms are needed. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixtieth legislative assembly.

**SECTION 8. LEGISLATIVE COUNCIL STUDY - DIVISION CHAIRMEN PAY.** The legislative council, through its legislative management committee, shall study, during the 2005-06 interim, the appropriateness of increasing the daily compensation for chairmen of substantive standing committee divisions established by rule of the house or senate. The legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixtieth legislative assembly.

**SECTION 9. APPLICATION AND TRANSFER AUTHORITY.** North Dakota Century Code sections 54-16-04 and 54-44.1-11 do not apply to chapter 1 of the 2003 Session Laws. Any unexpended funds from the appropriations in chapter 1 of the 2003 Session Laws may be used to assist in the cost of the legislative applications replacement project, including preplanning costs. The director of the office of management and budget and the state treasurer shall make transfers of funds between the line items and the agencies of the legislative branch within section 1 of that chapter as requested by the chairman of the legislative council or the chairman's designee.

**SECTION 10. AMENDMENT.** Section 54-03-20 of the North Dakota Century Code is amended and reenacted as follows:

**54-03-20. Compensation and expense reimbursement of members of the legislative assembly.**

1. Each member of the legislative assembly of the state of North Dakota is entitled to receive as compensation for services the sum of one hundred twenty-five dollars for each calendar day during any organizational, special, or regular legislative session and for each day that member attends a meeting of a legislative committee between the organizational session and the regular session as authorized by legislative rule.

2. Each member of the legislative assembly is entitled to receive reimbursement for lodging, which may not exceed a maximum of six hundred fifty dollars per calendar month for lodging in state, at the rates and in the manner provided in section 44-08-04 for each calendar day during the period of any organizational, special, or regular session.
3.
  - a. Members of the legislative assembly who receive reimbursement for lodging are also entitled to reimbursement for travel for not to exceed one round trip taken during any calendar week, or portion of a week, the legislative assembly is in session, between their residences and the place of meeting of the legislative assembly, at the rate provided for state employees with the additional limitation that reimbursement for travel by common carrier may be only at the cost of coach fare and may not exceed one and one-half times the amount the member would be entitled to receive as mileage reimbursement for travel by motor vehicle.
  - b. A member of the legislative assembly who does not receive reimbursement for lodging and whose place of residence in the legislative district that the member represents is not within the city of Bismarck is entitled to reimbursement at the rate provided for state employees for necessary travel for not to exceed one round trip taken per day between the residence and the place of meeting of the legislative assembly when it is in session and may receive reimbursement for lodging at the place of meeting of the legislative assembly as provided in section 44-08-04 for each calendar day for which round trip travel reimbursement is not claimed, provided that the total reimbursement may not exceed six hundred fifty dollars per month.
4. The amount to which each legislator is entitled must be paid following the organizational session in December and following each month during a regular or special session.
5. If during a special session, the legislative assembly adjourns for more than three days, a member of the legislative assembly is entitled to receive compensation during those days only while in attendance at a standing committee if the legislator is a member of that committee, a majority or minority leader, or a legislator who is not on that committee but who has the approval of a majority or minority leader to attend.
6. A day, or portion of a day, spent in traveling to or returning from an organizational, special, or regular session or a legislative committee meeting must be included as a calendar day during a legislative session or as a day of a legislative committee meeting for the purposes of this section.
7.
  - a. In addition, each member is entitled to receive during the term for which the member was elected, as compensation for the execution of public duties during the biennium, the sum of ~~two~~ three hundred fifty dollars a month, which is payable every six months or monthly, at the member's option.
  - b. If a member dies or resigns from office during the member's term, the member may be paid only the allowances provided for in this section for the period for which the member was actually a member.
  - c. The majority and minority leaders of the house and senate and the chairman of the legislative council, if the chairman is not a majority or minority leader, are each entitled to receive as compensation, in addition to any other compensation or expense reimbursement provided by law, the sum of two hundred fifty dollars per month during the biennium for their execution of public duties.
8. Attendance at any organizational, special, or regular session of the legislative assembly by any member is a conclusive presumption of entitlement as set out in this section and compensation and expense allowances must be excluded from gross income for income tax purposes to the extent permitted for federal income tax purposes under section 127 of the Economic Recovery Tax Act of 1981 [Pub. L. 97-34; 95 Stat. 202; 26 U.S.C. 162(i)].

**SECTION 11. EFFECTIVE DATE.** Section 10 of this Act becomes effective on July 1, 2005."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2001 - Summary of Conference Committee Action**

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Legislative Assembly						
Total all funds	\$13,117,952	\$9,017,952	\$474,273	\$9,492,225	\$9,180,314	\$311,911
Less estimated income						
General fund	\$13,117,952	\$9,017,952	\$474,273	\$9,492,225	\$9,180,314	\$311,911
Legislative Council						
Total all funds	\$7,598,596	\$7,579,890	(\$4,118)	\$7,575,772	\$7,575,772	\$0
Less estimated income						
General fund	\$7,598,596	\$7,579,890	(\$4,118)	\$7,575,772	\$7,575,772	\$0
Bill Total						
Total all funds	\$20,716,548	\$16,597,842	\$470,155	\$17,067,997	\$16,756,086	\$311,911
Less estimated income						
General fund	\$20,716,548	\$16,597,842	\$470,155	\$17,067,997	\$16,756,086	\$311,911

**Senate Bill No. 2001 - Legislative Assembly - Conference Committee Action**

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages	\$5,736,429	\$5,736,429	\$348,188	\$6,084,617	\$5,898,791	\$185,826
Operating expenses	2,997,773	2,997,773		2,997,773	2,997,773	
Capital assets	6,000	106,000	126,085	232,085	106,000	126,085
National Conference of State Legislatures	177,750	177,750		177,750	177,750	
Legislative applications replacement	4,200,000					
Total all funds	\$13,117,952	\$9,017,952	\$474,273	\$9,492,225	\$9,180,314	\$311,911
Less estimated income						
General fund	\$13,117,952	\$9,017,952	\$474,273	\$9,492,225	\$9,180,314	\$311,911
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Dept. 150 - Legislative Assembly - Detail of Conference Committee Changes**

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE	ADDS FUNDING FOR COMMITTEE ROOMS <sup>1</sup>	ADDS FUNDING FOR SOUND SYSTEM <sup>2</sup>	ADDS FUNDING FOR LEGISLATOR MONTHLY COMPENSATION <sup>3</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$16,100)			\$364,288	\$348,188
Operating expenses					
Capital assets		\$100,000	\$26,085		126,085
National Conference of State Legislatures					
Legislative applications replacement					
Total all funds	(\$16,100)	\$100,000	\$26,085	\$364,288	\$474,273
Less estimated income					
General fund	(\$16,100)	\$100,000	\$26,085	\$364,288	\$474,273
FTE	0.00	0.00	0.00	0.00	0.00

<sup>1</sup> The capital assets line item is increased by \$100,000 from the general fund to provide a total of \$200,000 for designing and remodeling space in the Capitol for an additional committee room or for refurbishing committee rooms.

<sup>2</sup> The capital assets line item is increased by \$26,085 from the general fund for replacing sound system mixers in the House chamber.

<sup>3</sup> A section is added increasing, effective July 1, 2005, legislators' monthly compensation by \$100 per month, from \$250 to \$350 per month.

A section is added providing for the governance of the legislative applications replacement system computer project by the Legislative Council. The House had added a similar section relating to the development and oversight of the project.

A section is added requiring a Legislative Council study of the feasibility of printing bills and resolutions using high-speed printers for the 2007 legislative session. The House had added a section of legislative intent that the Legislative Council arrange for this for the 2007 session.

A section is added requiring a Legislative Council study of the need for additional legislative committee meeting rooms.

A section is added allowing for continuation of any unspent 2003-05 biennium appropriation authority of the legislative branch for costs of the legislative applications replacement system computer project, the same as the House version.

Sections and funding added by the House increasing legislator pay by \$10 per day during legislative sessions are removed.

Sections and funding added by the House are removed which provided that chairmen of standing committee divisions receive an additional \$5 per day during legislative sessions, the same as standing committee chairmen, which was to be retroactive to January 1, 2005. A section is added providing that the Legislative Management Committee study, during the interim, the appropriateness of increasing the daily compensation for these division chairmen.

#### Senate Bill No. 2001 - Legislative Council - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages	\$5,189,860	\$5,171,154	(\$4,118)	\$5,167,036	\$5,167,036	
Operating expenses	2,367,736	2,367,736		2,367,736	2,367,736	
Capital assets	41,000	41,000		41,000	41,000	
Total all funds	\$7,598,596	\$7,579,890	(\$4,118)	\$7,575,772	\$7,575,772	\$0
Less estimated income						
General fund	\$7,598,596	\$7,579,890	(\$4,118)	\$7,575,772	\$7,575,772	\$0
FTE	33.00	33.00	0.00	33.00	33.00	0.00

#### Dept. 160 - Legislative Council - Detail of Conference Committee Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$4,118)	(\$4,118)
Operating expenses		
Capital assets		
Total all funds	(\$4,118)	(\$4,118)
Less estimated income		
General fund	(\$4,118)	(\$4,118)
FTE	0.00	0.00

Engrossed SB 2001 was placed on the Seventh order of business on the calendar.

#### REPORT OF CONFERENCE COMMITTEE

**SB 2023, as engrossed:** Your conference committee (Sens. Kringstad, Grindberg, Krauter and Reps. Carlson, Skarphol, Glassheim) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1154-1158, adopt amendments as follows, and place SB 2023 on the Seventh order:

That the House recede from its amendments as printed on pages 1154-1158 of the Senate Journal and pages 1363-1366 of the House Journal and that Engrossed Senate Bill No. 2023 be amended as follows:

Page 1, line 4, after "projects" insert "; to provide a statement of legislative intent" and after "study" insert "; to provide an appropriation; to amend and reenact section 48-01.1-09 of the North Dakota Century Code, relating to the use of a construction manager"

Page 1, line 20, replace "3,500,000" with "3,632,691"

Page 1, line 21, replace "3,300,000" with "3,500,000"

Page 2, line 7, replace "350,000" with "270,000"

Page 2, remove lines 10 and 11

Page 2, line 13, replace "28,595,557" with "23,348,248"

Page 2, after line 19, insert:

"The central grasslands research extension center may obtain and utilize federal and other funds to assist in the construction of an office addition at the central grasslands research extension center. There is appropriated to the central grasslands research extension center the sum of \$80,000, or so much of the sum as may be necessary, from any federal acts, private grants, gifts and donations, or other funds that may become available for this project for the period beginning with the effective date of this Act and ending June 30, 2007."

Page 3, remove lines 1 through 5

Page 3, line 11, replace "35,895,557" with "30,528,248"

Page 4, after line 2, insert:

**"SECTION 4. LEGISLATIVE INTENT - OLD MAIN RENOVATION.** It is the intent of the fifty-ninth legislative assembly that no state funding be used for any renovation projects of old main at Minot state university - Bottineau."

Page 4, line 4, remove "- HERITAGE CENTER"

Page 4, line 7, remove "This study must include the long-term needs of the North Dakota heritage center."

Page 4, after line 9, insert:

**"SECTION 6. APPROPRIATION - HERITAGE CENTER STUDY.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$150,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of conducting a study regarding an expanded heritage center, including archive storage, exhibit area, and all other such spaces necessary to complete the facility as outlined in the North Dakota state capitol complex master plan dated December 14, 2000. The study also must examine an alternate location for a comparable replacement facility on the capitol grounds taking into account the cost to retrofit the existing heritage center and long-range plans for the capitol grounds. The office of management and budget shall present the results of the study to the sixtieth legislative assembly.

**SECTION 7. AMENDMENT.** Section 48-01.1-09 of the North Dakota Century Code is amended and reenacted as follows:

**48-01.1-09. Use of construction manager.** If a governing body uses a construction manager on a public improvement, the construction manager must be a licensed contractor. The architect awarded the design contract and the construction manager awarded the construction management contract for a public improvement shall carry out their contractual duties as agents to the public improvement entity. The architect and construction manager may not construct any portion of the public improvement and may not contract with any contractor or subcontractor to construct any portion of the work. The construction manager awarded the contract for ~~construction of~~ a public improvement shall bond the entire cost of the project through a single bond; or through bonds provided by all bid packages and the construction manager's bond for the full amount of the construction manager's services. If the total of the bonds is less than the total project bid, the construction manager shall bond the difference between the total of the bonds and the total project bid."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**





**Dept. 110 - Office of Management and Budget - Detail of Conference Committee Changes**

	PROVIDES FUNDING FOR A STUDY OF EXPANDING THE HERITAGE CENTER <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Operating expenses	\$150,000	\$150,000
Capital assets		
Total all funds	\$150,000	\$150,000
Less estimated income		
General fund	\$150,000	\$150,000
FTE	0.00	0.00

<sup>1</sup> This amendment provides a \$150,000 general fund appropriation to the Office of Management and Budget for the purpose of conducting a study regarding an expansion of the Heritage Center, the same as the House version.

**Senate Bill No. 2023 - Attorney General - Conference Committee Action**

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Capital assets	<u>\$3,632,691</u>	<u>\$3,500,000</u>	<u>\$132,691</u>	<u>\$3,632,691</u>	<u>\$3,632,691</u>	
Total all funds	\$3,632,691	\$3,500,000	\$132,691	\$3,632,691	\$3,632,691	\$0
Less estimated income	<u>3,632,691</u>	<u>3,500,000</u>	<u>132,691</u>	<u>3,632,691</u>	<u>3,632,691</u>	
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Dept. 125 - Attorney General - Detail of Conference Committee Changes**

	RESTORES FUNDING FOR CRIME LAB ADDITION AND RENOVATION <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Capital assets	<u>\$132,691</u>	<u>\$132,691</u>
Total all funds	\$132,691	\$132,691
Less estimated income	<u>132,691</u>	<u>132,691</u>
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> This amendment fully restores funding for the crime lab addition and renovation to \$3,632,691, the same as the House version.

**Senate Bill No. 2023 - University of North Dakota - Conference Committee Action**

The conference committee did not change the House or Senate version for the University of North Dakota.

**Senate Bill No. 2023 - North Dakota State University - Conference Committee Action**

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Capital assets	<u>\$3,500,000</u>	<u>\$3,300,000</u>	<u>\$200,000</u>	<u>\$3,500,000</u>	<u>\$3,500,000</u>	
Total all funds	\$3,500,000	\$3,300,000	\$200,000	\$3,500,000	\$3,500,000	\$0
Less estimated income	<u>3,500,000</u>	<u>3,300,000</u>	<u>200,000</u>	<u>3,500,000</u>	<u>3,500,000</u>	
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Dept. 235 - North Dakota State University - Detail of Conference Committee Changes**

	RESTORES FUNDING FOR HAZARDOUS MATERIAL HANDLING AND STORAGE FACILITY <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Capital assets	<u>\$200,000</u>	<u>\$200,000</u>
Total all funds	\$200,000	\$200,000
Less estimated income	<u>200,000</u>	<u>200,000</u>
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> This amendment fully restores funding for the hazardous material handling and storage facility to \$3,500,000, the same as the House version.

#### **Senate Bill No. 2023 - State College of Science - Conference Committee Action**

The conference committee did not change the House or Senate version for the State College of Science.

#### **Senate Bill No. 2023 - Dickinson State University - Conference Committee Action**

The conference committee did not change the House or Senate version for Dickinson State University.

#### **Senate Bill No. 2023 - Minot State University - Bottineau - Conference Committee Action**

The conference committee did not change the House or Senate version for Minot State University - Bottineau Thatcher Hall addition but added a section of legislative intent regarding the renovation of Old Main at Minot State University - Bottineau.

#### **Senate Bill No. 2023 - Department of Human Services - Conference Committee Action**

The conference committee did not change the House or Senate version for the Department of Human Services.

#### **Senate Bill No. 2023 - Department of Corrections and Rehabilitation - Conference Committee Action**

The conference committee did not change the House or Senate version for the Department of Corrections and Rehabilitation.

#### **Senate Bill No. 2023 - Branch Research Centers - Conference Committee Action**

The conference committee provided a total of \$350,000 to the Central Grasslands Research Extension Center for an office addition, with \$270,000 from bonding funds and \$80,000 from federal and other funds. The Senate version provided \$350,000 for the office addition, all from bonding funds, and the House version had removed funding for this project.

#### **Senate Bill No. 2023 - Main Research Station - Conference Committee Action**

The conference committee did not change the House or Senate version for the Main Research Station.

#### **Senate Bill No. 2023 - State Historical Society - Conference Committee Action**

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Capital assets	<u>\$1,600,000</u>	<u>\$7,300,000</u>	<u>(\$5,700,000)</u>	<u>\$1,600,000</u>	<u>\$1,600,000</u>	_____
Total all funds	\$1,600,000	\$7,300,000	(\$5,700,000)	\$1,600,000	\$1,600,000	\$0
Less estimated income	<u>1,600,000</u>	<u>7,300,000</u>	<u>(5,700,000)</u>	<u>1,600,000</u>	<u>1,600,000</u>	_____
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

#### Dept. 701 - State Historical Society - Detail of Conference Committee Changes

	REMOVES FUNDING FOR HISTORICAL SOCIETY AND HERITAGE CENTER RESEARCH COLLECTIONS <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Capital assets	<u>(\$5,700,000)</u>	<u>(\$5,700,000)</u>
Total all funds	(\$5,700,000)	(\$5,700,000)
Less estimated income	<u>(5,700,000)</u>	<u>(5,700,000)</u>
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> This amendment removes funding for the Historical Society and Heritage Center research collections expansion, the same as the House version.

#### Senate Bill No. 2023 - Parks and Recreation Department - Conference Committee Action

The conference committee did not change the House or Senate version for the Parks and Recreation Department.

#### Senate Bill No. 2023 - Other Changes - Conference Committee Action

This amendment also adds a section to amend Section 48-01.1-09 relating to the use of a construction manager, the same as the House version.

Engrossed SB 2023 was placed on the Seventh order of business on the calendar.

#### REPORT OF CONFERENCE COMMITTEE

**HB 1013, as engrossed:** Your conference committee (Sens. Holmberg, Kringstad, Robinson and Reps. Brusegaard, Martinson, Guleson) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1502-1507, adopt amendments as follows, and place HB 1013 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1502-1507 of the House Journal and pages 1192-1197 of the Senate Journal and that Engrossed House Bill No. 1013 be amended as follows:

Page 1, line 4, replace the first "and" with "to provide for a legislative council study; to provide a statement of legislative intent;" and replace "sections" with "section"

Page 1, line 5, remove "15.1-02-01 and" and remove "the qualifications and"

Page 1, line 6, after "instruction" insert "; and to declare an emergency"

Page 3, line 8, replace "742,596" with "696,239"

Page 3, line 9, replace "2,109,485" with "1,834,485"

Page 3, line 11, replace "21,473,769" with "27,473,769"

Page 3, line 15, replace "25,403,839" with "25,743,839"

Page 3, line 19, replace "52,968,743" with "58,927,386"

Page 3, line 20, replace "29,792,978" with "29,784,889"

Page 3, line 21, replace "23,175,765" with "29,202,497"

Page 3, line 24, replace "138,550" with "135,555"

Page 3, line 27, replace "494,368" with "491,373"

Page 3, line 28, replace "27,568" with "27,194"

Page 3, line 29, replace "466,800" with "464,179"

Page 4, line 1, replace "84,501" with "201,314"

Page 4, line 4, replace "606,378" with "723,191"

Page 4, line 5, replace "330,918" with "454,220"

Page 4, line 6, replace "275,460" with "268,971"

Page 4, line 9, replace "128,781" with "125,411"

Page 4, line 12, replace "86,641" with "83,271"

Page 4, line 13, replace "(323,317)" with "(323,935)"

Page 4, line 14, replace "409,958" with "407,206"

Page 4, line 15, replace "24,327,983" with "30,342,853"

Page 4, line 16, replace "29,828,147" with "29,942,368"

Page 4, line 17, replace "54,156,130" with "60,285,221"

Page 4, line 27, replace "10,020,282" with "9,973,925"

Page 4, line 28, replace "15,167,308" with "14,892,308"

Page 4, line 29, replace "510,853,759" with "516,853,759"

Page 5, line 3, replace "207,659,083" with "207,999,083"

Page 5, line 5, replace "923,752,552" with "929,771,195"

Page 5, line 6, replace "295,851,781" with "295,843,692"

Page 5, line 7, replace "627,900,771" with "633,927,503"

Page 5, line 10, replace "2,217,121" with "2,214,126"

Page 5, line 13, replace "5,151,393" with "5,148,398"

Page 5, line 14, replace "1,657,547" with "1,657,173"

Page 5, line 15, replace "3,493,846" with "3,491,225"

Page 5, line 18, replace "4,894,309" with "5,011,122"

Page 5, line 21, replace "6,551,069" with "6,667,882"

Page 5, line 22, replace "1,202,367" with "1,325,669"

Page 5, line 23, replace "5,348,702" with "5,342,213"

Page 5, line 26, replace "2,669,073" with "2,665,703"

Page 5, line 29, replace "3,343,849" with "3,340,479"

Page 5, line 30, replace "844,066" with "843,448"

Page 5, line 31, replace "2,499,783" with "2,497,031"

Page 6, line 4, after "workbook" insert "including civic education"

Page 6, after line 5, insert:

**"SECTION 5. 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 division of independent study for the purpose of revitalizing civic education, for the biennium beginning July 1, 2005, and ending June 30, 2007."

Page 6, line 6, replace "639,391,902" with "645,456,772"

Page 6, line 7, replace "299,555,761" with "299,669,982"

Page 6, line 8, replace "938,947,663" with "945,126,754"

Page 6, after line 8, insert:

**"SECTION 6. APPROPRIATION.** There is appropriated from special funds derived from federal funds and other income the sum of \$30,000,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of providing grants for the period beginning with the effective date of this Act and ending June 30, 2005."

Page 8, replace lines 3 through 10 with:

**"SECTION 15. LEGISLATIVE COUNCIL STUDY - SCHOOL FOR THE DEAF AND VISION SERVICES - SCHOOL FOR THE BLIND.** The legislative council shall consider studying, during the 2005-06 interim, the potential for cooperative field service delivery between vision services - school for the blind and the school for the deaf. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly.

**SECTION 16. LEGISLATIVE COUNCIL STUDY - REPORT.** The legislative council shall study, during the 2005-06 interim, the state's elementary and secondary education system, including key measurements of student progress, programs that address the state's competitiveness with other states, costs incurred by the state relating to implementing the No Child Left Behind Act, and the most effective means of using taxpayer dollars at the state and local levels to ensure the best possible education for the children of this state. The legislative council also shall evaluate effective programs; opportunities for achievement; and statutory, regulatory, and political barriers to success. The legislative council shall receive input from teachers; administrators; parents; students; local business and community leaders; representatives of higher education; and may use technology, curricular, and programmatic consultants, among others. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly.

**SECTION 17. LEGISLATIVE INTENT.** It is the intent of the fifty-ninth legislative assembly that the department of public instruction not charge school districts for testing relating to the English language learner program."

Page 8, line 15, after "~~seventy five~~" insert "and"

Page 8, after line 17, insert:

**"SECTION 19. EMERGENCY.** Section 6 of this Act is declared to be an emergency measure."

Renumber accordingly

#### **STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1013 - Summary of Conference Committee Action**

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Department of Public Instruction						
Total all funds	\$930,021,612	\$923,752,552	\$6,018,643	\$929,771,195	\$928,721,195	\$1,050,000
Less estimated income	295,876,672	295,851,781	(8,089)	295,843,692	295,843,692	
General fund	\$634,144,940	\$627,900,771	\$6,026,732	\$633,927,503	\$632,877,503	\$1,050,000
Division of Independent Study						
Total all funds	\$0	\$148,800	\$50,000	\$198,800	\$148,800	\$50,000
Less estimated income						
General fund	\$0	\$148,800	\$50,000	\$198,800	\$148,800	\$50,000
State Library						
Total all funds	\$5,160,201	\$5,151,393	(\$2,995)	\$5,148,398	\$5,148,398	\$0
Less estimated income	1,658,575	1,657,547	(374)	1,657,173	1,657,173	
General fund	\$3,501,626	\$3,493,846	(\$2,621)	\$3,491,225	\$3,491,225	\$0
School for the Deaf						
Total all funds	\$6,815,119	\$6,551,069	\$116,813	\$6,667,882	\$6,544,455	\$123,427
Less estimated income	1,326,566	1,202,367	123,302	1,325,669	1,202,242	123,427
General fund	\$5,488,553	\$5,348,702	(\$6,489)	\$5,342,213	\$5,342,213	\$0
Vision Services - School for the Blind						
Total all funds	\$3,349,030	\$3,343,849	(\$3,370)	\$3,340,479	\$3,360,479	(\$20,000)
Less estimated income	845,535	844,066	(618)	843,448	843,448	
General fund	\$2,503,495	\$2,499,783	(\$2,752)	\$2,497,031	\$2,517,031	(\$20,000)
Bill Total						
Total all funds	\$945,345,962	\$938,947,663	\$6,179,091	\$945,126,754	\$943,923,327	\$1,203,427
Less estimated income	299,707,348	299,555,761	114,221	299,669,982	299,546,555	123,427
General fund	\$645,638,614	\$639,391,902	\$6,064,870	\$645,456,772	\$644,376,772	\$1,080,000

**House Bill No. 1013 - Department of Public Instruction - Conference Committee Action**

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$10,057,842	\$10,020,282	(\$46,357)	\$9,973,925	\$9,973,925	
Operating expenses	14,892,308	15,167,308	(275,000)	14,892,308	14,892,308	
Grants - State school aid	512,153,759	510,853,759	6,000,000	516,853,759	552,607,395	(\$35,753,636)
Grants - Tuition apportionment	71,600,000	71,600,000		71,600,000	50,120,000	21,480,000
Grants - Special education	52,500,000	52,500,000		52,500,000	52,500,000	
Grants - Revenue supplement	7,500,000	5,000,000		5,000,000	5,000,000	
Grants - Teacher compensation	50,912,120	50,912,120		50,912,120	35,638,484	15,273,636
Grants - Other grants	207,865,583	207,659,083	340,000	207,999,083	207,949,083	50,000
Reorganization bonuses	500,000					
JPA incentives	2,000,000					
National board certification	40,000	40,000		40,000	40,000	
Total all funds	\$930,021,612	\$923,752,552	\$6,018,643	\$929,771,195	\$928,721,195	\$1,050,000
Less estimated income	295,876,672	295,851,781	(8,089)	295,843,692	295,843,692	
General fund	\$634,144,940	\$627,900,771	\$6,026,732	\$633,927,503	\$632,877,503	\$1,050,000
FTE	92.75	92.75	0.00	92.75	92.75	0.00

**Dept. 201 - Department of Public Instruction - Detail of Conference Committee Changes**

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE	REDUCES FUNDING FOR SALARIES AND WAGES <sup>1</sup>	REDUCES FUNDING FOR OPERATING EXPENSES <sup>2</sup>	INCREASES FUNDING FOR STATE SCHOOL AID <sup>3</sup>	RESTORES FUNDING FOR THE NORTH DAKOTA LEAD CENTER <sup>4</sup>	RESTORES THE INCREASE IN FUNDING FOR THE NORTH DAKOTA MUSEUM OF ART <sup>5</sup>
Salaries and wages	(\$11,357)	(\$35,000)				
Operating expenses			(\$275,000)			
Grants - State school aid				\$6,000,000		
Grants - Tuition apportionment						
Grants - Special education						
Grants - Revenue supplement						
Grants - Teacher compensation						
Grants - Other grants					\$20,000	\$125,000
Reorganization bonuses						
JPA incentives						
National board certification						
Total all funds	(\$11,357)	(\$35,000)	(\$275,000)	\$6,000,000	\$20,000	\$125,000
Less estimated income	(8,089)					
General fund	(\$3,268)	(\$35,000)	(\$275,000)	\$6,000,000	\$20,000	\$125,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

RESTORES FUNDING FOR THE NORTH DAKOTA      RESTORES THE INCREASE IN FUNDING FOR THE NATIONAL      INCREASES FUNDING FOR      TOTAL CONFERENCE

	GOVERNOR'S SCHOOL <sup>6</sup>	WRITING PROJECTS <sup>7</sup>	ADULT EDUCATION <sup>8</sup>	COMMITTEE CHANGES
Salaries and wages				(\$46,357)
Operating expenses				(275,000)
Grants - State school aid				6,000,000
Grants - Tuition apportionment				
Grants - Special education				
Grants - Revenue supplement				
Grants - Teacher compensation				
Grants - Other grants	\$20,000	\$40,000	\$135,000	340,000
Reorganization bonuses				
JPA incentives				
National board certification				
<b>Total all funds</b>	<b>\$20,000</b>	<b>\$40,000</b>	<b>\$135,000</b>	<b>\$6,018,643</b>
Less estimated income				(8,089)
<b>General fund</b>	<b>\$20,000</b>	<b>\$40,000</b>	<b>\$135,000</b>	<b>\$6,026,732</b>
FTE	0.00	0.00	0.00	0.00

<sup>1</sup> This amendment reduces funding for salaries and wages by \$35,000 from the general fund. This change was also made by the Senate.

<sup>2</sup> This amendment reduces funding for operating expenses by \$275,000 from the general fund. This change was also made by the Senate.

<sup>3</sup> This amendment increases funding for state school aid by \$6,000,000, from \$510,853,759 as provided for by the House to \$516,853,759. The Senate had reallocated funding from tuition apportionment payments (\$21,480,000) and teacher compensation payments (\$15,273,636) to state school aid payments and increased funding by \$5,000,000 from the general fund for state school aid payments. The following is a summary of the funding for state school aid for the 2005-07 biennium.

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE VERSION	CONFERENCE COMMITTEE VERSION
State school aid				
Per student payments	\$476,703,759	\$493,453,759	\$518,457,395	\$482,703,759
Limited English proficient student payments	650,000	650,000	650,000	650,000
Transportation aid payments	34,800,000	16,750,000	33,500,000	33,500,000
<b>Total state school aid</b>	<b>\$512,153,759</b>	<b>\$510,853,759</b>	<b>\$552,607,395</b>	<b>\$516,853,759</b>
Tuition apportionment	71,600,000	71,600,000	50,120,000	71,600,000
Teacher compensation payments	50,912,120	50,912,120	35,638,484	50,912,120
<b>Total</b>	<b>\$634,665,879</b>	<b>\$633,365,879</b>	<b>\$638,365,879</b>	<b>\$639,365,879</b>

<sup>4</sup> This amendment restores funding of \$20,000 from the general fund for the North Dakota LEAD Center. The House removed the increase in funding of \$21,500 from the general fund provided in the executive budget recommendation for the center, and the Senate had restored funding of \$20,000 from the general fund for the center.

<sup>5</sup> This amendment restores funding of \$125,000 from the general fund for the North Dakota Museum of Art educational outreach initiative. The House removed the increase in funding provided in the executive budget recommendation for the initiative, and the Senate had restored funding of \$125,000 from the general fund for the initiative.

<sup>6</sup> This amendment restores funding of \$20,000 from the general fund for the North Dakota Governor's School. The House decreased funding for the Governor's School by \$20,000, from \$270,000 to \$250,000, and the Senate had restored the funding for the school.

<sup>7</sup> This amendment restores funding of \$40,000 from the general fund for the national writing projects. The House removed the increase in funding provided in the executive budget recommendation for the projects, and the Senate had restored the funding for the projects.

<sup>8</sup> This amendment increases funding for adult education by \$135,000, from \$920,000 to \$1,055,000. The Senate had increased funding for adult education by \$85,000 from the general fund to \$1,005,000. The following is a summary of the funding from the general fund for adult education for the 2005-07 biennium.

Executive budget	\$920,000
House version	\$920,000
Senate version	\$1,005,000
Conference committee version	\$1,055,000

This amendment:

- Adds a section appropriating \$30 million of special funds to the department for providing grants to school districts during the 2003-05 biennium. The Senate had added a section appropriating \$15 million of special funds for providing grants to school districts during the 2003-05 biennium.
- Adds a section providing for a Legislative Council study of the state's elementary and secondary education system. This section was not added by the Senate.
- Adds a section of legislative intent providing that the department shall not charge school districts for testing relating to the English language learner program. This section was not added by the Senate.
- Removes Section 13 of the engrossed bill amending Section 15.1-02-01 relating to the qualification of the Superintendent of Public Instruction. This section was also removed by the Senate.

## House Bill No. 1013 - Division of Independent Study - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
North Dakota studies textbook proposal		\$148,800		\$148,800	\$148,800	
Civic education			\$50,000	50,000		\$50,000
Total all funds	\$0	\$148,800	\$50,000	\$198,800	\$148,800	\$50,000
Less estimated income						
General fund	\$0	\$148,800	\$50,000	\$198,800	\$148,800	\$50,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

## Dept. 202 - Division of Independent Study - Detail of Conference Committee Changes

	PROVIDES FUNDING FOR REVITALIZING CIVIC EDUCATION <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
North Dakota studies textbook proposal		
Civic education	\$50,000	\$50,000
Total all funds	\$50,000	\$50,000
Less estimated income		
General fund	\$50,000	\$50,000
FTE	0.00	0.00

<sup>1</sup> This amendment provides a \$50,000 general fund appropriation to the Division of Independent Study for revitalizing civic education. This funding was not provided by either the House or the Senate.

## House Bill No. 1013 - State Library - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$2,225,929	\$2,217,121	(\$2,995)	\$2,214,126	\$2,214,126	
Operating expenses	1,381,772	1,381,772		1,381,772	1,381,772	
Grants	1,552,500	1,552,500		1,552,500	1,552,500	
Total all funds	\$5,160,201	\$5,151,393	(\$2,995)	\$5,148,398	\$5,148,398	\$0
Less estimated income	1,658,575	1,657,547	(374)	1,657,173	1,657,173	
General fund	\$3,501,626	\$3,493,846	(\$2,621)	\$3,491,225	\$3,491,225	\$0
FTE	28.75	28.75	0.00	28.75	28.75	0.00

## Dept. 250 - State Library - Detail of Conference Committee Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$2,995)	(\$2,995)
Operating expenses		
Grants		
Total all funds	(\$2,995)	(\$2,995)
Less estimated income	(374)	(374)
General fund	(\$2,621)	(\$2,621)
FTE	0.00	0.00

## House Bill No. 1013 - School for the Deaf - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$5,106,474	\$4,894,309	\$116,813	\$5,011,122	\$4,887,695	\$123,427
Operating expenses	1,429,150	1,377,265		1,377,265	1,377,265	
Capital assets	279,495	279,495		279,495	279,495	
Total all funds	\$6,815,119	\$6,551,069	\$116,813	\$6,667,882	\$6,544,455	\$123,427
Less estimated income	1,326,566	1,202,367	123,302	1,325,669	1,202,242	123,427
General fund	\$5,488,553	\$5,348,702	(\$6,489)	\$5,342,213	\$5,342,213	\$0
FTE	49.94	47.94	1.25	49.19	47.94	1.25



**Dept. 252 - School for the Deaf - Detail of Conference Committee Changes**

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE	RESTORES FUNDING FOR FTE POSITION <sup>1</sup>	RESTORES A PORTION OF AN FTE POSITION <sup>2</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$6,614)	\$123,427		\$116,813
Operating expenses				
Capital assets				
Total all funds	(\$6,614)	\$123,427	\$0	\$116,813
Less estimated income	(125)	123,427		123,302
General fund	(\$6,489)	\$0	\$0	(\$6,489)
FTE	0.00	1.00	0.25	1.25

<sup>1</sup> This amendment restores funding of \$123,427 from special funds for 1 FTE position removed by the House. The Senate did not restore the funding for the position.

<sup>2</sup> This amendment restores .25 of an FTE position that was inadvertently removed in the House amendments.

**House Bill No. 1013 - Vision Services - School for the Blind - Conference Committee Action**

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$2,674,254	\$2,669,073	(\$3,370)	\$2,665,703	\$2,685,703	(\$20,000)
Operating expenses	607,306	607,306		607,306	607,306	
Capital assets	67,470	67,470		67,470	67,470	
Total all funds	\$3,349,030	\$3,343,849	(\$3,370)	\$3,340,479	\$3,360,479	(\$20,000)
Less estimated income	845,535	844,066	(618)	843,448	843,448	
General fund	\$2,503,495	\$2,499,783	(\$2,752)	\$2,497,031	\$2,517,031	(\$20,000)
FTE	26.95	26.95	0.00	26.95	26.95	0.00

**Dept. 253 - Vision Services - School for the Blind - Detail of Conference Committee Changes**

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$3,370)	(\$3,370)
Operating expenses		
Capital assets		
Total all funds	(\$3,370)	(\$3,370)
Less estimated income	(618)	(618)
General fund	(\$2,752)	(\$2,752)
FTE	0.00	0.00

This amendment does not provide funding of \$20,000 from the general fund for temporary salaries and wages for Vision Services - School for the Blind as provided for by the Senate.

**House Bill No. 1013 - Other Changes - Conference Committee Action**

This amendment also adds a section providing for a Legislative Council study of the potential for cooperative field service delivery between Vision Services - School for the Blind and the School for the Deaf. This section was also added by the Senate.

Engrossed HB 1013 was placed on the Seventh order of business on the calendar.

**REPORT OF CONFERENCE COMMITTEE**

**HB 1020, as engrossed:** Your conference committee (Sens. Andrist, Schobinger, Tallackson and Reps. Martinson, Brusegaard, Gullerson) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1384-1386, adopt amendments as follows, and place HB 1020 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1384-1386 of the House Journal and pages 1044-1046 of the Senate Journal and that Engrossed House Bill No. 1020 be amended as follows:

Page 1, line 2, after the semicolon insert "to designate department of commerce tourism division Lewis and Clark bicentennial grants;"

Page 2, after line 4, insert:

"Subdivision 1."

Page 2, line 6, replace "529,031" with "523,038"

Page 2, line 9, replace "2,594,000" with "2,144,000"

Page 2, line 10, replace "~~(448,161)~~" with "~~(143,283)~~"

Page 2, line 11, replace "2,555,021" with "2,403,906"

Page 2, line 12, replace "1,602,586" with "1,602,087"

Page 2, line 13, replace "952,435" with "801,819"

Page 2, after line 13, insert:

"Subdivision 2.

#### INTERNATIONAL PEACE GARDEN

International Peace Garden	<u>\$250,000</u>
Total general fund - Adjustments/enhancements	\$250,000
Total general fund - Section 2	\$1,051,819
Total special funds - Section 2	\$1,602,087
Total all funds - Section 2	\$2,653,906"

Page 2, line 22, replace "5,783,597" with "5,777,604"

Page 2, line 25, replace "6,930,000" with "6,480,000"

Page 2, line 26, replace "312,457" with "617,335"

Page 2, line 27, replace "20,030,787" with "19,879,672"

Page 2, line 28, replace "12,374,693" with "12,374,194"

Page 2, line 29, replace "7,656,094" with "7,505,478"

Page 3, line 1, replace "352,854" with "602,854"

Page 3, line 2, replace "352,854" with "602,854"

Page 3, line 3, replace "8,008,948" with "8,108,332"

Page 3, line 4, replace "12,374,693" with "12,374,194"

Page 3, line 5, replace "20,383,641" with "20,482,526"

Page 3, after line 27, insert:

**"SECTION 8. TOURISM DIVISION OF DEPARTMENT OF COMMERCE - LEWIS AND CLARK BICENTENNIAL GRANTS.** The Lewis and Clark bicentennial line item in section 3 of Senate Bill No. 2018, as approved by the fifty-ninth legislative assembly, includes \$325,000 from the general fund that the tourism division shall provide as grants in the following amounts to the entities listed below during the biennium beginning July 1, 2005, and ending June 30, 2007:

Fort Abraham Lincoln foundation	\$100,000
Lewis and Clark foundation	\$100,000
Three affiliated tribes Lewis and Clark bicentennial	\$50,000
Standing Rock tourism, Lewis and Clark	\$50,000
Cowboy hall of fame	\$25,000"

ReNUMBER accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1020 - Summary of Conference Committee Action**

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Department of Commerce						
Total all funds	\$0	\$0	\$0	\$0	\$0	\$0
Less estimated income						
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Parks and Recreation Department						
Total all funds	\$20,185,974	\$20,030,787	(\$151,115)	\$19,879,672	\$19,879,672	\$0
Less estimated income	12,286,253	12,374,693	(499)	12,374,194	12,374,194	
General fund	\$7,899,721	\$7,656,094	(\$150,616)	\$7,505,478	\$7,505,478	\$0
International Peace Garden						
Total all funds	\$602,854	\$352,854	\$250,000	\$602,854	\$602,854	\$0
Less estimated income						
General fund	\$602,854	\$352,854	\$250,000	\$602,854	\$602,854	\$0
Bill Total						
Total all funds	\$20,788,828	\$20,383,641	\$98,885	\$20,482,526	\$20,482,526	\$0
Less estimated income	12,286,253	12,374,693	(499)	12,374,194	12,374,194	
General fund	\$8,502,575	\$8,008,948	\$99,384	\$8,108,332	\$8,108,332	\$0

**House Bill No. 1020 - Department of Commerce - Conference Committee Action**

A section is added directing the Tourism Division of the Department of Commerce to provide the following grants from the funds appropriated in the Lewis and Clark Bicentennial line item in Section 3 of Senate Bill No. 2018:

Fort Abraham Lincoln Foundation	\$100,000
Lewis and Clark Foundation	100,000
Three Affiliated Tribes Lewis and Clark Bicentennial	50,000
Standing Rock Tourism, Lewis and Clark	50,000
Cowboy Hall of Fame	25,000
Total	\$325,000

**House Bill No. 1020 - Parks and Recreation Department - Conference Committee Action**

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$5,946,469	\$5,783,597	(\$5,993)	\$5,777,604	\$5,777,604	
Operating expenses	4,361,533	4,299,533		4,299,533	4,299,533	
Capital assets	2,780,200	2,705,200		2,705,200	2,705,200	
Grants	6,480,000	6,930,000	(450,000)	6,480,000	6,480,000	
Lewis and Clark Bicentennial	617,772	312,457	304,878	617,335	617,335	
Total all funds	\$20,185,974	\$20,030,787	(\$151,115)	\$19,879,672	\$19,879,672	\$0
Less estimated income	12,286,253	12,374,693	(499)	12,374,194	12,374,194	
General fund	\$7,899,721	\$7,656,094	(\$150,616)	\$7,505,478	\$7,505,478	\$0
FTE	48.50	46.50	0.00	46.50	46.50	0.00

**Dept. 750 - Parks and Recreation Department - Detail of Conference Committee Changes**

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE 1	RESTORES FUNDING FOR FORT STEVENSON AND LAKE SAKAKAWEA PROJECTS 2	REMOVES FUNDING FOR GRANTS 3	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$5,993)			(\$5,993)
Operating expenses				
Capital assets				
Grants			(\$450,000)	(450,000)
Lewis and Clark Bicentennial	(122)	\$305,000		304,878
Total all funds	(\$6,115)	\$305,000	(\$450,000)	(\$151,115)
Less estimated income	(499)			(499)
General fund	(\$5,616)	\$305,000	(\$450,000)	(\$150,616)
FTE	0.00	0.00	0.00	0.00

1 This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month, the same as the Senate version.

2 This amendment restores funding of \$160,000 from the general fund for the Fort Stevenson State Park campground rehabilitation and \$145,000 from the general fund for the Lake Sakakawea State Park campground utilities upgrade, for a total of \$305,000 from the general fund that the House had removed. This is the same as the Senate version.

<sup>3</sup> This amendment removes \$450,000 from the general fund that was added by the House for grants to specific entities, the same as the Senate version.

### House Bill No. 1020 - International Peace Garden - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
International Peace Garden	<u>\$602,854</u>	<u>\$352,854</u>	<u>\$250,000</u>	<u>\$602,854</u>	<u>\$602,854</u>	_____
Total all funds	\$602,854	\$352,854	\$250,000	\$602,854	\$602,854	\$0
Less estimated income	_____	_____	_____	_____	_____	_____
General fund	\$602,854	\$352,854	\$250,000	\$602,854	\$602,854	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

### Dept. 751 - International Peace Garden - Detail of Conference Committee Changes

	RESTORES FUNDING FOR THE CONFLICT RESOLUTION CENTER <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
International Peace Garden	<u>\$250,000</u>	<u>\$250,000</u>
Total all funds	\$250,000	\$250,000
Less estimated income	_____	_____
General fund	\$250,000	\$250,000
FTE	0.00	0.00

<sup>1</sup> This amendment restores funding the House removed for a grant to the International Peace Garden for planning relating to the construction of a conflict resolution center, the same as the Senate version.

Engrossed HB 1020 was placed on the Seventh order of business on the calendar.

### REPORT OF CONFERENCE COMMITTEE

**HB 1154, as reengrossed:** Your conference committee (Sens. Freborg, Flakoll, Seymour and Reps. R. Kelsch, Haas, Mueller) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1507-1523, adopt amendments as follows, and place HB 1154 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1507-1523 of the House Journal and pages 1000-1016 of the Senate Journal and that Reengrossed House Bill No. 1154 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 15.1-07 of the North Dakota Century Code, relating to educational association board reimbursement; to amend and reenact sections 15.1-06-04, 15.1-06-06, 15.1-07-28, 15.1-09-01, 15.1-12-26, 15.1-12-27, 15.1-12-29, 15.1-18-07, 15.1-22-01, 15.1-27-04, 15.1-27-05, 15.1-27-06, 15.1-27-07, 15.1-27-11, 15.1-27-15, 15.1-27-35, 15.1-27-37, 15.1-27-39, 15.1-27-40, 15.1-28-03, 15.1-29-03, 15.1-29-04, and 15.1-29-12 of the North Dakota Century Code and section 37 of chapter 667 of the 2003 Session Laws, relating to school calendars, school boards, teacher qualifications, school district dissolutions, the school district equalization factor, weighting factors, supplemental payments, isolated schools, and tuition payments; to repeal sections 15.1-09-42, 15.1-12-11.1, and 15.1-12-11.2 of the North Dakota Century Code, relating to instructional conferences and reorganization bonus payments; to provide for transportation grants; to provide for contingent payments; to provide for teacher compensation; to provide for a report to the legislative council; to provide an appropriation; to provide an effective date; and to declare an emergency.

### BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

**SECTION 1. AMENDMENT.** Section 15.1-06-04 of the North Dakota Century Code is amended and reenacted as follows:

#### 15.1-06-04. School calendar - Length.

1. During each school year, a school district shall provide for a school calendar of at least one hundred eighty days, apportioned as follows:

- a. One hundred seventy-three full days of instruction;
  - b. Three holidays listed in subdivisions b through j of subsection 1 of section 15.1-06-02 and selected by the school board in consultation with district teachers;
  - c. ~~Two days for the attendance of teachers at the North Dakota education association instructional conference; and~~
  - e. Up to two full days during which parent-teacher conferences are held or which are deemed by the school board to be compensatory time for parent-teacher conferences held outside regular school hours; and
  - d. Two days for professional development activities.
2. a. In meeting the requirements for two days of professional development activities under subsection 1, a school district may require that its teachers attend the North Dakota education association instructional conference and may pay teachers for attending the conference, provided attendance is verified.
- b. In meeting the requirements for two days of professional development activities under subsection 1, a school district may consider attendance at the North Dakota education association instructional conference to be optional, elect not to pay teachers for attending the instructional conference, and instead direct any resulting savings toward providing alternate professional development opportunities.
3. A school district may not require the attendance of teachers in school or at any school-sponsored, school-directed, school sanctioned, or school related activities and may not schedule classroom instruction time nor alternate professional development activities on any day that conflicts with the North Dakota education association instructional conference.
- 2- 4. A full day of instruction consists of:
- a. At least five and one-half hours for elementary students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction; and
  - b. At least six hours for high school students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction.
- 3- 5. If a school's calendar provides for an extension of each schoolday beyond the statutorily required minimum number of hours, and if the extensions when aggregated over an entire school year amount to more than eighty-four hours of additional classroom instruction during the school year, the school is exempt from having to make up six hours of instruction time lost as a result of weather-related closure. In order to make up lost classroom instruction time beyond the six hours, the school must extend its normal school calendar day by at least thirty minutes.
- 4- 6. A school that does not qualify under the provisions of subsection 3 must extend its normal schoolday by at least thirty minutes to make up classroom instruction time lost as a result of weather-related closure.
- 5- 7. If because of weather a school must dismiss before completing a full day of instruction, the school is responsible for making up only those hours and portions of an hour between the time of early dismissal and the conclusion of a full day of classroom instruction.

**SECTION 2. AMENDMENT.** Section 15.1-06-06 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-06-06. Approval of public and nonpublic schools.** Each public and nonpublic school in this state offering elementary or secondary education to students must be approved by the superintendent of public instruction. Except as otherwise provided by law, the superintendent may not approve a school unless:

1. ~~Each classroom teacher holds a valid teaching certificate issued~~ is licensed to teach by the education standards and practices board or approved to teach by the education standards and practices board;
2. Each classroom teacher is teaching only in those course areas or fields for which the teacher is licensed or for which the teacher has received an exception under section 2 of House Bill No. 1076, as approved by the fifty-ninth legislative assembly;
3. The students are offered all subjects required by law; and
- 3- 4. The school is in compliance with the calendar requirements set forth in section 15.1-06-04; and
5. The school is in compliance with all local and state health, fire, and safety laws.

**SECTION 3. AMENDMENT.** Section 15.1-07-28 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-07-28. Educational association - Joint powers agreement - ~~Approval~~ Review by superintendent of public instruction - Criteria.** ~~If Before school districts participating in an educational association governed by a joint powers agreements under chapter 54-40.3 wish to agreement may receive reimbursement for expenses any moneys, as provided in section 15.1-27-40, the school districts must request that the superintendent of public instruction approve their shall review the joint powers agreement. In order for the superintendent of public instruction to approve a joint powers agreement, the superintendent shall determine and annually and verify that:~~

1. a. ~~The participating school districts are contiguous; and~~
  - b. ~~(1) The participating in the agreement have:~~
    - a. ~~A combined total land mass of the participating school districts exceeds four at least five thousand eight hundred square miles [4035995 1502193 hectares];~~
    - (2) ~~The~~
    - b. ~~A combined total land mass of the participating school districts exceeds two at least four thousand five hundred square miles [647497 1165494 hectares] and the participating school districts number at least six twelve; or~~
    - (3) ~~The~~
    - c. ~~A combined total land mass of the participating school districts exceeds two at least four thousand five hundred square miles [1035995 hectares] and the total number of have at least three thousand students in average daily membership in the participating school districts exceeds two thousand five hundred.~~
2. ~~The joint powers agreement provides that a school district contiguous to any school district already participating in the joint powers agreement may become a participant in the agreement at any time.~~
3. ~~The joint powers agreement requires that the participating school districts agree to maintain a joint operating fund, agree to share administrative functions, or agree to implement various common requirements; provided that:~~
  - a. ~~If the participating school districts agree to establish a joint operating fund, the joint powers agreement must require that during the first school year following approval, the participating school districts shall establish a joint operating fund equal to at least two percent of the participating districts' total expenditures for the school year ending on the June thirtieth preceding the date of approval; during the second school year following approval, the participating school districts shall establish a joint operating fund equal to at least four percent of the~~

~~participating districts' total expenditures for the school year ending on the June thirtieth preceding the date of approval; and during the fifth school year following approval, the participating school districts shall establish a joint operating fund equal to at least six percent of the participating districts' total expenditures for the school year ending on the June thirtieth preceding the date of approval;~~

- b. ~~If the participating school districts agree to share administrative functions, the joint powers agreement must require that during the first school year following approval, all of the participating districts shall share in the administration of at least three services; during the third school year following approval, all of the participating districts shall share in the administration of at least five services; and during the fifth school year following approval, all of the participating districts shall share in the administration of at least seven services; and that the list from which the participating districts must select the services to be shared consists of:~~
- ~~(1) Federal title program management;~~
  - ~~(2) Staff development;~~
  - ~~(3) Special education delivery;~~
  - ~~(4) Curriculum development or delivery;~~
  - ~~(5) Career and technical education delivery;~~
  - ~~(6) Student instructional support;~~
  - ~~(7) Media and technology;~~
  - ~~(8) Business management;~~
  - ~~(9) Distance learning;~~
  - ~~(10) Student counseling;~~
  - ~~(11) Food and nutrition;~~
  - ~~(12) Facility safety and health;~~
  - ~~(13) School accreditation and improvement; and~~
  - ~~(14) Transportation; and~~
- e. ~~If the participating school districts agree to implement various common requirements, the joint powers agreement must require that during the first school year following approval, all of the participating districts shall implement at least three requirements; during the third school year following approval, all of the participating districts shall implement at least six requirements; and during the fifth school year following approval, all of the participating districts shall implement at least eight requirements; and that the list from which the participating districts must select the requirements to be implemented consists of:~~
- ~~(1) A common school calendar;~~
  - ~~(2) A common class schedule;~~
  - ~~(3) A common intranet communication system;~~
  - ~~(4) A common class registration process for grades seven through twelve;~~
  - ~~(5) A common curriculum for each grade level from kindergarten through six;~~
  - ~~(6) A common student data system;~~

- (7) A common school improvement and staff development process;
  - (8) Common services, as set forth in a five-year plan;
  - (9) A school facilities plan; and
  - (10) Joint funding of dual credit and advance placement courses; or
- d. A combined total land mass of at least one thousand five hundred square miles [388498 hectares] and have at least seven thousand five hundred students in average daily membership.
2. The school districts participating in the agreement are contiguous to each other or, if the districts are not contiguous to each other, the superintendent of public instruction shall verify that the participating districts can provide sound educational opportunities to their students in a fiscally responsible manner without injuring other school districts or educational associations governed by joint powers agreements and without negatively impacting the ability of other school districts or educational associations governed by joint powers agreements from providing sound educational opportunities to their students in a fiscally responsible manner. A decision by the superintendent of public instruction under this subsection may be appealed to the state board of public school education. A decision by the state board is final.
3. The joint powers agreement requires that the participating school districts maintain a joint operating fund and share various administrative functions and student services in accordance with subsection 4.
4. a. During the first two school years in which an educational association governed by a joint powers agreement is operational, each of the participating school districts shall share in at least two administrative functions and two student services, selected by the district.
- b. During the third and fourth school years in which an educational association governed by a joint powers agreement is operational, each of the participating school districts shall share in at least three administrative functions and three student services, selected by the district.
- c. During the fifth school year in which an educational association governed by a joint powers agreement is operational, and each year thereafter, each participating school district shall share at least five administrative functions and five student services, selected by the district.
- d. For purposes of this subsection:
- (1) "Administrative functions" means:
    - (a) Business management;
    - (b) Career and technical education services management;
    - (c) Curriculum mapping or development;
    - (d) Data analysis;
    - (e) Federal program support;
    - (f) Federal title program management;
    - (g) Grant writing;
    - (h) School improvement;
    - (i) School safety and environment management;
    - (j) Special education services management;
    - (k) Staff development;



- (l) Staff retention and recruitment;
  - (m) Staff sharing;
  - (n) Technology support; and
  - (o) Any other functions approved by the superintendent of public instruction.
- (2) Student services means:
- (a) Advanced placement classes;
  - (b) Alternative high schools or alternative high school programs;
  - (c) Career and technical education classes;
  - (d) Counseling services;
  - (e) Common elementary curricula;
  - (f) Distance learning classes;
  - (g) Dual credit classes;
  - (h) Foreign language classes;
  - (i) Library and media services;
  - (j) Summer programs;
  - (k) Supplemental instruction programs; and
  - (l) Any other services approved by the superintendent of public instruction.
- e. For purposes of this subsection, if an educational association governed by a joint powers agreement became operational before July 1, 2005, the 2005-06 school year must be considered the association's first year of operation.
5. The joint powers agreement provides:
- a. Criteria for the future participation of school districts that were not parties to the original joint powers agreement;
  - b. An application process by which school districts that were not parties to the original joint powers agreement can become participating districts; and
  - c. A process by which school districts that were not parties to the original joint powers agreement and whose application to participate in the agreement was denied can appeal the decision to the superintendent of public instruction.
4. ~~6.~~ The joint powers agreement provides for the employment and compensation of a chief administrator and other any staff necessary to carry out the provisions of the agreement and the requirements of this section and section 15.1 27-37 Act.
7. The joint powers agreement provides for a governing board that consists only of individuals who serve on the boards of the participating school districts or designees of the respective school board members, provided however that a joint powers agreement may allow for the inclusion of ex officio nonvoting members on the educational association's board.
8. The joint powers agreement provides that the board of the educational association shall meet at least quarterly.

9. The joint powers agreement does not permit the educational association to compensate members of the educational association board for attending meetings of the board and that it does not permit the educational association to reimburse members of the board for any expenses incurred in attending meetings of the educational association board.

**SECTION 4.** A new section to chapter 15.1-07 of the North Dakota Century Code is created and enacted as follows:

**Compensation - Reimbursement - Extraordinary service.** The board of an educational association established under section 15.1-07-28 may provide compensation and reimbursement to any board member who, at the direction of the board, performs extraordinary service on behalf of the board. For purposes of this section, "extraordinary service" means duties beyond those reasonably expected of members of the board and includes travel to and attendance at national meetings or conventions.

**SECTION 5. AMENDMENT.** Section 15.1-09-01 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-09-01. School board membership - Size and term adjustments.**

1. The board of a school district ~~is~~ must be composed of five, seven, or nine members, ~~unless:~~
  - a. ~~The electors of the district increase the size of the board under this section;~~
  - b. ~~The size of the board was increased under a prior law; or~~
  - e. ~~The board, on July 1, 1971, was composed of more or fewer than five members, in which case the number of members must remain unchanged unless increased under this section.~~
2. The size of ~~any a~~ school district board may be increased to ~~either five, seven, or nine~~ members or decreased to seven or five members if a petition is signed by qualified electors of the school district equal in number to at least one-third of those who voted at the most recent annual school district election and the change is approved by a majority of the qualified electors of the school district voting on the question at a special election called for that purpose.
3. If a majority of the qualified voters in a school district elect to increase the size of the school board, the additional members must be elected to the board at the next annual school district election in the same manner as other board members.
  - a. ~~If the total number of board members after approval of the increase is five, the terms of two members extend until the first annual election, the terms of two members extend until the second annual election, and the term of the remaining member extends until the third annual election.~~
  - b. ~~If the total number of board members after approval of the increase is seven, the terms of three members extend until the first annual election, the terms of two members extend until the second annual election, and the terms of the remaining two members extend until the third annual election.~~
  - e. b. If the total number of board members after approval of the increase is nine, the terms of three members extend until the first annual election, the terms of three members extend until the second annual election, and the terms of the remaining three members extend until the third annual election.
  - d. c. The length of the terms specified in this ~~section~~ subsection must be determined by lot.

- e- d. All board members shall serve for the terms specified in this ~~section~~ subsection and until their successors are elected and qualified.
  - f. e. The length of any term in existence before the increase in board membership and held by a board member who is duly qualified may not be modified.
  - g- f. Terms subsequent to the first term are for the normal period of three years and extend until a successor is elected and qualified.
4. If on July 1, 2005, the board of any school district contains only three members, the board must be increased to five members and the additional members must be elected at the next annual school district election, in the same manner as other board members. The initial term of one additional member must be one year and the initial term of the other additional member must be two years. The length of the terms specified in this subsection must be determined by lot. Thereafter, the size of the board may be increased in accordance with subsections 2 and 3.
5. The voters of a school district shall elect school board members at large. If, however, the district has been reorganized, board members may be elected at large, by geographical area, or at large by geographical area.
- ~~5.~~ 6. An election on a reorganization proposal takes the place of the petition and election requirements of this section. Approval of the reorganization proposal has the same effect as if the approval were by the election provided for in this section.
- ~~6.~~ 7. If the qualified electors of a district approve a reduction in the size of the school board, the excess number of members will serve out existing terms until the number approved by the electors has been reached.
- ~~7.~~ 8. If the board of a school district has elected to convert its members' terms to four years and has also increased the number of its board members, the board by lot or by some other random selection method shall provide for a combination of initial terms of office not to exceed four years for the new members. The combination must equalize to the greatest extent possible the number and length of terms for old board members and for new members to be elected during the next three election years. The members' terms must be staggered and must expire in even-numbered years.
- ~~8.~~ 9. Notwithstanding the provisions of this section, the board of education of the city of Fargo consists of nine members.

**SECTION 6. AMENDMENT.** Section 15.1-12-26 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-12-26. Dissolution of school district - Grounds.**

1. A county committee shall initiate proceedings to dissolve a school district and attach the property to other operating high school districts when it is notified in writing by the county superintendent of schools whose jurisdiction includes the administrative headquarters of the district that:
  - a. The district is financially unable to effectively and efficiently educate its students;
  - b. The district has not operated a school as required by section 15.1-12-24; or
  - c. A school board has determined that dissolution is in the best interest of its students.
2. Except as provided in subsection 3, a county committee shall initiate proceedings under section 15.1-12-27 to attach real property to an operating high school district when it is notified in writing by the county superintendent that:

- a. Real property has been severed from its school district by the expansion of a city and the severed portion is not contiguous with its district; or
  - b. There exists real property that does not belong to a school district.
3. If a school district reorganization plan which does not include all real property in a district is approved by the electors, the county committee shall, within forty-five days after the election, hold a hearing under section ~~45.4-12-29~~ 15.1-12-27 to attach the remaining property to one or more operating high school districts.
4. Receipt of notice by a county committee under this section:
- a. Renders an annexation petition involving any real property in the district void, unless the annexation has already been approved by the state board; and
  - b. Prohibits the acceptance of a new annexation petition involving any real property in the district until all dissolution proceedings have been completed.
5. One or more annexation petitions may not be used to annex all of the real property in a school district to surrounding school districts.

**SECTION 7. AMENDMENT.** Section 15.1-12-27 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-12-27. Dissolution of school district - Notice - Hearing - Order of attachment.**

1. The county superintendent shall schedule and give notice of a public hearing regarding the dissolution of the district and the subsequent attachment of the property to other high school districts. The county superintendent shall publish the notice in the official newspaper of each county that encompasses property in the dissolving district and in the official newspaper of each county that encompasses property in a high school district adjacent to the dissolving district, at least fourteen days before the date of the hearing. The county superintendent shall provide notice of the public hearing to the business manager of each high school district adjacent to the dissolving district.
2. At the hearing, the board of the dissolving district may propose a particular manner of dissolution.
3. The county committee shall consider testimony and documentary evidence regarding:
  - a. The value and amount of property held by the dissolving school district;
  - b. The amount of all outstanding bonded and other indebtedness;
  - c. The distribution of property and assets among the high school districts to which the dissolved district is attached;
  - d. The taxable valuation of the dissolving district and adjacent high school districts and the taxable valuation of adjacent high school districts under the proposed manner of dissolution;
  - e. The size, geographical features, and boundaries of the dissolving district and of adjacent high school districts;
  - f. The number of students in the dissolving district and in adjacent high school districts;
  - g. The general population of the dissolving district and adjacent high school districts;

- h. Each school in the dissolving district and in adjacent high school districts, including its name, location, condition, accessibility, and the grade levels it offers;
  - i. The location and condition of roads, highways, and natural barriers in the dissolving district and in adjacent high school districts;
  - j. Conditions affecting the welfare of students in the dissolving district and in adjacent high school districts;
  - k. The boundaries of other governmental entities;
  - l. The educational needs of communities in the dissolving district and in adjacent high school districts;
  - m. Potential savings in school district transportation and administrative services;
  - n. The anticipated future use of the dissolving districts' buildings, sites, and playfields;
  - o. The potential for a reduction in per student valuation disparities between the high school districts to which the dissolved district is attached;
  - p. The potential to equalize or increase the educational opportunities for students from the dissolving district and for students in adjacent high school districts; and
  - q. All other relevant factors.
4. After the hearing, the county committee shall make findings of fact. Subject to final approval by the state board, the county committee may order the district dissolved and its real property attached to one or more contiguous, operating high school districts.
  5. Any property ordered attached under this section must have at least one minor residing within its boundaries.
  6. The county superintendent shall forward all minutes, records, documentary evidence, and other information regarding the dissolution proceeding together with a copy of the county committee's order to the state board for final approval of the dissolution. The state board shall publish notice of its meeting at which it will consider the dissolution, in the official newspapers of the counties required for publication under subsection 1, at least fourteen days before the meeting.
  7. The order of dissolution becomes effective July first following approval by the state board, unless the county committee provides for a different effective date.
  8. If the boundaries of the dissolving school district cross county lines, the proceeding to dissolve the district must be conducted jointly by the county committees representing counties containing twenty-five percent or more of the dissolving district's taxable valuation. If, after the hearing, a majority of the county committees are unable to agree upon an order of dissolution and attachment, the county superintendent of the county in which the administrative headquarters of the dissolving school district is located shall notify the state board. The state board shall conduct a public hearing, as required in this section, and order the dissolution of the district and the attachment of its real property to adjacent high school districts in the manner it deems appropriate. The state board shall publish notice of the public hearing in the official newspapers of the counties required for publication under subsection 1, at least fourteen days before the date of the hearing.
  9. If any portion of the order providing for the attachment of real property is suspended or voided, the order of dissolution is likewise suspended or voided.

**SECTION 8. AMENDMENT.** Section 15.1-12-29 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-12-29. Dissolution of school district - Unobligated cash balance - Tax credits or refunds.**

1. ~~Any~~ After ten thousand dollars is set aside, as required by section 15.1-12-28, and after the required amount is deposited in the reimbursement account for job service North Dakota, as required by section 15.1-12-28.1, any remaining unobligated cash balance in excess of ten thousand dollars, up to an amount equaling a dissolved school district's general fund expenditure for the last school year before the district's dissolution is a credit for real property owners within the boundaries of the dissolved school district, against taxes levied by the district in to which their property is now situated. The county auditor shall base the credit on the five-year average of the total mills levied for education by the dissolved district attached. If property from the dissolved district is attached to more than one school district, the ~~percentage of the total credit that to which each eligible real property owners receive must be owner is entitled must equal the same percentage of the unobligated cash balance as the that the taxable valuation of the individual's real property bears to the total taxable valuation of the dissolved district's property at the time of the attachment order.~~
2. Upon approval of the board of county commissioners, any school district required to provide a tax credit under subsection 1 may provide a cash refund in lieu of the tax credit. At the request of the county auditor, the school district holding the unobligated cash balance available under subsection 1 shall pay to the county treasurer the amount to be paid to those who own real property within the dissolved district. The treasurer shall issue the refund to the owner of the property as shown on the county's assessment list at the time of payment. If there is a lien for unpaid taxes against the property, the treasurer shall first apply the property owner's tax credit toward any outstanding balance. Any amount remaining may then be paid to the property owner. The cash refunds must be calculated proportionately to the total taxable value of the dissolved district during the last year taxes were levied.
3. After the requirements of subsection 1 have been met, the county auditor shall distribute any remaining unobligated cash balance among the school districts to which the real property of the dissolved district was attached. The percentage of the remaining unobligated cash balance to which each school district is entitled equals that percentage of the dissolved district's total taxable valuation which was attached to the receiving school district.

**SECTION 9. AMENDMENT.** Section 15.1-18-07 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-18-07. (Effective after June 30, 2006) Elementary school teacher qualifications.**

1. In order to teach any grade ~~from one through six~~ in an elementary school that offers grades one through six, or in order to teach any grade in an elementary school that offers grades one through eight, an individual must be ~~licensed~~:
  - a. Licensed to teach by the education standards and practices board or approved to teach by the education standards and practices board; and:
  - ~~a-~~ b. (1) Have a major in elementary education; or
  - ~~b-~~ (2) Have a major equivalency in elementary education.
2. Notwithstanding the provisions of subsection 1, an individual may teach any grade from one through three in an elementary school provided the individual is ~~licensed~~:

- a. Licensed to teach by the education standards and practices board or approved to teach by the education standards and practices board;  
and:
- a- b. (1) Has a major in early childhood education; or
- b- (2) Has a major equivalency in early childhood education.
- ~~3. In order to teach any grade from one through eight in a self-contained classroom, an individual must be licensed to teach by the education standards and practices board and:~~
- a- ~~Have a major in elementary education; or~~
- b- ~~Have a major equivalency in elementary education.~~

**SECTION 10. AMENDMENT.** Section 15.1-22-01 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-22-01. Kindergarten - Establishment by board - ~~Petition for establishment Request by parent - Levy.~~**

1. Upon its own motion, the board of a school district may establish a free public kindergarten ~~for the instruction during a school year of resident children below school age.~~
2. If the board receives a ~~petition signed by qualified electors residing in the district equal in number to at least twenty percent of those who voted in the most recent annual school district election, the board must submit the question of establishing a kindergarten to the electorate at the next annual or special school district election. The margins of electoral approval provided in section 57-15-14 must be applied~~ written request to provide kindergarten from the parent of a student who will be enrolled in the kindergarten, the board shall either provide at least a half-day kindergarten program for the student or pay the tuition required for the student to attend at least a half-day kindergarten program in another school district.
3. The board of a school district that establishes a kindergarten under this section may levy a tax pursuant to subdivision p of subsection 1 of section 57-15-14.2.

**SECTION 11. AMENDMENT.** Section 15.1-27-04 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-04. Per student payment.** The per student payment to which each school district is entitled for the first year of the biennium is two thousand ~~five seven~~ hundred nine sixty-two dollars. The per student payment to which each school district is entitled for the second year of the biennium is two thousand ~~six eight~~ hundred twenty-three seventy-five dollars. The per student amount is the basis for calculating state payments to school districts, as provided in sections 15.1-27-06 and 15.1-27-07.

**SECTION 12. AMENDMENT.** Section 15.1-27-05 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-05. (Effective through June 30, 2008) School district equalization factor.**

1. To determine the amount of payments due a school district, the superintendent of public instruction shall add the tuition apportionment payments, per student payments, special education aid, transportation aid, and teacher compensation payments for which a school district is eligible and from that total subtract the following:
  - a. The product of ~~thirty-six~~ thirty-eight mills times the taxable valuation of property in the district;
  - b. The amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of fifty percent of its actual expenditures, plus twenty thousand dollars; and

- c. If the mills levied by the district for general fund purposes, plus the mills levied for high school transportation and high school tuition purposes are fewer than one hundred forty, the number of mills by which the district's levies are below one hundred forty multiplied by the taxable valuation of property in the district.
2. Beginning July 1, 2006, and each year thereafter, the number of mills used by the superintendent of public instruction in determining the product required by subdivision a of subsection 1 must be increased by ~~two~~ three over the number of mills used in determining the product required by that subdivision the previous year.

**(Effective after June 30, 2008) School district equalization factor.**

1. To determine the amount of payments due a school district, the superintendent of public instruction shall add the tuition apportionment payments, per student payments, special education aid, transportation aid, and teacher compensation payments for which a school district is eligible and from that total subtract the following:
  - a. The product of the number of mills prescribed in subsection 2 times the taxable valuation of property in the district;
  - b. The amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty-five percent of its actual expenditures, plus twenty thousand dollars; and
  - c. If the mills levied by the district for general fund purposes, plus the mills levied for high school transportation and high school tuition purposes are fewer than one hundred forty, the number of mills by which the district's levies are below one hundred forty multiplied by the taxable valuation of property in the district.
2. The number of mills used by the superintendent of public instruction in determining the product required by subdivision a of subsection 1 must be increased by ~~two~~ three over the number of mills used in determining the product required by that subdivision the previous year.

**SECTION 13. AMENDMENT.** Section 15.1-27-06 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-06. Per student payments - Weighting factors - High school students.** The superintendent of public instruction shall make payments each year, as provided for in this section, to each school district operating a high school and to each school district contracting to educate high school students in a federal school, subject to adjustment as provided in section 15.1-27-21.

1. Each district having under ~~seventy-five~~ one hundred twenty students in average daily membership in grades nine through twelve is entitled to receive the amount of money that results from multiplying the factor ~~1.625 adjusted by eighty-five percent of the difference between 1.625 and the factor~~ representing the five-year average cost of education per student for this category, as determined by the superintendent of public instruction, by the number of students in grades nine through twelve who are registered in that district, times the per student payment provided for in section 15.1-27-04. ~~Beginning July 1, 2004, the factor is that which represents the five-year average cost of education per student in this category, as determined by the superintendent of public instruction.~~
2. Each district having at least ~~seventy-five~~ one hundred twenty but fewer than ~~one~~ three hundred ~~fifty~~ students in average daily membership in grades nine through twelve is entitled to receive the amount of money that results from multiplying the factor ~~1.335 adjusted by eighty-five percent of the difference between 1.335 and the factor~~ representing the five-year average cost of education per student for this category, as determined by the superintendent of public instruction, by the number of students in grades nine through twelve who are registered in that district, times the per student payment provided for in section 15.1-27-04. ~~Beginning July 1, 2004, the factor is that which represents the five-year average cost of~~



~~education per student in this category, as determined by the superintendent of public instruction.~~

- ~~3.~~ Each district having at least ~~one three hundred fifty but fewer than five hundred fifty~~ students in average daily membership in grades nine through twelve is entitled to receive the amount of money that results from multiplying the factor ~~1.24 adjusted by eighty five percent of the difference between 1.24 and the factor~~ representing the five-year average cost of education per student for this category, as determined by the superintendent of public instruction, by the number of students in grades nine through twelve who are registered in that district, times the per student payment provided for in section 15.1-27-04. ~~Beginning July 1, 2004, the factor is that which represents the five year average cost of education per student in this category, as determined by the superintendent of public instruction.~~
- ~~4.~~ Each district having at least ~~five hundred fifty~~ students in average daily membership in grades nine through twelve is entitled to receive the amount of money that results from multiplying the factor ~~1.14 adjusted by eighty five percent of the difference between 1.14 and the factor~~ representing the five year average cost of education per student for this category, as determined by the superintendent of public instruction, by the number of students in grades nine through twelve who are registered in that district, times the per student payment provided for in section ~~15.1-27-04~~. ~~Beginning July 1, 2004, the factor is that which represents the five year average cost of education per student in this category, as determined by the superintendent of public instruction.~~
- ~~5.~~ 4. Each district having an approved alternative high school education program is entitled to receive the amount of money that results from multiplying the factor in:
  - a. Subsection 1 by the number of students registered in the alternative education program, times the per student payment provided for in section 15.1-27-04, if fewer than ~~seventy five one hundred twenty~~ students in average daily membership are enrolled in the alternative education program.
  - b. Subsection 2 by the number of students registered in the alternative education program, times the per student payment provided for in section 15.1-27-04, if at least ~~seventy five one hundred twenty~~ but fewer than ~~one three hundred fifty~~ students in average daily membership are enrolled in the alternative education program.
  - c. Subsection 3 by the number of students registered in the alternative education program, times the per student payment provided for in section 15.1-27-04, if at least ~~one three hundred fifty but fewer than five hundred fifty~~ students in average daily membership are enrolled in the alternative education program.
  - ~~d. Subsection 4 by the number of students registered in the alternative education program, times the per student payment provided for in section 15.1-27-04, if at least five hundred fifty students in average daily membership are enrolled in the alternative education program.~~
- ~~6.~~ 5. In order to be eligible for enumeration under this section, a student:
  - a. Must have completed the work of the eighth grade;
  - b. Must not have completed the work of the twelfth grade; and
  - c. Must be a resident of this state or a nonresident attending a school in this state under the auspices of a foreign student exchange program.
6. In calculating payments under this section and subsections 1 through 4 of section 15.1-27-07, the superintendent of public instruction shall use 1.0 as the factor that represents the lowest five-year average cost of education among all elementary and high school weighting categories other than kindergarten and shall use proportionately increased factors to represent



4. ~~Each school district having at least one thousand students in average daily membership in grades one through six is entitled to receive the amount of money that results from multiplying the factor .95 adjusted by eighty five percent of the difference between .95 and the factor representing the five-year average cost of education per student for this category, as determined by the superintendent of public instruction, by the number of students in average daily membership in grades one through six in the district, times the per student payment provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is that which represents the five-year average cost of the education per student in this category, as determined by the superintendent of public instruction. The payment provided for in this subsection is applicable only to the first thirty students in average daily membership per classroom or per teacher.~~
5. 3. Each school district having students in grades seven and eight is entitled to receive the amount of money that results from multiplying the factor ~~4.01~~ adjusted by ~~eighty five percent of the difference between 4.01 and the factor~~ representing the five-year average cost of education per student for this category, as determined by the superintendent of public instruction, by the number of students in average daily membership in grades seven and eight in the district, times the per student payment provided for in section 15.1-27-04. ~~Beginning July 1, 2004, the factor is that which represents the five-year average cost of education per student in this category, as determined by the superintendent of public instruction.~~ The payment provided for in this subsection is applicable only to the first thirty students in average daily membership per classroom or per teacher. ~~The payments provided for in this subsection are not available for students who attend a one-room rural school if that school is the only one in the district that offers educational services to students in grades seven and eight.~~
6. 4. Each school district having a special education program approved by the director of special education is entitled to receive, for each student who is enrolled in the program and who is at least three years of age but less than the compulsory age for school attendance, the amount of money that results from multiplying the factor ~~4.01~~ adjusted by ~~eighty five percent of the difference between 4.01 and the factor~~ representing the five-year average cost of education per student for this category, as determined by the superintendent of public instruction, by the number of special education students in average daily membership in the program who are at least three years of age but less than the compulsory age for school attendance, times the per student payment provided for in section 15.1-27-04. ~~Beginning July 1, 2004, the factor is that which represents the five-year average cost of education per student in this category, as determined by the superintendent of public instruction.~~
7. 5.
  - a. Each school district operating a kindergarten as provided for in section 15.1-22-02 is entitled to receive the amount of money that results from multiplying the factor ~~.50~~ adjusted by ~~eighty five percent of the difference between .50 and the factor~~ representing the five-year average cost of education per student for this category, as determined by the superintendent of public instruction, by the number of kindergarten students in average daily membership in the district, times the per student payment provided for in section 15.1-27-04. ~~Beginning July 1, 2004, the factor is that which represents the five-year average cost of education per student in this category, as determined by the superintendent of public instruction.~~ The payment provided for in this subsection is applicable only to the first twenty-five students in average daily membership per classroom or per teacher.
  - b. In order to receive the full per student payment available under this section, a district must operate a kindergarten program that provides the equivalent of ninety full days of classroom instruction during a twelve-month period. A district is entitled to a prorated payment under this section if it operates a kindergarten program of shorter duration.
8. 6. Each school district that educates students who are also enrolled in nonpublic schools is entitled to receive proportionate payments under this section.

9. 7. Each school district is entitled to receive as much in total payments for elementary students as it would have received if it had the highest number of students in the next lower category.
10. 8. A school district is not entitled to any payments provided for by this chapter unless each teacher employed by the district:
- a. Holds a teaching license issued by the education standards and practices board; or
  - b. Has been approved to teach by the education standards and practices board.
9. In calculating payments under subsections 1 through 4 and under section 15.1-27-06, the superintendent of public instruction shall use 1.0 as the factor that represents the lowest five-year average cost of education among the elementary and high school weighting categories other than kindergarten and shall use proportionately increased factors to represent the five-year average cost of education in all remaining weighting categories except kindergarten.

**SECTION 15. AMENDMENT.** Section 15.1-27-11 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-11. High school districts - Supplemental payments.**

1. The superintendent of public instruction shall calculate the average valuation of property per student by dividing the number of students in average daily membership in grades one through twelve in a high school district into the sum of:
  - a. The district's latest available net assessed and equalized taxable valuation of property; plus
  - b. All tuition payments and county ~~and unrestricted federal~~ revenue received by the district, divided by the total of the district's general fund levy, high school transportation levy, and high school tuition levy.
2. ~~If the~~ The superintendent of public instruction shall verify that:
  - a. The quotient arrived at under subsection 1 is less than the latest available statewide average taxable valuation per student ~~and if the~~;
  - b. The district's educational expenditure per student is below the most recent available statewide average cost of education per student;
  - c. The district has a general fund levy of at least one hundred eighty mills; and
  - d. The district's unobligated general fund balance on the preceding June thirtieth is not in excess of thirty-five percent of its actual expenditures, plus twenty thousand dollars.
3. If the superintendent of public instruction determines that the district meets all the requirements of subsection 2, the superintendent of ~~public instruction~~ shall:
  - a. Determine the difference between the latest available statewide average taxable valuation per student and the average taxable valuation per student in the high school district;
  - b. Multiply the result determined under subdivision a by the number of students in average daily membership in grades one through twelve in the high school district;
  - c. Multiply the result determined under subdivision b by the number of general fund mills levied by the district in excess of one hundred fifty, provided that any mills levied by the district which are in excess of two hundred ten may not be used in this calculation; and

- d. Multiply the result determined under subdivision c by a factor calculated by the superintendent of public instruction to result in the expenditure, over the course of the biennium, of the full amount provided for the purpose of this section.
- e. 4. The result of the calculations under this section is the supplemental payment to which a high school district is entitled, in addition to any other amount provided under chapter 15.1-27.

**SECTION 16. AMENDMENT.** Section 15.1-27-15 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-15. Per student payments - Isolated schools.**

1. If an elementary school has fewer than fifty students and fifteen percent or more of its students would have to travel beyond a fifteen-mile [24.15-kilometer] radius from their residences in order to attend another school, the weighting factor provided under section 15.1-27-07 must be increased by ~~twenty~~ twenty-five percent ~~for the first fifteen students~~. If the school has fewer than fifteen students, the payment received must be for fifteen students.
2. If a high school has fewer than thirty-five students and fifteen percent or more of its students would have to travel beyond a twenty-mile [32.2-kilometer] radius from their residences in order to attend another school, the weighting factor provided under section 15.1-27-06 must be increased by ~~twenty~~ twenty-five percent ~~for the first twenty students~~. If the school has fewer than twenty students, the payment received must be for twenty students.

**SECTION 17. AMENDMENT.** Section 15.1-27-35 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-35. Average daily membership - Calculation.** Average daily membership is calculated by adding the total number of days that each student in a given classroom, school, or school district is in attendance during a school calendar and the total number of days that each student in a given classroom, school, or school district is absent during a school calendar, and then dividing the sum by one hundred eighty. For purposes of calculating average daily membership, all students are deemed to be in attendance on:

1. The three holidays listed in subdivisions b through j of subsection 1 of section 15.1-06-02 and selected by the school board in consultation with district teachers;
2. The two days set aside for ~~the attendance of teachers at the North Dakota education association instructional conference~~ professional development activities under section 15.1-06-04; and
3. The two full days, or portions thereof, during which parent-teacher conferences are held or which are deemed by the board of the district to be compensatory time for parent-teacher conferences held outside regular school hours.

**SECTION 18. AMENDMENT.** Section 15.1-27-37 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-37. Compensation of teachers - Claim for reimbursement - Rules.**

1. On or before October first of each year or within thirty days after the conclusion of the negotiation process provided for in chapter 15.1-16, the board of a school district may file a claim with the superintendent of public instruction for the reimbursement of moneys to be expended by the district during the school year to at least maintain the level of compensation provided to teachers employed by the district during the ~~2002-03~~ preceding school year.
2. The claim must include:

- a. The number of full-time equivalent teachers employed by the district as of September fifteenth of the current school year;
  - b. The number of full-time equivalent teachers whose level of compensation will be at least equal to that provided during the ~~2002-03~~ preceding school year; and
  - c. The total amount of any compensation increases provided to full-time equivalent teachers over the level of compensation provided during the ~~2002-03~~ preceding school year.
3. ~~For the 2003-04 school year, the~~ The reimbursement provided for in this section may not exceed three thousand dollars multiplied by the number of full-time equivalent teachers employed by the district as of September ~~15, 2003.~~
    - a. ~~For the 2004-05 school year, the reimbursement provided for in this section may not exceed three thousand dollars multiplied by the number of full-time equivalent teachers employed by the district as of September 15, 2004.~~
    - b. ~~For the 2003-04 school year, the~~ fifteenth of the current school year.
    - c. The reimbursement under this section for each individual employed as of September 15, 2003 fifteenth of the current school year, as a full-time equivalent teacher for the first school year since becoming licensed to teach by the education standards and practices board or approved to teach by the education standards and practices board, may not exceed one thousand dollars.
    - d. ~~For the 2004-05 school year, the reimbursement under this section for each individual employed as of September 15, 2004, as a full-time equivalent teacher for the first school year since becoming licensed to teach by the education standards and practices board or approved to teach by the education standards and practices board, may not exceed one thousand dollars.~~
  4. For purposes of this section, the claim of a district may include proportionate expenditures made by the district to compensate individuals employed as teachers by the special education unit or the area career and technology center to which the district belongs.
  5. The superintendent of public instruction may adopt rules regarding claims for and the payment of reimbursements under this section.

**SECTION 19. AMENDMENT.** Section 15.1-27-39 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-39. Annual salary - Minimum amount.**

1. Beginning with the ~~2003-04~~ 2005-06 school year, the board of each school district shall provide to each full-time teacher, under contract for a period of nine months, a minimum salary level for the contract period equal to at least ~~twenty-one~~ twenty-two thousand dollars.
2. Beginning with the ~~2004-05~~ 2006-07 school year, the board of each school district shall provide to each full-time teacher, under contract for a period of nine months, a minimum salary level for the contract period equal to at least ~~twenty-one~~ twenty-two thousand five hundred dollars.

**SECTION 20. AMENDMENT.** Section 15.1-27-40 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-40. Approved joint powers agreement - Reimbursement by superintendent of public instruction Report of expenses.**

1. ~~The individual employed as a chief administrator for the purpose of carrying out the provisions of a joint powers agreement and any requirements under section 15.1-07-27 shall~~ executive director of an educational association governed by a joint powers agreement which the superintendent of public

~~instruction has verified as meeting the requirements of section 15.1-07-28 shall annually submit to the superintendent of public instruction, at the time and in the manner designated by the superintendent, receipts for expenses incurred during a school year in delivering services and programs under section 15.1-07-27.~~

- ~~2. The superintendent of public instruction, upon verifying the receipts, shall reimburse the chief administrator of the joint powers agreement for any expenses incurred in delivering services and programs under the auspices of the joint powers agreement as provided in section 15.1-07-27. The reimbursement may not exceed the lesser of:
 
  - ~~a. The total expenses incurred in delivering services and programs under section 15.1-07-27; or~~
  - ~~b. Fifty thousand dollars.~~~~
- ~~3. The chief administrator a report detailing all expenses incurred by the educational association and shall attribute the expenses on a per student basis by participating school district.~~
- ~~2. The executive director shall deposit any moneys received under subsection 2 in the participating districts' by or on behalf of the association into the educational association's joint operating fund.~~
- ~~4. The superintendent of public instruction may not provide any reimbursement to a chief administrator under this section unless the joint powers agreement under which the services and programs are delivered has been approved by the superintendent.~~

**SECTION 21. AMENDMENT.** Section 15.1-28-03 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-28-03. State tuition fund - Apportionment - Payment.** On or before the third Monday in each January, February, March, April, August, September, October, November, and December, the office of management and budget shall certify to the superintendent of public instruction the amount of the state tuition fund. The superintendent shall apportion the fund among the school districts of the state in proportion to the number of school-age children residing in each district, as shown by the latest enumeration provided for by law and pay the amount apportioned to each school district. The superintendent shall make the payments required by this section at the same time as the per student payments required under chapter 15.1-27.

**SECTION 22. AMENDMENT.** Section 15.1-29-03 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-29-03. Education of students in other districts - Payment of tuition and transportation.**

1. After taking into account the best interests of all affected parties, the board of a school district may elect to send its students to another school district. In this instance, the board ~~may~~ shall pay for the students' tuition ~~for the students and transportation~~. The board may arrange, and when petitioned to do so by qualified electors of the district equal in number to at least a majority of those who voted in the most recent annual school district election shall arrange, with other boards to send students to the other districts and to pay for their tuition and transportation.
2. If a district does not provide educational services to an entire grade level, the students in that grade level may attend a public school of their choice outside their district of residence without going through the procedures outlined in section 15.1-29-05. The board of the students' school district of residence shall pay for the students' tuition ~~to the admitting district and transportation~~. For purposes of determining whether educational services are provided to an entire grade level, districts cooperating with each other in the joint provision of educational services under a plan approved by the superintendent of public instruction are considered to be a single district.

**SECTION 23. AMENDMENT.** Section 15.1-29-04 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-29-04. Payment of tuition and transportation by sending districts - Interest on late payments.** ~~If a school board approves the payment of the board of a school district agrees to pay tuition for a student attending school in another district or if a district under this chapter, if it is required to make pay tuition payments under the provisions of this chapter, or if it is required to pay tuition and transportation under this chapter, the board of the sending district shall pay at least fifty percent of the annual tuition charge to the admitting district on or before December thirty-first and any remaining amount on or before May thirty-first. If payment is not received by the admitting district within thirty days after the date on which payment is due, simple interest at the rate of six percent per annum accrues to any amount due.~~

**SECTION 24. AMENDMENT.** Section 15.1-29-12 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-29-12. Tuition payments - Determination.**

1. Except as provided in section 15.1-29-13, a school district sending a student to another district for purposes of education shall pay the full cost of education incurred by the admitting district.
2.
  - a. The admitting district shall determine the cost of education per student for its kindergarten, elementary, and high school students on the basis of its average daily membership and those expenditures permitted in determining the cost of education per student in section 15.1-27-03.
  - b. To the cost of education per student, the admitting district shall add the latest available statewide average per student cost for extracurricular activities and the state average capital outlay per student. The state average capital outlay per student is determined by dividing the total of all school districts' annual expenditures for sinking and interest funds, tax receipts to the building funds, and general fund expenditures for capital outlay by the average daily membership of the state.
  - c. The admitting district shall subtract the following from the amount arrived at under subdivision b:
    - (1) The weighted per student payment received by the admitting district, less the average amount per North Dakota resident student enrolled in the school district realized from the deductions applied under section 15.1-27-06; and
    - (2) Any credit for taxes paid to the admitting district by the student's parent.
  - d. The amount remaining is the full cost of education incurred by the admitting district and the tuition amount payable for the individual student.
- ~~3. If the student's school district of residence and the student's parent are both paying tuition, the credit allowed under subdivision c of subsection 2 for taxes paid to the admitting district by the student's parent must be proportionately credited to the student's district of residence and the student's parent.~~
- ~~4. This chapter does not affect the right of a school board to charge and collect tuition from students who are not residents of this state, in accordance with section 15.1-29-02.~~

**SECTION 25. TRANSPORTATION GRANTS - DISTRIBUTION.**

1. During each year of the 2005-07 biennium, the superintendent of public instruction shall distribute from the grants - state school aid line item in House Bill No. 1013, as approved by the fifty-ninth legislative assembly, fifty percent of \$33,500,000 as state transportation aid payments.
2.
  - a. During the first year of the biennium, the superintendent of public instruction shall calculate the payment to which each school district is entitled based on the state transportation formula as it existed on



June 30, 2001, except that the superintendent shall provide reimbursement for in-city mileage at the rate of fifty cents for schoolbuses having a capacity of ten or more students and reimbursement for vehicles having a capacity of nine or fewer students and transporting students who live outside the incorporated limits of a city at the rate of forty cents per mile. The superintendent of public instruction shall use the latest available student enrollment count in each school district.

- b. During the second year of the biennium, the superintendent of public instruction shall distribute to each school district the same amount that the district received under this section for transportation services provided during the first year of the biennium.
3. If insufficient moneys exist to fully meet the requirements of this section, the superintendent of public instruction shall prorate the payments according to the percentage of the total amount to which each school district is entitled.
4. Nothing in this section permits reimbursement for any costs incurred in providing transportation for student attendance at extracurricular activities or events.

**SECTION 26. AMENDMENT.** Section 37 of chapter 667 of the 2003 Session Laws is amended and reenacted as follows:

**SECTION 37. CONTINGENT PAYMENTS - DISTRIBUTION.** If any moneys appropriated for per student payments and transportation payments in the grants - state school aid line item in Senate Bill No. 2013 remain after payment of all statutory obligations for per student and transportation payments during the biennium beginning July 1, 2003, and ending June 30, 2005, the superintendent of public instruction shall distribute the remaining moneys as follows:

1. The superintendent of public instruction shall use the first \$119,190, or so much of that amount as may be necessary, for the purpose of reimbursing eligible school districts that received reduced amounts of state aid. For the purposes of this subsection, an eligible school district is one that received a reduction in state aid during the second year of the 2003-05 biennium because the district's general fund levy fell below one hundred forty mills as the result of a reorganization or the dissolution of a contiguous district. The following affected districts listed are entitled to receive reimbursements:

Velva 1	\$24,355
TGU 60	93,514
Lewis and Clark	1,321

2. The superintendent of public instruction shall return the next \$759,000 to the state general fund.
3. The superintendent of public instruction shall use the ~~first~~ next \$250,000, or so much of that amount as ~~is~~ may be necessary, for the purpose of providing reimbursements to the chief administrators of joint powers agreements pursuant to section 19 of this Act.
- ~~2-~~ 4. The superintendent of public instruction shall use the next \$1,000,000, or so much of that amount as ~~is~~ may be necessary, for the purpose of providing reorganization bonuses, pursuant to section 15.1-12-11.1, to school districts having reorganizations effective after July 1, 2003, and before July 1, 2005. If insufficient moneys exist to fully meet the requirements of this subsection, the superintendent of public instruction shall prorate the payments according to that percentage of the amount available to which a school district is entitled.
- ~~3-~~ 5. The superintendent of public instruction shall use the remainder of the moneys to provide additional per student payments on a prorated basis, according to the average daily membership of each school district during the 2004-05 school year.

**SECTION 27. CONTINGENCY - RETURN OF MONEYS TO THE GENERAL FUND.** If any moneys appropriated for per student payments and transportation payments in the grants - state school aid line item in House Bill No. 1013, as approved by the fifty-ninth legislative assembly, remain after payment of all statutory obligations for per student and transportation payments during the biennium beginning July 1, 2005, and ending June 30, 2007, and if section 26 of this Act does not become effective before July 1, 2005, the superintendent of public instruction shall return the first \$759,000 to the state general fund.

**SECTION 28. CONTINGENCY.** If any moneys appropriated for per student payments and transportation payments in the grants - state school aid line item in House Bill No. 1013, as approved by the fifty-ninth legislative assembly, remain after payment of all statutory obligations for per student and transportation payments during the biennium beginning July 1, 2005, and ending June 30, 2007, and after the superintendent of public instruction has fulfilled any directives contained in section 27 of this Act, the superintendent shall distribute the remaining moneys as follows:

1. The superintendent of public instruction shall use the first \$450,000, or so much of that amount as may be necessary, to provide additional payments to school districts serving English language learners in accordance with section 15.1-27-12.
2. The superintendent of public instruction shall use the next \$1,000,000, or so much of that amount as may be necessary, for the purpose of providing additional per student payments to school districts participating in eligible educational associations in accordance with section 32 of this Act.
3. The superintendent of public instruction shall use the remainder of the moneys to provide additional per student payments on a prorated basis according to the latest available average daily membership of each school district.

**SECTION 29. CONTINGENCY PAYMENTS - TEACHER COMPENSATION - ADDITIONAL PER STUDENT PAYMENTS.** If any moneys appropriated by the legislative assembly to the grants - teacher compensation line item in House Bill No. 1013, as approved by the fifty-ninth legislative assembly, remain after completion of all statutory obligations, the superintendent of public instruction shall use the remaining moneys to provide additional per student payments on a prorated basis, according to the latest available average daily membership of each school district.

**SECTION 30. TEACHER COMPENSATION - USE OF NEW MONEYS.**

1. During the 2005-07 biennium, the board of each school district shall use an amount equal to at least seventy percent of all new moneys received for per student payments under section 15.1-27-04 and tuition apportionment payments under section 15.1-28-03 for the purpose of increasing the compensation paid to teachers and for the purpose of providing compensation to teachers who begin employment with the district on or after July 1, 2005.
2. For purposes of this section, "new moneys" means any increase in the amount received by a district for per student payments under section 15.1-27-04 and tuition apportionment payments under section 15.1-28-03 between the 2003-05 biennium and the 2005-07 biennium.
3. For purposes of this section, school districts providing educational services under a cooperative agreement approved by the superintendent of public instruction are treated as a single district.
4.
  - a. The provisions of this section do not apply to a school district if the board of the school district, after a public hearing at which public testimony and documentary evidence are accepted, determines in its discretion and by an affirmative vote of two-thirds of its members that complying with the provisions of subsection 1 would place the school district in the position of having insufficient fiscal resources to meet its other obligations.
  - b. Within ten days of the vote required by subdivision a, the board shall notify the superintendent of public instruction of its action and shall file a report detailing the grounds for its determination and action.

- c. The superintendent of public instruction shall report all notices received under this subsection to an interim committee designated by the legislative council.

**SECTION 31. REPORT TO LEGISLATIVE COUNCIL - EDUCATIONAL ASSOCIATIONS GOVERNED BY JOINT POWERS AGREEMENTS.** At the conclusion of each school year during the 2005-07 biennium, the superintendent of public instruction shall compile a report covering the operations of each educational association governed by a joint powers agreement and verified by the superintendent of public instruction as meeting the requirements of section 15.1-07-28. The report must include the administrative functions and student services in which members of each educational association participated and the direct and indirect benefits of such participation. The report must specifically address whether school district participation resulted in expanded course offerings, improved state and national test results, administrative consolidations, instructional sharing, increased or improved professional development opportunities, and cost-savings to each school district. The superintendent of public instruction shall present the reports to an interim committee designated by the legislative council.

**SECTION 32. APPROPRIATION - ELIGIBLE EDUCATIONAL ASSOCIATIONS.**

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,000,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of providing payments to school districts that are members of eligible educational associations, for the biennium beginning July 1, 2005, and ending June 30, 2007.
2.
  - a. During June 2006 the superintendent of public instruction shall distribute seventy-five percent of the money appropriated under subsection 1 to eligible school districts on a per student basis. The total amount to which a school district is entitled under this subdivision may not exceed the amount expended by the school district during the 2005-06 school year to participate in an eligible educational association.
  - b. During June 2007 the superintendent of public instruction shall distribute the remaining money appropriated under subsection 1 to eligible school districts on a per student basis. The total amount to which a school district is entitled under this subdivision may not exceed the amount expended by the school district during the 2006-07 school year to participate in an eligible educational association.
3. For purposes of this section, an "eligible educational association" is one that is governed by a joint powers agreement that the superintendent of public instruction has verified as meeting the requirements of section 15.1-07-28.

**SECTION 33. APPROPRIATION - REORGANIZATION BONUSES - CONTINGENCY.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$759,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of providing a reorganization bonus to any school district having a reorganization effective on July 1, 2005, pursuant to section 15.1-12-11.1, for the biennium beginning July 1, 2005, and ending June 30, 2007. If any moneys remain after the superintendent of public instruction completes the payment of bonuses for any reorganization effective on July 1, 2005, the superintendent shall use the remaining moneys to provide additional per student payments on a prorated basis, according to the latest available average daily membership of each school district.

**SECTION 34. APPROPRIATION - TRANSPORTATION EFFICIENCY TRAINING.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$30,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of contracting to provide transportation efficiency training to school district personnel, for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 35. REPEAL.** Section 15.1-09-42 of the North Dakota Century Code is repealed.

**SECTION 36. REPEAL.** Section 15.1-12-11.2 of the North Dakota Century Code is repealed.

**SECTION 37. REPEAL.** Section 15.1-12-11.1 of the North Dakota Century Code is repealed.

**SECTION 38. EFFECTIVE DATE.** Sections 1, 17, and 35 of this Act become effective on July 1, 2006, and section 37 of this Act becomes effective on December 31, 2005.

**SECTION 39. EMERGENCY.** Section 26 of this Act is declared to be an emergency measure."

Renumber accordingly

Reengrossed HB 1154 was placed on the Seventh order of business on the calendar.

The Senate stood adjourned pursuant to Senator Christmann's motion.

**William R. Horton, Secretary**