

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

BUDGET SECTION

Wednesday, March 12, 2014
Senate Chamber, State Capitol
Bismarck, North Dakota

Representative Chet Pollert, Chairman, called the meeting to order at 10:00 a.m.

Members present: Representatives Chet Pollert, Larry Bellew, Tracy Boe, Mike D. Brandenburg, Al Carlson, Jeff Delzer, Bill Devlin, Mark A. Dosch, Bette Grande, Ron Guggisberg, Rick Holman, Keith Kempenich, Gary Kreidt, Bob Martinson, Corey Mock, David Monson, Jon Nelson, Kenton Onstad, Blair Thoreson, Don Vigesaa, Alon Wieland; Senators Bill L. Bowman, Ron Carlisle, Robert Erbele, Joan Heckaman, Ray Holmberg, Ralph Kilzer, Jerry Klein, Karen K. Krebsbach, Gary A. Lee, Tim Mathern, David O'Connell, Larry J. Robinson, Mac Schneider, Terry M. Wanzek, Rich Wardner, John M. Warner

Members absent: Representatives Eliot Glassheim, Kathy Hawken, Mark Sanford, Bob J. Skarphol, Roscoe Streyle, Clark Williams; Senator Tony Grindberg

Others present: Donald Schaible, State Senator, Mott
Representative Jim Schmidt, member of the Legislative Management, was also in attendance.
See [Appendix A](#) for additional persons present.

It was moved by Senator Robinson, seconded by Senator O'Connell, and carried on a voice vote that the minutes of the December 11, 2013, meeting be approved as distributed.

STATUS OF THE GENERAL FUND

Ms. Pam Sharp, Director, Office of Management and Budget, presented a report ([Appendix B](#)) on the status of the general fund.

Ms. Sharp presented the following information on the status of the general fund as of February 28, 2014, for the 2013-15 biennium:

Unobligated general fund balance - July 1, 2013		\$1,396,059,186
Balance obligated for unspent emergency appropriation authority		165,874,199
Balance obligated for authorized carryover from the 2011-13 biennium		89,503,462
Total beginning general fund balance - July 1, 2013		\$1,651,436,847
Add		
General fund collections through February 2014	\$1,971,694,566	
Forecasted general fund revenue for the remainder of the 2013-15 biennium	3,622,197,469	
Total revenues		5,593,892,035
Total available		\$7,245,328,882
Less		
Legislative appropriations - One time	(\$2,433,567,701)	
Legislative appropriations - Ongoing	(4,429,019,653)	
Authorized carryover from the 2011-13 biennium	(89,503,462)	
2013-15 emergency appropriations utilized in the 2011-13 biennium	163,812,041	
Total appropriations		(6,788,278,775)
Estimated ending general fund balance - June 30, 2015		\$457,050,107 ¹
¹ Pursuant to North Dakota Century Code Section 54-27.2-02, any end-of-biennium balance in excess of \$65 million must be transferred to the budget stabilization fund, up to a maximum of 9.5 percent of general fund appropriations.		

Ms. Sharp presented information ([Appendix C](#)) on general fund revenue collections for February 2014 and the 2013-15 biennium to date. She said general fund revenues collected for the biennium to date are \$117.1 million, or 6.3 percent more than the May 2013 legislative forecast.

ECONOMIC INDICATORS

Ms. Sharp presented information ([Appendix D](#)) on the key economic indicators, including consumer prices, money markets, personal income, commodity prices, unemployment, energy prices and production, and interest rates.

Senator Wanzek expressed concern regarding the reduction in agricultural commodity market prices and the effect that may have on tax collections.

Senator Wanzek also expressed concern regarding the availability of railcars for grain shipments and the potential increase in transportation costs for agricultural commodities.

TOBACCO SETTLEMENT PROCEEDS

Ms. Sharp presented information ([Appendix E](#)) on the status of tobacco settlement proceeds received by North Dakota. She said there were no changes for the period December 13, 2013, through March 12, 2014.

IRREGULARITIES IN THE FISCAL PRACTICES OF THE STATE

Pursuant to Section 54-14-03.1, Ms. Sharp presented information ([Appendix F](#)) on irregularities in the fiscal practices of the state. She presented the following fiscal irregularities for the period December 2013 through February 2014:

Agency	Fiscal Irregularity	Amount
Tax Commissioner's office	Retroactive pay	\$6,000
Department of Transportation	Pay adjustment	\$705

EXECUTIVE BUDGET DEVELOPMENT

Ms. Sharp presented information on the development of the 2015-17 executive budget. She said the Governor's budget request guidelines for state agencies will be released by May 2014. Pursuant to Section 54-44.1-07, she said, the Office of Management and Budget (OMB) is not proposing any changes to the 2015-17 biennium budget data. She said the anticipated activities and timeline are as follows:

Activities for Development of Executive Budget	Time Period of Budget
Budget request guidelines for state agencies	April through May 2014
Preliminary revenue forecast	July through August 2014
Agency budgets submitted to OMB	July 15 through October 2014
Budget recommendation presented to the Legislative Assembly	Early December 2014

PARKS AND RECREATION DEPARTMENT REQUEST

Ms. Sheila Peterson, Director, Fiscal Management Division, Office of Management and Budget, and Mr. Mark A. Zimmerman, Director, Parks and Recreation Department, presented information ([Appendix G](#)) requesting Budget Section approval of an expansion of public improvements under Section 48-01.2-25 and an increase in special funds spending authority under Chapter 54-16 for the following Parks and Recreation Department capital projects:

Project Description	2013-15 Budget	Bid Amount	Variance
Lewis and Clark State Park - Campsite expansion	\$520,000	\$669,000	\$149,000
Fort Stevenson State Park - Administration office	750,000	845,000	95,000
Lake Sakakawea State Park - Campground	500,000	554,000	54,000
Total	\$1,770,000	\$2,068,000	\$298,000

Representative Delzer expressed concern regarding the Budget Section approving additional spending authority for these projects. He said the Legislative Assembly as a whole should consider increasing the appropriations.

In response to a question from Representative Bellew, Mr. Zimmerman said the request does not involve any general fund dollars, and the additional funds are from parks revenue, including oil revenue from mineral rights owned by the agency. He said park entrance and camping fees will not be increased as a result of this request.

It was moved by Senator Mathern, seconded by Senator Wardner, and carried on a roll call vote that the Budget Section approve requests for Budget Section approval under Section 48-01.2-25 for authorization of expansion of public improvements for the following capital projects: Lewis and Clark State Park, campsite expansion \$149,000; Fort Stevenson State Park, administrative office \$95,000; and Lake Sakakawea State Park, campground \$54,000; and approval under Chapter 54-16 to increase special funds spending authority for these projects by \$298,000, from \$1,770,000 to \$2,068,000. Representatives Pollert, Dosch, Grande, Guggisberg, Holman, Kreidt, Martinson, Mock, and Nelson and Senators Bowman, Carlisle, Erbele, Heckaman, Holmberg, Kilzer, Klein, Krebsbach, Lee, Mathern, O'Connell, Robinson, Schneider, Wardner, and Warner voted "aye." Representatives Bellew, Boe, Brandenburg, Carlson, Delzer, Devlin, Kempenich, Monson, Onstad, Thoreson, and Vigesaa and Senator Wanzek voted "nay."

AGENCY REQUESTS APPROVED BY THE EMERGENCY COMMISSION

Chairman Pollert directed the Budget Section to consider agency requests ([Appendix H](#)), which have been authorized by the Emergency Commission and forwarded to the Budget Section pursuant to Chapter 54-16. Ms. Peterson provided information regarding the following requests that have been authorized by the Emergency Commission and require consideration by the Budget Section:

- **State Auditor's office (Request #1828)** - Request is to increase federal funds spending authority by \$102,750 for salaries and wages (\$86,500) and operating expenses (\$16,250) relating to a royalty auditor.
- **Attorney General's office (Request #1830)** - Request is for \$68,500 from the state contingencies appropriation for litigation fees relating to legal cases.
- **Attorney General's office (Request #1831)** - Request is to increase federal funds spending authority by \$100,000 for salaries and wages (\$66,000) and operating expenses (\$34,000) and to authorize one full-time equivalent (FTE) position relating to a prosecutor.
- **Game and Fish Department (Request #1832)** - Request is to increase special funds spending authority by \$500,000 in the land habitat and deer depredation line item relating to a grant from the North Dakota outdoor heritage fund.
- **Game and Fish Department (Request #1833)** - Request is to increase federal funds spending authority by \$368,250 and to increase special funds spending authority by \$122,750 from the game and fish fund for projects at the Garrison Dam National Fish Hatchery.
- **Parks and Recreation Department (Request #1834)** - Request is to increase special funds spending authority by \$129,000 in the natural resources line item relating to a grant from the North Dakota outdoor heritage fund for the agency's Natural Resource Stewardship project.
- **Parks and Recreation Department (Request #1835)** - Request is to increase special funds spending authority by \$112,000 relating to a grant from the North Dakota outdoor heritage fund for the agency's trail restoration and improvement project.
- **Parks and Recreation Department (Request #1837)** - Request is to increase special funds spending authority by \$130,000 of parks revenue for expenses relating to the operation of the marina at Lake Sakakawea.

It was moved by Senator Mathern, seconded by Senator Carlisle, and carried on a roll call vote that pursuant to Chapter 54-16 the Budget Section approve the following requests, which have been approved by the Emergency Commission:

- **State Auditor's office (Request #1828)** - Request is to increase federal funds spending authority by \$102,750 for salaries and wages (\$86,500) and operating expenses (\$16,250) relating to a royalty auditor.
- **Attorney General's office (Request #1830)** - Request is for \$68,500 from the state contingencies appropriation for litigation fees relating to legal cases.
- **Attorney General's office (Request #1831)** - Request is to increase federal funds spending authority by \$100,000 for salaries and wages (\$66,000) and operating expenses (\$34,000) and to authorize one full-time equivalent (FTE) position relating to a prosecutor.
- **Game and Fish Department (Request #1833)** - Request is to increase federal funds spending authority by \$368,250 and to increase special funds spending authority by \$122,750 from the game and fish fund for projects at the Garrison Dam National Fish Hatchery.

Representatives Bellew, Carlson, Devlin, Guggisberg, Holman, Martinson, Mock, Monson, Nelson, Onstad, and Vigesaa and Senators Bowman, Carlisle, Erbele, Heckaman, Holmberg, Kilzer, Klein, Krebsbach, Lee, Mathern, O'Connell, Robinson, Schneider, Wanzek, Wardner, and Warner voted "aye." Representatives Pollert, Boe, Brandenburg, Delzer, Dosch, Grande, Kempenich, Kreidt, Thoreson, and Wieland voted "nay."

In response to a question from Chairman Pollert, Mr. Zimmerman said the requests relating to grants from the North Dakota outdoor heritage fund were not considered by the 2013 Legislative Assembly.

It was moved by Representative Grande, seconded by Representative Kempenich, and carried on a roll call vote that pursuant to Chapter 54-16 the Budget Section approve the following requests, which have been approved by the Emergency Commission:

- **Game and Fish Department (Request #1832) - Request is to increase special funds spending authority by \$500,000 in the land habitat and deer depredation line item relating to a grant from the North Dakota outdoor heritage fund.**
- **Parks and Recreation Department (Request #1834) - Request is to increase special funds spending authority by \$129,000 in the natural resources line item relating to a grant from the North Dakota outdoor heritage fund for the agency's Natural Resource Stewardship project.**
- **Parks and Recreation Department (Request #1835) - Request is to increase special funds spending authority by \$112,000 relating to a grant from the North Dakota outdoor heritage fund for the agency's trail restoration and improvement project.**
- **Parks and Recreation Department (Request #1837) - Request is to increase special funds spending authority by \$130,000 of parks revenue for expenses relating to the operation of the marina at Lake Sakakawea.**

Representatives Pollert, Bellew, Boe, Brandenburg, Carlson, Delzer, Devlin, Dosch, Grande, Guggisberg, Kempenich, Kreidt, Martinson, Mock, Monson, Nelson, Onstad, Thoreson, Vigesaa, and Wieland and Senators Bowman, Carlisle, Heckaman, Holmberg, Kilzer, Klein, Krebsbach, Lee, Mathern, Robinson, Schneider, Wanzek, and Wardner voted "aye." Representative Holman and Senators Erbele, O'Connell, and Warner voted "nay."

WILLISTON STATE COLLEGE WORKFORCE TRAINING PROJECT

Pursuant to Section 48-01.2-25, Ms. Deanette Piesik, Chief Executive Officer, TrainND, Williston State College, and Mr. Russell Rankin, representative, Statoil, presented information ([Appendix I](#)) regarding a request for Budget Section approval to increase the scope of the project and to increase spending authority from \$6,738,267 to \$8,238,267 related to the workforce training project at Williston State College.

It was moved by Senator Wardner, seconded by Senator Krebsbach, and carried on a roll call vote that the Budget Section approve the Williston State College request pursuant to Section 48-01.2-25 to increase the scope and budget of the workforce training project by \$1,500,000, from \$6,738,267 to \$8,238,267. Representatives Boe, Brandenburg, Carlson, Devlin, Grande, Guggisberg, Holman, Kempenich, Mock, Monson, Nelson, and Thoreson and Senators Bowman, Carlisle, Erbele, Heckaman, Holmberg, Kilzer, Klein, Krebsbach, Lee, Mathern, O'Connell, Robinson, Schneider, Wardner, and Warner voted "aye." Representatives Pollert, Bellew, Delzer, Dosch, Kreidt, Martinson, Vigesaa, and Wieland and Senator Wanzek voted "nay."

VALLEY CITY STATE UNIVERSITY PRESIDENT'S HOUSE ACCESSIBILITY PROJECT

Pursuant to Section 48-01.2-25, Dr. Steven Shirley, President, Valley City State University, presented information ([Appendix J](#)) regarding a request for Budget Section approval to increase spending authority by \$200,000, from \$250,000 to \$450,000 related to the historic president's house accessibility project. He said of the \$200,000 of additional funds needed, \$135,000 will be provided from private funds and \$65,000 from Valley City State University's 2013-15 extraordinary repairs funding.

In response to a question from Senator Carlisle, Dr. Shirley said this project will allow the president's house to be Americans with Disabilities Act (ADA) accessible, and the architects are certified to preserve to historic preservation standards.

It was moved by Representative Martinson, seconded by Representative Carlson, and carried on a roll call vote that the Budget Section amend the Valley City State University request to provide that the \$200,000 increase in spending authority related to the historic president's house be provided from private funds. Representatives Pollert, Bellew, Brandenburg, Carlson, Delzer, Devlin, Dosch, Grande, Kempenich, Kreidt, Martinson, Monson, Nelson, Thoreson, Vigesaa, and Wieland and Senators Carlisle, Kilzer, Klein, Lee, and Wardner voted "aye." Representatives Boe, Guggisberg, Holman, Mock, and Onstad and Senators Bowman, Erbele, Heckaman, Holmberg, Krebsbach, Mathern, O'Connell, Robinson, Schneider, Wanzek, and Warner voted "nay."

It was moved by Senator Robinson, seconded by Senator Mathern, and carried on a roll call vote that the Budget Section approve the Valley City State University request pursuant to Section 48-01.2-25, as amended, to increase spending authority by \$200,000 of private funds related to the historic president's house accessibility project. Representatives Pollert, Bellew, Boe, Brandenburg, Carlson, Devlin, Dosch, Guggisberg, Holman, Kempenich, Kreidt, Martinson, Mock, Monson, Nelson, Onstad, Thoreson, Vigesaa, and Wieland and Senators Carlisle, Erbele, Heckaman, Holmberg, Kilzer, Klein, Krebsbach, Lee, Mathern, O'Connell, Robinson, Schneider, Wanzek, Wardner, and Warner voted "aye." Representative Grande and Senator Bowman voted "nay."

DAKOTA COLLEGE AT BOTTINEAU CAMPUS GENERATOR PROJECT

Ms. Kara Bowen, Director of Business Affairs, Dakota College at Bottineau, presented information ([Appendix K](#)) regarding a request for Budget Section approval under Sections 15-10-12.1 and 48-01.2-25 to increase spending authority related to the campus generator project by \$74,380, from \$375,820 to \$450,200. Of the increase, she said, \$16,675 is from the capital projects contingency pool and \$57,705 from operating funds.

It was moved by Senator Mathern, seconded by Senator O'Connell, and carried on a roll call vote that the Budget Section approve the Dakota College at Bottineau request pursuant to Sections 15-10-12.1 and 48-01.2-25 to increase spending authority by \$74,380, from \$375,820 to \$450,200 for the campus generator project. Representatives Pollert, Boe, Carlson, Devlin, Guggisberg, Holman, Kempenich, Kreidt, Martinson, Mock, Monson, Nelson, Onstad, and Thoreson and Senators Bowman, Carlisle, Erbele, Heckaman, Holmberg, Kilzer, Klein, Krebsbach, Lee, Mathern, O'Connell, Robinson, Schneider, Wanzek, Wardner, and Warner voted "aye." Representatives Bellew, Brandenburg, Dosch, Grande, Vigesaa, and Wieland voted "nay."

NORTH DAKOTA STATE UNIVERSITY EXTENSION SERVICE 4-H CAMP PROJECT

Pursuant to Section 48-01.2-25, Mr. Duane Hauck, North Dakota State University Extension Service, presented information ([Appendix L](#)) regarding a request for Budget Section approval for a change in scope and to increase spending authority related to the 4-H camp project by \$700,000, from \$1,900,000 to \$2,600,000. He said that the additional \$700,000 will be generated from fundraising activities.

It was moved by Senator Holmberg, seconded by Senator Robinson, and carried on a roll call vote that the Budget Section pursuant to Section 48-01.2-25 approve the North Dakota State University Extension Service request for a change in scope and to increase spending authority by \$700,000, from \$1,900,000 to \$2,600,000 for the 4-H camp project. Representatives Pollert, Bellew, Boe, Brandenburg, Carlson, Devlin, Dosch, Grande, Guggisberg, Holman, Kempenich, Kreidt, Martinson, Mock, Monson, Nelson, Onstad, Thoreson, Vigesaa, and Wieland and Senators Bowman, Carlisle, Erbele, Heckaman, Holmberg, Kilzer, Klein, Krebsbach, Lee, Mathern, O'Connell, Robinson, Schneider, Wanzek, Wardner, and Warner voted "aye." No negative votes were cast.

The Budget Section recessed for lunch at 12:30 p.m. and reconvened at 1:15 p.m.

NORTH DAKOTA UNIVERSITY SYSTEM MASTER PLAN

Mr. Rick Tonder, Director of Facility Planning, North Dakota University System, presented information ([Appendix M](#)) regarding the status of the North Dakota University System master plan. He said the University System has retained a consultant to conduct an analysis of all 11 institutions to evaluate data on enrollment, classroom utilization, facility utilization, and demographic analysis for degree production and gaps between degree production and employment opportunities.

Mr. Tonder said a draft of the master plan should be completed by April 2014 and a final report of the master plan presented to the State Board of Higher Education in May 2014.

UNIVERSITY OF NORTH DAKOTA WALKWAY PROJECT UPDATE

Mr. Tonder presented information ([Appendix N](#)) regarding the status of the University of North Dakota School of Medicine and Health Sciences walkway project at the family practice center in Bismarck. He said the project will be managed by Sanford Health, and the School of Medicine will be providing the funds for its share of the cost of the project to Sanford Health. He said the project is on schedule, and an ownership agreement between the School of Medicine and Sanford Health will be prepared to establish ownership, responsibilities of operation and maintenance, and the method for transferring funds.

Representative Grande suggested the Legislative Council staff review the legislative provisions relating to the project to determine if the School of Medicine has authority to proceed as planned or if additional legislative authority is necessary.

MINOT STATE UNIVERSITY CAMPUS SECURITY

Mr. Brian Foisy, Vice President for Administration and Finance, Minot State University, presented information ([Appendix O](#)) regarding the use of oil and gas impact grant funds for emergency stations to increase security on campus. He said Minot State University requested a \$1,485,000 grant from the oil and gas impact grant fund and was awarded \$1,018,000 to make additional safety and security improvements, including enhancing emergency response, enhancing video surveillance, and improving lighting on campus.

UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES - NAMING OPPORTUNITIES

Mr. Dave Miedema, Senior Director of Development, University of North Dakota School of Medicine and Health Sciences, presented information ([Appendix P](#)) regarding the School of Medicine building project naming opportunities. He said while the Legislative Assembly provided adequate funding to construct and furnish the building, the UND Foundation is leveraging the investment made by the Legislative Assembly to generate additional funding, primarily for student scholarships. He said the foundation is offering naming opportunities for donors based on the gift amount.

Senator Kilzer said generally naming opportunities are made available to donors who give funds to assist with construction of a building or to honor someone. He expressed concern that the naming opportunities offered by the foundation for this building do not meet these criteria.

Representative Dosch suggested a portion of the funds raised for the naming rights be used for the building maintenance costs and that the remainder of the funds, if used for scholarships, be dedicated for North Dakota students willing to practice in North Dakota after graduation.

STATE BOARD OF AGRICULTURAL RESEARCH AND EDUCATION STATUS REPORT

Mr. Mike Beltz, Chairman, State Board of Agricultural Research and Education, presented information ([Appendix Q](#)) regarding the activities of the board and the North Dakota Agricultural Experiment Station and the North Dakota State University Extension Service budget. He reviewed the activities of the board and discussed its initiatives and projects, including enhancing crop development and protection efforts and enhancing the research capacity at the research extension centers.

ATTORNEY GENERAL'S OFFICE

Mr. Wayne Stenehjem, Attorney General, presented information ([Appendix R](#)) regarding the use of one-time funding during the 2013-15 biennium for grants to law enforcement agencies in oil-impacted counties where crime-related activities have increased or in other counties experiencing crime-related activities originating in oil-impacted counties pursuant to Section 11 of 2013 House Bill No. 1358. He said that of the \$9.6 million available, only \$290,000 has not yet been awarded.

Senator Wanzek said although the majority of the grant funds are being awarded to law enforcement in areas of the state directly impacted by oil and gas development, law enforcement agencies in other areas of the state, including the Jamestown area, are also being impacted.

DEPARTMENT OF HUMAN SERVICES USE OF ONE-TIME FUNDING

Ms. Debra McDermott, Chief Financial Officer, Department of Human Services, presented information ([Appendix S](#)) regarding the use of one-time funding during the 2013-15 biennium for grants to critical access hospitals in oil-producing counties and in counties contiguous to oil-producing counties pursuant to Section 10 of House Bill No. 1358. She said the section appropriated \$9.6 million for the 2013-15 biennium. Section 17 of 2013 House Bill No. 1015 authorized the department to use a portion of the funds to provide a grant to an organization to assist hospitals in developing a system to verify patient personal and health insurance information. She said the department has awarded \$700,000 to the North Dakota Hospital Association to develop this system and has awarded \$4,450,000 to nine critical access hospitals for the first year of the biennium.

HUB CITY ALLOCATION USE OF OIL AND GAS GROSS PRODUCTION TAX FUNDING City of Minot

Ms. Cindy Hemphill, Finance Director, Minot, presented information ([Appendix T](#)) regarding Minot's use of funding received from hub city allocations from the oil and gas gross production tax under Section 57-51-15. She said the funds received under Section 57-51-15 have been used to finance infrastructure, and none of the funds were used for flood recovery.

Ms. Hemphill reviewed the major projects for which the funding has been used, including sewer system upgrades and improvements and airport-related projects.

City of Dickinson

Mr. Matthew Kolling, City Attorney and Deputy City Administrator, Dickinson, presented information ([Appendix U](#)) regarding Dickinson's use of funds received from hub city allocations from the oil and gas gross production tax under Section 57-51-15. He said the city of Dickinson has received \$8.5 million to date, and the funds have been used for the following projects--public works facility project, the reconstruction and realignment of Empire Road, the construction of State Avenue North, and the construction of 21st Street West.

City of Williston

Mr. Brad Bekkedahl, Finance Commissioner, Williston, presented information ([Appendix V](#)) regarding Williston's use of funds received from hub city allocations from the oil and gas gross production tax under Section 57-51-15. He said the funds are being used for infrastructure projects, including road projects, water and sewer projects, and airport projects.

THREE AFFILIATED TRIBES USE OF OIL AND GAS TAX RECEIPTS

Mr. Whitney Bell, Chief Financial Officer, Three Affiliated Tribes, presented information ([Appendix W](#)) regarding fees, expenses, and charges the tribe imposes on the oil industry and essential infrastructure projects completed by Three Affiliated Tribes using oil and gas tax receipts pursuant to Section 57-51.2-02. He reviewed infrastructure projects currently being constructed on the Fort Berthold Indian Reservation including the Elbowoods Health Center Streets and Housing Project, various street and utilities projects, and road and sewer projects.

Mr. Bell said the tribe collected approximately \$7 million in Tribal Employment Rights Office fees, \$12 million in drilling fees, and \$2 million in Department of Transportation fees in fiscal year 2013.

Representative Nelson suggested the Legislative Council staff review the effect that changes made by the 2013 Legislative Assembly to the tribal oil tax agreement have had on the Three Affiliated Tribes oil tax revenues for the 2013-15 biennium to date.

OFFICE OF MANAGEMENT AND BUDGET - INFORMATION TECHNOLOGY STUDY

Ms. Sharp presented information regarding its information technology hardware relocation and consolidation study pursuant to Section 8 of 2013 Senate Bill No. 2021. She said OMB contracted with a consultant--UmmelGroup International, Inc.--to conduct the study.

Mr. Steve Patterson, Information Technology Consultant, UmmelGroup International, Inc., presented information ([Appendix X](#)) regarding the results of its relocation and consolidation study of information technology equipment operated by selected agencies pursuant to Section 8 of Senate Bill No. 2021. He said the study resulted in a recommendation to consolidate the information technology equipment of the Public Service Commission, the Department of Mineral Resources Oil and Gas Division, and the State Water Commission with the Information Technology Department but to not consolidate the equipment of the Attorney General's office.

Representative Thoreson suggested the Legislative Council staff identify any examples in other states where information technology equipment relating to the criminal justice information is consolidated with a centralized information technology organization.

JOB SERVICE NORTH DAKOTA

Mr. Mark Butland, Associated Director of Unemployment Insurance, Job Service North Dakota, presented information ([Appendix Y](#)) regarding the results of the actual job insurance trust fund balance and the targeted modified average high-cost multiplier pursuant to Section 52-02-17. He said the balance on December 31, 2013, was \$153.7 million, and the fund is 16 percent over target. He said the difference between the target and the actual balance will be reduced in future years with the rate setting process.

SECRETARY OF STATE CREDIT CARD USAGE RATES

Mr. Alvin A. Jaeger, Secretary of State, presented information ([Appendix Z](#)) regarding credit card usage rates and credit card fees paid by the Secretary of State pursuant to Section 7 of 2013 House Bill No. 1002. He said while fees expended to date for the 2013-15 biennium are less than budgeted, he anticipates that the usage of credit cards will increase significantly when the agency's new software system is deployed. He said this new system will allow online filing and payments.

STATE WATER COMMISSION CHANGES TO PRIORITY PROJECT LIST

Mr. Todd Sando, State Engineer and Chief Engineer-Secretary, State Water Commission, provided information on changes made to the commission's priority projects list presented to the 63rd Legislative Assembly for the 2013-15 biennium pursuant to Section 14 of 2013 House Bill No. 1020. He said to date for the 2013-15 biennium, resources trust fund revenues are \$18.7 million more than projected. He anticipates the State Water Commission will request Budget Section approval for additional spending authority at the Budget Section's June 2014 meeting. He said the commission has not made any changes to the water project priority list; however, the commission did approve three new projects relating to water systems in Dickinson, Watford City, and Williston totaling \$32 million.

Representative Onstad expressed concern that State Water Commission rules preclude some cities from applying for assistance from the commission for water projects.

Representative Schmidt expressed concern regarding State Water Commission changes that have resulted in local cost-share requirement increases for rural water systems. Mr. Sando said the commission shares in 75 percent of the cost of rural water expansion projects but only 50 percent of the cost of rural water replacement projects.

Representative Schmidt expressed concern regarding the lack of legislator involvement in the development of State Water Commission policy.

COMMITTEE DISCUSSION AND STAFF DIRECTIVES

Representative Grande suggested the Budget Section receive at its next meeting:

1. An update from the University System on its information technology data breach.
2. An update on the status of testing the load capacity of county roads in western North Dakota.

Representative Nelson suggested the Budget Section receive a report at its September 2014 meeting from the North Dakota Hospital Association regarding the effectiveness of its program to assist hospitals in verifying personal and health insurance information of patients.

Chairman Pollert said the Department of Human Services will be asked to present information at the next Budget Section meeting regarding the status of the Medicaid management information system computer project and the status of Medicaid Expansion.

Chairman Pollert announced the next Budget Section meeting is tentatively scheduled for Wednesday, June 25, 2014, beginning at 10:00 a.m.

No further business appearing, Chairman Pollert adjourned the meeting at 3:30 p.m.

Allen H. Knudson
Legislative Budget Analyst and Auditor

Michael C. Johnson
Fiscal Analyst

ATTACH:26