

STATE GOVERNMENT

CHAPTER 399

HOUSE BILL NO. 1428

(Representatives Monson, Bellew, Damschen, Headland, Karls,
Kasper, Owens, Skarphol, Streyle, Wieland)
(Senators Luick, Sitte)

AN ACT to create and enact a new section to chapter 54-03 of the North Dakota Century Code, relating to review of presidential executive orders.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 54-03 of the North Dakota Century Code is created and enacted as follows:

Review of presidential executive orders.

The legislative management may review any executive order issued by the president of the United States which has not been affirmed by a vote of the Congress of the United States and signed into law as prescribed by the Constitution of the United States and recommend to the attorney general and the governor that the executive order be further reviewed to determine the constitutionality of the order and whether the state should seek an exemption from the application of the order or seek to have the order declared to be an unconstitutional exercise of legislative authority by the president.

Approved April 12, 2013
Filed April 12, 2013

CHAPTER 400

SENATE BILL NO. 2188

(Senators Poolman, Dever, Grindberg)
(Representatives Dockter, Nathe)

AN ACT to amend and reenact section 54-06-24 of the North Dakota Century Code, relating to the state employee suggestion incentive program.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-06-24 of the North Dakota Century Code is amended and reenacted as follows:

54-06-24. State employee suggestion incentive program.

1. There is established a suggestion incentive program for state employees. All persons employed by the state are eligible to participate in the program except state agency heads, administrators, or any supervisors considered at the management level by the state agency head.
2. A state employee may submit a recommendation or proposal to reduce expenditures within the employee's agency to a suggestion incentive committee. The suggestion incentive committee shall administer the employee suggestion incentive program created under this section and review all recommendations or proposals for reduction of expenditures. The suggestion incentive committee may consider whether the recommendation or proposal to reduce expenditures within the employee's agency applies to any other state agency. The suggestion incentive committee shall notify the office of management and budget of any recommendation that affects an agency other than the employing agency. The governor shall appoint five state agency heads to the suggestion incentive committee for four-year staggered terms to commence on August first in the year of appointment and to continue until the successors are appointed.
3.
 - a. The suggestion incentive committee shall consider legitimate savings reductions in expenditures made possible within the employing state agency and any other state agency.
 - b. The suggestion incentive committee shall determine if:
 - (1) The recommendation or proposal has been previously submitted and rejected.
 - (2) The recommendation or proposal is beyond the reasonable expectations of job performance for the employee who made the suggestion.
 - (3) Implementation of the recommendation or proposal is desirable and feasible.

- (4) Implementation of the recommendation or proposal will continue to provide the quality of the services presently provided by the employing state agency and any other state agency affected by the recommendation or proposal.
- c. The suggestion incentive committee shall submit to the state agency head of the employee submitting the recommendation or proposal any recommendation and proposal the committee approves.
4. The state agency head shall review and determine whether a recommendation or proposal approved by the suggestion incentive committee is capable of implementation. The state agency head shall make the final decision on acceptance or rejection of a recommendation or proposal.
5. A state employee who submits a recommendation or proposal to reduce expenditures that is approved by the suggestion incentive committee and approved for implementation by the state agency head is entitled to receive twenty percent of any savings realized up to a maximum of ~~two~~four thousand dollars. The savings must relate directly to the employee's proposed change. The suggestion incentive must be computed on the actual savings for a twelve-month period, the period to run from the time that the proposed change is instituted. An employee is entitled to the suggestion incentive payment at the end of the twelve-month period in a lump sum from funds of the employing state agency. Any payments to an employee under this program are in addition to the employee's regular salary. Employees who qualify for the suggestion incentive are entitled to an award for the first year's savings only and not for any subsequent years.
6. On July first of each year a state agency that makes a suggestion incentive payment in the preceding twelve months shall submit a report to the office of management and budget describing the implemented recommendation or proposal. On September first of each year, the office of management and budget shall provide to all state agencies a report describing the recommendations and proposals to reduce expenditures implemented by state agencies.

Approved March 27, 2013
Filed March 27, 2013

CHAPTER 401

HOUSE BILL NO. 1309

(Representatives Guggisberg, Karls)
(Senators Sorvaag, Nelson)

AN ACT to amend and reenact sections 54-06-32, 54-06-33, and 54-06-34 of the North Dakota Century Code, relating to state agency reporting requirements for employee service awards, employer-paid tuition, and employer-paid dues and memberships; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-06-32 of the North Dakota Century Code is amended and reenacted as follows:

54-06-32. State employee service awards.

Each state agency, department, or institution may establish rules or policies for employee recognition and service award programs. Executive branch agencies having employees in classified service are subject to rules adopted by North Dakota human resource management services and approved by the state personnel board and the legislative management's administrative rules committee. Any other agency, department, or institution of the executive, legislative, or judicial branch may adopt similar rules or policies to ensure uniformity and consistency in state government. Notwithstanding any other provision of law, each executive branch state agency, department, or institution, except an institution of higher education, having employees who are not in classified service and establishing rules or policies for employee recognition and service award programs shall submit the rules and policies to the office of management and budget for review and comment, and after addressing any comments of the office of management and budget, shall submit the rules and policies to the legislative management's administrative rules committee for approval. Within sixty days after the close of each biennial period, each state agency, department, or institution providing an employee service award under rules approved by the administrative rules committee shall file with the office of management and budget a report indicating the ~~individuals receiving a service award, the amount paid, and a statement of the public purpose or benefit of the expenditures~~total amount of service awards paid. Within ninety days after the close of each biennial period, the office of management and budget shall submit to the legislative council a report summarizing this information. An expenditure made under this section is deemed to be made for a public purpose and may not be construed as a gift for purposes of section 18 of article X of the Constitution of North Dakota.

SECTION 2. AMENDMENT. Section 54-06-33 of the North Dakota Century Code is amended and reenacted as follows:

54-06-33. Employer-paid tuition.

Each state agency, department, or institution may establish rules or policies to provide employer-paid costs of training or educational courses, including tuition and fees, within budgetary constraints. Executive branch agencies having employees in classified service are subject to rules adopted by North Dakota human resource

management services and approved by the state personnel board and the legislative management's administrative rules committee. Any other state agency, department, or institution of the executive, legislative, or judicial branch may adopt rules or policies to ensure uniformity and consistency in state government. Notwithstanding any other provision of law, each executive branch state agency, department, or institution, except an institution of higher education, having employees who are not in classified service and establishing rules or policies for employer-paid costs of training or educational courses, including tuition and fees, shall submit the rules and policies to the office of management and budget for review and comment, and after addressing any comments of the office of management and budget, shall submit the rules and policies to the legislative management's administrative rules committee for approval. Within sixty days after the close of each biennial period, each state agency, department, or institution providing employer-paid costs of training or educational courses, including tuition and fees, under rules approved by the administrative rules committee, shall file with the office of management and budget a report indicating the ~~individuals receiving employer-paid costs of training or educational courses, including tuition and fees; the amount paid; and a statement of the public purpose or benefit of the expenditure~~total employer-paid costs of training and educational courses, including tuition and fees. Within ninety days after the close of each biennial period, the office of management and budget shall submit to the legislative council a report summarizing this information. An employee who receives employer-paid tuition reported under this section who leaves employment with ~~that employer~~the state within two years of receiving the tuition must repay tuition received under this section on a prorated basis. An expenditure for employer-paid training or educational courses, including tuition and fees, under this section is deemed to be made for a public purpose and may not be construed as a gift for purposes of section 18 of article X of the Constitution of North Dakota.

SECTION 3. AMENDMENT. Section 54-06-34 of the North Dakota Century Code is amended and reenacted as follows:

54-06-34. Employer-paid professional organization membership and service club dues.

Each state agency, department, or institution may pay employee membership dues for professional organizations and membership dues for service clubs when required to do business or if the membership is primarily for the benefit of the state. Within sixty days after the close of each biennial period, each executive branch state agency, department, or institution, except an institution of higher education, providing employer-paid professional organization membership and service club dues shall file with the office of management and budget a report indicating the ~~individuals receiving employer-paid professional organization membership and service club dues, the amount paid, and a statement of the public purpose or benefit of the expenditure~~total employer-paid professional organization membership and service club dues. Within ninety days after the close of each biennial period, the office of management and budget shall submit to the legislative council a report summarizing this information. An expenditure made under this section is deemed to be made for a public purpose and may not be construed as a gift for purposes of section 18 of article X of the Constitution of North Dakota.

SECTION 4. EMERGENCY. This Act is declared to be an emergency measure.

Approved April 18, 2013
Filed April 18, 2013

CHAPTER 402

HOUSE BILL NO. 1340

(Representatives Klemin, Delmore, Larson, Maragos)
(Senators Armstrong, Sitte, Nelson)

AN ACT to create and enact a new section to chapter 54-09 of the North Dakota Century Code, relating to records filed with the secretary of state; and to amend and reenact subsection 1 of section 35-13-02, subsection 6 of section 41-09-73, and subsection 7 of section 54-09-04 of the North Dakota Century Code, relating to confidential information in the possession of the secretary of state and fees collected by the secretary of state.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

¹⁷⁵ **SECTION 1. AMENDMENT.** Subsection 1 of section 35-13-02 of the North Dakota Century Code is amended and reenacted as follows:

1. The secretary of state shall prescribe one form that can be used to obtain a lien under this section and also be entered in the central indexing system. A person entitled to a lien under this chapter who retains possession of the property made, altered, or repaired is not required to file any statement to perfect the lien. If the possession of the property so made, altered, or repaired is relinquished, the person shall file, within ninety days, or if the property is used for agricultural purposes within one hundred twenty days, or in the exploration for or the production of oil or gas within six months, after the materials are furnished or the labor is completed, in the office of the recorder of the county in which the owner or legal possessor of the property resides, a verified written statement showing:
 - a. The labor performed.
 - b. The materials furnished.
 - c. The price agreed upon for the labor performed or materials furnished, or, if no price was agreed upon, the reasonable value thereof.
 - d. The name of the person for whom the labor was performed or to whom the materials were furnished.
 - e. ~~The social security number, if available, or, in the case of a debtor doing business other than as an individual, the internal revenue service taxpayer identification number, if available, of the person for whom the labor was performed or to whom the materials were furnished.~~
 - f. The name and address of the person claiming the lien.
 - g.f. A description of the property upon which the lien is claimed.

¹⁷⁵ Section 35-13-02 was also amended by section 3 of House Bill No. 1136, chapter 257.

¹⁷⁶ **SECTION 2. AMENDMENT.** Subsection 6 of section 41-09-73 of the North Dakota Century Code is amended and reenacted as follows:

6. a. Any social security number or federal tax identification number submitted on a financing statement filed pursuant to this chapter as a central indexing filing prior to January 1, 2012, is an exempt record as defined by subsection 5 of section 44-04-17.1 and may not be disclosed as part of any search under section 41-09-94 or 41-09-96 or as part of a copy of the record. A filing office or an officer or employee of the filing office may not be held civilly or criminally liable for the inadvertent disclosure of a social security or federal tax identification number if the filer has placed the number in an improper field on the form prescribed by the secretary of state or the filer submitted a filing other than on the form prescribed by the secretary of state.
- b. After December 31, 2011, a debtor's social security number or federal tax identification number may not be filed pursuant to this chapter in the filing office with the central indexing system and may not be recorded in the real property records.

SECTION 3. AMENDMENT. Subsection 7 of section 54-09-04 of the North Dakota Century Code is amended and reenacted as follows:

7. For preparing any listing or compilation of any information recorded or filed in the office of the secretary of state, thirty-five dollars plus an amount established by the secretary of state to recover the actual cost for assembling and providing the information on in the medium format requested.

SECTION 4. A new section to chapter 54-09 of the North Dakota Century Code is created and enacted as follows:

Confidential information in filed records.

A social security number or federal tax identification number disclosed or contained in any record filed with the secretary of state is confidential. The secretary of state shall delete or obscure a social security or federal tax identification number before a copy of any record is released to the public. A filing office or an officer or employee of the filing office may not be held civilly or criminally liable for the inadvertent disclosure of a social security or federal tax identification number if the filer has placed the number in an improper field on the form prescribed by the secretary of state or the filer submitted a filing other than on the form prescribed by the secretary of state.

Approved April 12, 2013
Filed April 12, 2013

¹⁷⁶ Section 41-09-73 was also amended by section 23 of House Bill No. 1136, chapter 257.

CHAPTER 403

SENATE BILL NO. 2246

(Senator Cook)

AN ACT to amend and reenact subsection 1 of section 54-10-14 of the North Dakota Century Code, relating to audits.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

¹⁷⁷ **SECTION 1. AMENDMENT.** Subsection 1 of section 54-10-14 of the North Dakota Century Code is amended and reenacted as follows:

1. The state auditor shall audit the following political subdivisions once every two years, except as provided in this section or otherwise by law:
 - a. Counties.
 - b. Cities, and when a city is audited, to include any political subdivision that was created by the city and has bonding authority.
 - c. Park districts.
 - d. School districts.
 - e. Firefighters relief associations.
 - f. Airport authorities.
 - g. Public libraries.
 - h. Water resource districts.
 - i. Garrison Diversion Conservancy District.
 - j. Rural fire protection districts.
 - k. Special education districts.
 - l. Area career and technology centers.
 - m. Correction centers.
 - n. Recreation service districts.
 - o. Weed boards.
 - p. Irrigation districts.

¹⁷⁷ Section 54-10-14 was also amended by section 2 of Senate Bill No. 2233, chapter 490.

- q. Rural ambulance service districts.
- r. Southwest water authority.
- s. Regional planning councils.
- t. Soil conservation districts.
- u. ~~Housing authorities not required to be audited by the federal department of housing and urban development.~~

Approved March 26, 2013

Filed March 27, 2013

CHAPTER 404

HOUSE BILL NO. 1137

(Representatives Toman, Kasper, Porter)
(Senators Carlisle, Cook, Sitte)

AN ACT to amend and reenact section 54-10-27 of the North Dakota Century Code, relating to audits of occupational and professional boards.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-10-27 of the North Dakota Century Code is amended and reenacted as follows:

54-10-27. Occupational and professional boards - Audits and reports.

The governing board of any occupational or professional board shall provide for an audit once every two years by a certified public accountant or licensed public accountant. The accountant conducting the audit shall submit the audit report to the state auditor's office. If the report is in the form and style prescribed by the state auditor, the state auditor may not audit that board. An occupational or professional board may request the state auditor to conduct its audit, and if the state auditor agrees to conduct the audit, the state auditor shall deposit the fees charged to the occupational or professional board into the state auditor operating account. Instead of providing for an audit every two years, an occupational or professional board that has less than ~~ten~~^{fifty} thousand dollars of annual receipts may submit an annual report to the state auditor. The report must contain the information required by the state auditor. The state auditor also may make any additional examination or audit determined necessary in addition to the annual report. When a report is not filed, the state auditor may charge the occupational or professional board an amount equal to the fair value of the additional examination or audit and any other services rendered. The state auditor may charge an occupational or professional board a fee not to exceed fifty dollars an hour for the costs of reviewing the annual report.

Approved April 1, 2013
Filed April 1, 2013

CHAPTER 405

HOUSE BILL NO. 1083

(Industry, Business and Labor Committee)
(At the request of the Housing Finance Agency)

AN ACT to amend and reenact sections 54-17-07.2 and 54-17-07.3 of the North Dakota Century Code, relating to multifamily housing facilities, leasehold mortgage loans, and refinancing previously purchased mortgage loans; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-17-07.2 of the North Dakota Century Code is amended and reenacted as follows:

54-17-07.2. (Effective through June 30, 2013) Definitions.

As used in sections 54-17-07.1 through 54-17-07.7 and section 54-17-07.10:

1. ~~"Lenders" means any bank or trust company chartered by the state of North Dakota or any national banking association located in North Dakota, state or federal savings and loan association located in North Dakota, and federal housing administration approved mortgagee or other mortgage banking institutions actively engaged in home mortgage lending in North Dakota approved by the industrial commission.~~
2. ~~"Multifamily housing facility" means any facility containing four or more residential dwelling units; provided, that at least twenty percent of the units in each facility must be held for occupancy by persons or families of low and moderate income for the period of time as the industrial commission may determine and may include the related public or private facilities intended for commercial, cultural, recreational, community, or other civic purpose as the commission may approve.~~
3. ~~"Persons and families of low or moderate income" means persons or families whose financial means are insufficient, taking into account such factors as the industrial commission shall deem relevant, to secure decent, safe, and sanitary housing provided by private industry without the financial assistance afforded by the housing finance programs of the commission.~~
4. ~~"Single-family residential dwelling unit" means any residential real property that:
 - a. Is designed for occupancy by one to four individual households;
 - b. Is an individual condominium or equity cooperative unit; or
 - c. Is an individual nonrental dwelling unit the ownership of which includes rights of facilities in common.~~

~~(Effective after June 30, 2013)~~ **Definitions.** As used in sections 54-17-07.1 through 54-17-07.7 and section 54-17-07.10:

1. "Lenders" means any bank or trust company chartered by the state of North Dakota or any national banking association located in North Dakota, state or federal savings and loan association located in North Dakota, and federal housing administration approved mortgagee or other mortgage banking institutions actively engaged in home mortgage lending in North Dakota approved by the industrial commission.
2. "Multifamily housing facility" means any facility containing ~~five~~four or more residential dwelling units; provided, that at least twenty percent of the units in each facility must be held for occupancy by persons or families of low and moderate income for such period of time as the industrial commission may determine and may include such related public or private facilities intended for commercial, cultural, recreational, community, or other civic purpose as the commission may approve.
3. "Persons and families of low or moderate income" means persons or families whose financial means are insufficient, taking into account such factors as the industrial commission shall deem relevant, to secure decent, safe, and sanitary housing provided by private industry without the financial assistance afforded by the housing finance programs of the commission.
4. "Single-family residential dwelling unit" means any residential real property that:
 - a. Is designed for occupancy by one to four individual households;
 - b. Is an individual condominium or equity cooperative unit; or
 - c. Is an individual nonrental dwelling unit the ownership of which includes rights of facilities in common.

¹⁷⁸ **SECTION 2. AMENDMENT.** Section 54-17-07.3 of the North Dakota Century Code is amended and reenacted as follows:

54-17-07.3. Housing finance programs.

Acting in its capacity as a state housing finance agency, the industrial commission is authorized to establish the following housing finance programs:

1. Home mortgage finance program. A program or programs to provide financing or refinancing of loans made by lenders, including second mortgage loans and leasehold mortgage loans on tribal trust or other reservation lands, and leasehold mortgage loans that are insured ~~or~~ guaranteed, or assisted through an affordable housing program, to persons or families of low and moderate income for the purchase or substantial rehabilitation of owner occupied, single-family residential dwelling units, which includes mobile homes and manufactured housing. The commission may also authorize a program to provide refinancing of loans previously made by lenders and purchased under the home mortgage finance program.

¹⁷⁸ Section 54-17-07.3 was also amended by section 1 of House Bill No. 1029, chapter 406.

2. Mobile home and manufactured housing finance program. A program or programs to provide for the purchase or guaranty of a loan made by a lender to finance the purchase of a mobile home or a manufactured housing unit other than on a real property mortgage basis. A program authorized under this subsection may provide assistance in the development of low-income to moderate-income housing or to otherwise assist a developing community in the state address an unmet housing need or alleviate a housing shortage.
3. Multifamily housing finance program. A program or programs to provide financing directly or indirectly of construction, permanent, and combined construction and permanent mortgage loans, including participations in mortgage loans, for the acquisition, construction, refurbishing, reconstruction, rehabilitation, or improvement of multifamily housing facilities.
4. Mortgage loan financing program. A program or programs to provide for the purchase or guaranty of a temporary or permanent mortgage loan originated by a lender on residential real property or on land to be developed into residential real property, in addition to a mortgage loan acquired or to be acquired under subsections 1 through 3. A program authorized under this subsection may provide assistance in the development of low to moderate income housing or to otherwise assist a developing community in the state address an unmet housing need or alleviate a housing shortage.
5. Home improvement finance program. A program or programs to provide full or partial, indirect financing of improvements to existing residential dwelling units.
6. Housing grant program. A program or programs to provide a grant other than those authorized by section 54-17-07.6 to encourage and promote housing availability for persons of low or moderate income or to otherwise assist a developing community in this state address an unmet housing need or alleviate a housing shortage.

SECTION 3. EMERGENCY. This Act is declared to be an emergency measure.

Approved March 26, 2013
Filed March 27, 2013

CHAPTER 406

HOUSE BILL NO. 1029

(Legislative Management)
(Energy Development and Transmission Committee)

AN ACT to create and enact a new subsection to section 57-35.3-05 of the North Dakota Century Code, relating to a tax credit for contributions to the housing incentive fund; to amend and reenact subsection 3 of section 54-17-07.3 and sections 54-17-40, 54-17-41, and 57-38-01.32 of the North Dakota Century Code, relating to a multifamily housing finance program and to the housing incentive fund and tax credits; to provide a report to the budget section; to provide a continuing appropriation; to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

¹⁷⁹ **SECTION 1. AMENDMENT.** Subsection 3 of section 54-17-07.3 of the North Dakota Century Code is amended and reenacted as follows:

3. Multifamily housing finance program. A program or programs to provide financing directly or indirectly of construction, permanent, and combined construction and permanent mortgage loans, including participations in mortgage loans, for the acquisition, construction, refurbishing, reconstruction, rehabilitation, or improvement of multifamily housing facilities. As part of the program, the industrial commission, acting in its capacity as a state housing finance agency, may enter a public and private partnership with any interested private entity and accept any gift, grant, or other type of financial aid or assistance, including a contribution to the housing incentive fund, to provide financing for the construction or rehabilitation of a multifamily housing facility in a developing community in the state to address an unmet housing need or alleviate a housing shortage. A private entity participating in this program may reserve a proportionate share of available units in the facility for occupancy by its workforce based on its financial participation in the facility, in addition to any units held for occupancy by individuals or families of low or moderate income.

¹⁸⁰ **SECTION 2. AMENDMENT.** Section 54-17-40 of the North Dakota Century Code is amended and reenacted as follows:

54-17-40. (Effective through June 30, 20132015) Housing incentive fund - Continuing appropriation - Report to budget section.

1. The housing incentive fund is created as a special revolving fund at the Bank of North Dakota. The housing finance agency may direct disbursements from

¹⁷⁹ Section 54-17-07.3 was also amended by section 2 of House Bill No. 1083, chapter 405.

¹⁸⁰ Section 54-17-40 was also amended by section 23 of Senate Bill No. 2014, chapter 45.

the fund and a continuing appropriation from the fund is provided for that purpose.

2. After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund. At least twenty-five percent of the fund must be used to assist developing communities with a population of not more than ten thousand individuals to address an unmet housing need or alleviate a housing shortage. At least fifty percent of the fund must be used to benefit households with incomes at not more than fifty percent of the area median income. The agency may collect a reasonable administrative fee from the fund, project developers, applicants, or grant recipients.

The annual allocation plan must give first priority through its scoring and ranking process to housing for essential service workers. For purposes of this subsection, "essential service workers" means individuals employed by a city, county, school district, medical or long-term care facility, the state of North Dakota, or others as determined by the housing finance agency who fulfill an essential public service.

The second priority in the annual allocation plan must be to provide housing for individuals and families of low or moderate income. For purposes of this second priority, eligible income limits are determined as a percentage of median family income as published in the most recent federal register notice. Under this second priority, the annual allocation plan must give preference to projects that benefit households with the lowest income and to projects that have rent restrictions at or below department of housing and urban development published federal fair market rents or department of housing and urban development section 8 payment standards.

The housing finance agency shall maintain a register reflecting the number of housing units owned or master leased by cities, counties, school districts, or other employers of essential service workers. This register must also reflect those entities that are providing rent subsidies for their essential workers. The housing finance agency shall report quarterly to the budget section of the legislative management on the progress being made to reduce the overall number of units owned, master leased, or subsidized by these entities. This report must include a listing of projects approved and number of units within those projects that provide housing for essential service workers.

3. The housing finance agency shall adopt guidelines for the fund so as to address unmet housing needs in this state. Assistance from the fund may be used solely for:
 - a. New construction, rehabilitation, or acquisition of a multifamily housing project;
 - b. Gap assistance, matching funds, and accessibility improvements;
 - c. Assistance that does not exceed the amount necessary to qualify for a loan using underwriting standards acceptable for secondary market financing or to make the project feasible; and
 - d. Rental assistance, emergency assistance, or targeted supportive services designated to prevent homelessness.

4. Eligible recipients include units of local, state, and tribal government; local and tribal housing authorities; community action agencies; regional planning councils; and nonprofit organizations and for-profit developers of multifamily housing. Individuals may not receive direct assistance from the fund.
5. Except for subdivision d of subsection 3, assistance is subject to repayment or recapture under the guidelines adopted by the housing finance agency. Any assistance that is repaid or recaptured must be deposited in the fund and is appropriated on a continuing basis for the purposes of this section.

SECTION 3. AMENDMENT. Section 54-17-41 of the North Dakota Century Code is amended and reenacted as follows:

54-17-41. (Effective through June 30, 2013~~2015~~) Report.

Upon request, the housing finance agency shall report to the industrial commission on the activities of the housing incentive fund.

SECTION 4. A new subsection to section 57-35.3-05 of the North Dakota Century Code is created and enacted as follows:

There is allowed a credit against the tax imposed by sections 57-35.3-01 through 57-35.3-12 in an amount equal to the contribution to the housing incentive fund under section 54-17-40. For the purposes of the credit allowed in this subsection, subsections 2 through 8 of section 57-38-01.32 apply.

¹⁸¹ **SECTION 5. AMENDMENT.** Section 57-38-01.32 of the North Dakota Century Code is amended and reenacted as follows:

57-38-01.32. (Effective for the first two taxable years beginning after December 31, 2010~~2012~~) Housing incentive fund tax credit.

1. A taxpayer is entitled to a credit as determined under this section against state income tax liability under section 57-38-30 or 57-38-30.3 for contributing to the housing incentive fund under section 54-17-40. The amount of the credit is equal to the amount contributed to the fund during the taxable year.
2. North Dakota taxable income must be increased by the amount of the contribution upon which the credit under this section is computed but only to the extent the contribution reduced federal taxable income.
3. The contribution amount used to calculate the credit under this section may not be used to calculate any other state income tax deduction or credit allowed by law.
4. If the amount of the credit exceeds the taxpayer's tax liability for the taxable year, the excess may be carried forward to each of the ten succeeding taxable years.
5. The aggregate amount of tax credits allowed to all eligible contributors is limited to ~~fifteen~~twenty million dollars ~~per biennium~~. This limitation applies to

¹⁸¹ Section 57-38-01.32 was also amended by section 24 of House Bill No. 1106, chapter 443, section 28 of Senate Bill No. 2014, chapter 45, and section 10 of Senate Bill No. 2325, chapter 449.

- all contributions for which tax credits are claimed under section 57-35.3-05 and this section.
6. Within thirty days after the date on which a taxpayer makes a contribution to the housing incentive fund, the housing finance agency shall file with each contributing taxpayer, and a copy with the tax commissioner, completed forms that show as to each contribution to the fund by that taxpayer the following:
 - a. The name, address, and social security number or federal employer identification number of the taxpayer that made the contribution.
 - b. The dollar amount paid for the contribution by the taxpayer.
 - c. The date the payment was received by the fund.
 7. To receive the tax credit provided under this section, a taxpayer shall claim the credit on the taxpayer's state income or financial institutions tax return in the manner prescribed by the tax commissioner and file with the return a copy of the form issued by the housing finance agency under subsection 6.
 8. Notwithstanding the time limitations contained in section 57-38-38, this section does not prohibit the tax commissioner from conducting an examination of the credit claimed and assessing additional tax due under section 57-38-38.
 9. A partnership, subchapter S corporation, limited partnership, limited liability company, or any other passthrough entity making a contribution to the housing incentive fund under this section is considered to be the taxpayer for purposes of this section, and the amount of the credit allowed must be determined at the passthrough entity level. The amount of the total credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity.

SECTION 6. EFFECTIVE DATE - EXPIRATION DATE. Sections 4 and 5 of this Act are effective for the first two taxable years beginning after December 31, 2012, and are thereafter ineffective.

SECTION 7. EMERGENCY. Sections 1 through 3 of this Act are declared to be an emergency measure.

Approved May 3, 2013
Filed May 7, 2013

CHAPTER 407

SENATE BILL NO. 2079

(Industry, Business and Labor Committee)
(At the request of the Housing Finance Agency)

AN ACT to create and enact a new section to chapter 54-17 of the North Dakota Century Code, relating to the authority of the housing finance agency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 54-17 of the North Dakota Century Code is created and enacted as follows:

Housing finance agency as wholesale servicing mortgage lender.

The business and transactions of the housing finance agency in addition to other matters specified in this chapter may include anything that any corporation or limited liability company lawfully may do in conducting a wholesale servicing mortgage lending business, except as it is restricted by the provisions of this chapter. This provision may not be held in any way to limit or qualify either the powers of the industrial commission granted by or the functions of the housing finance agency as defined in this chapter. The powers of the industrial commission and the functions of the housing finance agency must be implemented through actions taken and policies adopted by the industrial commission. For purposes of this chapter, a wholesale servicing mortgage lender is a mortgage loan wholesaler that neither solicits mortgage applications nor deals directly with mortgage loan applicants, it purchases loans from mortgage originators, pools the loans, and then sells them to private or governmental investors while retaining the servicing rights.

Approved April 1, 2013
Filed April 1, 2013

CHAPTER 408

HOUSE BILL NO. 1278

(Representatives Porter, Carlson)
(Senators Lyson, Wardner)

AN ACT to create and enact chapter 54-17.8 of the North Dakota Century Code, relating to the North Dakota outdoor heritage fund; to amend and reenact subsection 1 of section 57-51-15 of the North Dakota Century Code, relating to the oil and gas gross production tax; to provide an appropriation; and to provide a continuing appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

¹⁸² **SECTION 1.** Chapter 54-17.8 of the North Dakota Century Code is created and enacted as follows:

54-17.8-01. Definitions.

1. "Advisory board" means the North Dakota outdoor heritage advisory board.
2. "Commission" means the industrial commission.
3. "Fund" means the North Dakota outdoor heritage fund.

54-17.8-02. North Dakota outdoor heritage fund - Continuing appropriation.

There is created a North Dakota outdoor heritage fund that is governed by the commission. Any money deposited in the fund is appropriated on a continuing basis to the commission for the purposes of this chapter. Interest earned by the fund must be credited to the fund. The commission shall keep accurate records of all financial transactions performed under this chapter.

54-17.8-03. North Dakota outdoor heritage fund purposes.

1. The commission shall use the fund to provide grants to state agencies, tribal governments, political subdivisions, and nonprofit organizations to:
 - a. Provide access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;
 - b. Improve, maintain, and restore water quality, soil conditions, plant diversity, animal systems, and to support other practices of stewardship to enhance farming and ranching;
 - c. Develop, enhance, conserve, and restore wildlife and fish habitat on private and public lands; and

¹⁸² Section 54-17.8-06 was amended by section 3 of House Bill No. 1017, chapter 17.

- d. Conserve natural areas for recreation through the establishment and development of parks and other recreation areas.
2. The commission may not use the fund, in any manner, to finance:
 - a. Litigation;
 - b. Lobbying activities;
 - c. Any activity that would interfere, disrupt, or prevent activities associated with surface coal mining operations; sand, gravel, or scoria extraction activities; oil and gas operations; or other energy facility or infrastructure development;
 - d. The acquisition of land or to encumber any land for a term longer than twenty years; or
 - e. Projects outside this state or projects that are beyond the scope of defined activities that fulfill the purposes of this chapter.

54-17.8-04. Commission to staff advisory board.

The commission shall operate, manage, and control the outdoor heritage fund and provide staffing for the meetings.

54-17.8-05. Powers and duties of commission.

The commission is granted all the powers necessary or appropriate to carry out and effectuate the purposes of this chapter, including the power to:

1. Make grants to a state agency, a tribal government, a political subdivision, and a nonprofit organization;
2. Enter contracts or agreements to carry out the purposes of this chapter, including authority to contract for the administration of the fund and staffing for the advisory board;
3. Accept donations, grants, contributions, and gifts from any public or private source; and
4. Adopt policies and rules necessary to effectuate the purposes of this chapter.

54-17.8-06. North Dakota outdoor heritage advisory board - Members.

1. There is created a North Dakota outdoor heritage advisory board consisting of twelve members. The governor shall appoint representatives from each of the groups listed in this section based upon recommendations made by the appropriate group. The advisory board consists of:
 - a. Four members from the agriculture community. The governor shall appoint one member from the North Dakota farm bureau, North Dakota farmers union, the North Dakota stockmen's association, and the North Dakota grain growers association.

- b. Two members from the energy industry. The governor shall appoint one member from the North Dakota petroleum council and one member from the lignite energy council.
 - c. Four members from the conservation community. The governor shall appoint one member from ducks unlimited of North Dakota, the North Dakota natural resources trust fund, the North Dakota chapter of pheasants forever, and the conservation community at large.
 - d. One member from the business community from the greater North Dakota chamber.
 - e. One member from the North Dakota recreation and park association.
2. The governor also shall appoint to the advisory board one representative from each of the following agencies to serve as ex officio, nonvoting technical members: the department of parks and recreation, the game and fish department, the office of the state forester, and the North Dakota association of soil conservation districts.
 3. The term of office of each member of the board is four years and members may not serve more than two consecutive terms. The terms of office commence on the first day of July. The initial terms for the advisory board members must be staggered following a method determined by the board.
 4. The advisory board shall select a chairman from among the members. Seven voting members is a quorum at any meeting.
 5. The advisory board shall have at least two regular meetings each year and additional meetings as the chairman determines necessary at a time and place to be fixed by the chairman. Special meetings must be called by the chairman on written request of any five members.
 6. The advisory board shall recommend to the commission the approval of grants for funding activities that fulfill the purposes of this chapter.
 7. Members of the advisory board appointed by the governor serve at the pleasure of the governor.

54-17.8-07. Report to the budget section of the legislative management.

The advisory board shall provide a biennial report to the budget section of the legislative management.

¹⁸³ **SECTION 2. AMENDMENT.** Subsection 1 of section 57-51-15 of the North Dakota Century Code is amended and reenacted as follows:

1. First the tax revenue collected under this chapter equal to one percent of the gross value at the well of the oil and one-fifth of the tax on gas must be deposited with the state treasurer who shall:
 - a. Allocate five hundred thousand dollars per fiscal year to each city in an oil-producing county which has a population of seven thousand five

¹⁸³ Section 57-51-15 was also amended by section 10 of House Bill No. 1333, chapter 277, and section 2 of House Bill No. 1358, chapter 471.

- hundred or more and more than two percent of its private covered employment engaged in the mining industry, according to data compiled by job service North Dakota. The allocation under this subdivision must be doubled if the city has more than seven and one-half percent of its private covered employment engaged in the mining industry, according to data compiled by job service North Dakota;
- b. Credit revenues to the oil and gas impact grant fund, but not in an amount exceeding one hundred million dollars per biennium; ~~and~~
 - c. Credit four percent of the amount available under this subsection to the North Dakota outdoor heritage fund, but not in an amount exceeding fifteen million dollars in a state fiscal year and not in an amount exceeding thirty million dollars per biennium; and
 - d. Allocate the remaining revenues under subsection 3.

Approved April 10, 2013
Filed April 10, 2013

CHAPTER 409

SENATE BILL NO. 2129

(Senators Laffen, Cook, Sorvaag)
(Representatives N. Johnson, Kreun, Sukut)

AN ACT to amend and reenact section 54-21.3-04.1 of the North Dakota Century Code, relating to the state building code and accessibility standards.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-21.3-04.1 of the North Dakota Century Code is amended and reenacted as follows:

54-21.3-04.1. Accessibility standards - Automatic doors.

1. ~~Notwithstanding section 54-21.3-04, every building or facility subject to the federal Americans with Disabilities Act of 1990 [Pub. L. 101-336; 104 Stat. 327] must conform to the accessibility standards of the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities 2010 Americans with Disabilities Act standards for accessible design as contained in the appendix to title 28, Code of Federal Regulations, parts 35 and 36 [28 CFR 35 and 36]. State and political subdivision entities may not claim the exceptions to the requirement that elevators be installed in certain buildings as those exceptions are stated in exception 1 to section 4.1.3(5) and in section 4.1.6(1)(k)(i) in the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities found in the appendix to 28 CFR 36. A structural change to an existing state or political subdivision building or facility is not required if another method is effective in achieving compliance with regulations adopted under Public Law 101-336. For public accommodations, an alternative to a structural change in existing buildings or facilities is permitted only after it has been documented, in accordance with regulations adopted under Public Law 101-336, that a particular structural change is not readily achievable.~~
2. A state agency or the governing body of a political subdivision shall require from any ~~person~~individual preparing plans and specifications for a building or facility subject to the Americans with Disabilities Act of 1990 [Pub. L. 101-336; 104 Stat. 327], a statement that the plans and specifications are, in the professional judgment of that ~~person~~individual, in conformance with the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities found in the appendix to 28 CFR 36, ~~subject to the exception stated in this section~~standards for accessible design as provided under subsection 1. A statement of conformance must be submitted to the department of commerce division of community services for recording.
3. After July 31, 2013, a newly designed and constructed building in excess of seven thousand five hundred square feet [696.77 square meters] which is classified within the state building code as assembly, business, educational, institutional, or mercantile occupancy and required by the state building code to be accessible must include at the primary exterior public entrance an automatic door or power-assisted manual door that complies with the

requirements of the Americans with Disabilities Act of 1990, revised 2010. If a multiple unit building does not have a primary exterior public entrance, an individual unit within that building is not required to include an automatic door or power-assisted manual door unless that individual unit is in excess of seven thousand five hundred square feet [696.77 square meters].

Approved April 24, 2013
Filed April 24, 2013

CHAPTER 410

HOUSE BILL NO. 1118

(Government and Veterans Affairs Committee)
(At the request of the Department of Corrections and Rehabilitation)

AN ACT to amend and reenact sections 12-47-06 and 54-23.3-05 of the North Dakota Century Code, relating to the appointing authority of the director of the department of corrections and rehabilitation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 12-47-06 of the North Dakota Century Code is amended and reenacted as follows:

12-47-06. Appointment of officers.

~~The director of the division of adult services with the concurrence of the director of the department of corrections and rehabilitation shall appoint the warden. The warden may be removed by the director of the division of adult services with the approval of the director of the department of corrections and rehabilitation for misconduct, neglect of duty, incompetency, or other proper cause showing an inability or refusal to properly perform the duties of the office. All other officers and employees must be appointed by the warden, subject to the approval of the director of the division of adult services. The warden shall show in the record of any officer or employee who is discharged by the warden the reason therefor.~~director of the department of corrections and rehabilitation.

SECTION 2. AMENDMENT. Section 54-23.3-05 of the North Dakota Century Code is amended and reenacted as follows:

54-23.3-05. Appointment and removal of officers.

~~The director of the department of corrections and rehabilitation with the approval of the governor may appoint a director of the division of juvenile services, a director of the division of adult services, and other division directors and personnel as deemed necessary for the effective and efficient operation of the department. The director of the division of juvenile services, the director of the division of adult services, and other division directors who may be appointed shall meet qualifications as established for the classified service. The division directors may be removed by the director of the department, with the approval of the governor, for misconduct, neglect of duty, incompetency, or other cause showing an inability or refusal to properly perform the duties of their office. All other officers and employees of each division must be appointed and removed by the director of the division, subject to the approval of the director of the department of corrections and rehabilitation. All officers and employees of the department of corrections and rehabilitation are subject to the provisions of the state personnel policies.~~

Approved April 10, 2013
Filed April 10, 2013

CHAPTER 411

HOUSE BILL NO. 1155

(Representatives Delmore, Hogan, K. Koppelman, Maragos)
(Senators Lyson, Nelson)

AN ACT to amend and reenact subsection 4 of section 54-23.4-06 of the North Dakota Century Code, relating to compensation for criminally injurious conduct reporting requirement.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 4 of section 54-23.4-06 of the North Dakota Century Code is amended and reenacted as follows:

4. Compensation may not be awarded unless the criminally injurious conduct resulting in injury or death was reported to a law enforcement officer within ~~seventy-two~~ninety-six hours after its occurrence or the division finds there was good cause for the failure to report within that time. In the case of child abuse or sexual molestation of a child, the criminally injurious conduct must be reported to a law enforcement officer within three years after the child reaches the age of majority.

Approved April 1, 2013
Filed April 1, 2013

CHAPTER 412

SENATE BILL NO. 2033

(Legislative Management)
(Information Technology Committee)

AN ACT to amend and reenact section 54-35-15.2, subsection 8 of section 54-59-05, and section 54-59-23 of the North Dakota Century Code, relating to the definition of a large information technology project.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-35-15.2 of the North Dakota Century Code is amended and reenacted as follows:

54-35-15.2. Information technology committee - Powers and duties.

The information technology committee has continuing existence and may meet and conduct its business during the legislative session and in the interim between sessions. The committee shall:

1. Meet at least once each calendar quarter.
2. Receive a report from the chief information officer of the state at each meeting.
3. Review the business plan of the information technology department.
4. Review macro-level issues relating to information technology.
5. Review the activities of the information technology department.
6. Review statewide information technology standards.
7. Review the statewide information technology plan.
8. Review information technology efficiency and security.
9. Review established or proposed information technology programs and information technology acquisition by the executive and judicial branches.
10. Except as provided in subsection 11, receive and review information, including a project startup report summarizing the project description, project objectives, business need or problem, cost-benefit analysis, and project risks and a project closeout report summarizing the project objectives achieved, project budget and schedule variances, and lessons learned, from the information technology department and the affected agency regarding any major information technology project of an executive branch agency. For the purposes of this subsection, a major project is a project with a total cost of ~~two~~five hundred ~~thirty~~five thousand dollars or more.

11. a. Receive and review information, including a project startup report summarizing the project description, project objectives, business need or problem, cost-benefit analysis, and project risks and a project closeout report summarizing the project objectives achieved, project budget and schedule variances, and lessons learned, from the information technology department and the affected institution regarding any major project of the state board of higher education or any institution under the control of the state board of higher education if the project:
 - (1) Significantly impacts the statewide wide area network, including the campus access routers;
 - (2) Impacts the statewide library system; or
 - (3) Is an administrative project. An administrative project is a project that directly collects, aggregates, modifies, stores, or reports institutional student, financial, or human resources records or data and is provided primarily for administrative purposes.
- b. For the purposes of this subsection, a major project is a project with a cost of ~~two hundred fifty thousand dollars or more in one biennium~~ or a total cost of five hundred thousand dollars or more.
12. Receive and review information from the information technology department and the affected agency regarding any information technology project of an executive branch agency with a total cost of between one hundred thousand and ~~two~~five hundred ~~thirty~~ thirty thousand dollars as determined necessary by the information technology department.
13. Receive a report from the chief information officer regarding the recommendations of the state information technology advisory committee relating to the prioritization of proposed major information technology projects and other information technology issues.
14. Receive and review information, including a project startup report summarizing the project description, project objectives, business need or problem, cost-benefit analysis, and project risks and a project closeout report summarizing the project objectives achieved, project budget and schedule variances, and lessons learned, from the affected legislative or judicial branch agency regarding any information technology project of the legislative or judicial branch with a total cost of ~~two~~five hundred ~~thirty~~ thirty thousand dollars or more.
15. Receive information from the state board of higher education regarding higher education information technology planning, services, and major projects.

SECTION 2. AMENDMENT. Subsection 8 of section 54-59-05 of the North Dakota Century Code is amended and reenacted as follows:

8. May request and review information regarding any information technology project of an executive branch agency with a total cost of between one hundred thousand and ~~two~~five hundred ~~thirty~~ thirty thousand dollars as determined necessary by the department. The department shall present the information to the information technology committee on request of the committee.

SECTION 3. AMENDMENT. Section 54-59-23 of the North Dakota Century Code is amended and reenacted as follows:

54-59-23. Information technology projects - Reports.

1. An executive, legislative, or judicial branch agency, except for institutions under the control of the state board of higher education, shall report to the state information technology advisory committee according to guidelines developed by the department and reviewed by the state information technology advisory committee regarding the plan for and status of any information technology project that is estimated to cost more than ~~two~~five hundred ~~fifty~~ thousand dollars.
2. During the life of the project, the agency shall notify the state information technology advisory committee if:
 - a. At a project milestone, the amount expended on project costs exceeds the planned budget for that milestone by twenty percent or more; or
 - b. At a project milestone, the project schedule extends beyond the planned schedule to attain that milestone by twenty percent or more.
3. A report under subsection 2 must specify corrective measures being undertaken to address any cost or time of completion issue. If the agency has not taken adequate corrective measures within ninety days after the report, the agency shall submit a report to the legislative management's information technology committee regarding the project.
4. Upon completion of the project, the agency shall notify the state information technology advisory committee if:
 - a. The budget for the project exceeded the original budget by twenty percent or more; or
 - b. The final project completion date extended beyond the original project scheduled completion date by twenty percent or more.

Approved March 19, 2013

Filed March 19, 2013

CHAPTER 413

SENATE BILL NO. 2047

(Legislative Management)
(Tribal and State Relations Committee)

AN ACT to amend and reenact section 54-35-23 of the North Dakota Century Code, relating to the committee on tribal and state relations.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-35-23 of the North Dakota Century Code is amended and reenacted as follows:

54-35-23. (~~Effective through July 31, 2013~~) Committee on tribal and state relations - Membership - Duties.

1. The committee on tribal and state relations is composed of seven members as follows:
 - a. A chairman designated by the chairman of the legislative management;
 - b. Three members of the house of representatives, two of whom must be selected by the leader representing the majority faction of the house of representatives and one of whom must be selected by the leader representing the minority faction of the house of representatives; and
 - c. Three members of the senate, two of whom must be selected by the leader representing the majority faction of the senate and one of whom must be selected by the leader representing the minority faction of the senate.
2. The committee shall meet at such times and places as determined by the chairman. The legislative council shall provide staffing for the committee.
3. The committee shall conduct joint meetings with the North Dakota tribal governments' task force to study tribal-state issues, including government-to-government relations, human services, education, corrections, and issues related to the promotion of economic development. ~~During the 2011-12 interim, the committee also shall study whether the members of the North Dakota tribal governments' task force should be voting members of the committee.~~ After the joint meetings have concluded, the committee shall meet to prepare a report on its findings and recommendations, together with any legislation required to implement those recommendations, to the legislative management.
4. The members of the committee are entitled to compensation from the legislative council for attendance at committee meetings at the rate provided for members of the legislative assembly for attendance at interim committee meetings and are entitled to reimbursement for expenses incurred in attending the meetings in the amounts provided by law for other state officers.

5. a. The North Dakota tribal governments' task force is composed of six members as follows:
- (1) The executive director of the Indian affairs commission, or the executive director's designee;
 - (2) The chairman of the Standing Rock Sioux Tribe, or the chairman's designee;
 - (3) The chairman of the Spirit Lake Tribe, or the chairman's designee;
 - (4) The chairman of the Three Affiliated Tribes of the Fort Berthold Reservation, or the chairman's designee;
 - (5) The chairman of the Turtle Mountain Band of Chippewa Indians, or the chairman's designee; and
 - (6) The chairman of the Sisseton-Wahpeton Oyate of the Lake Traverse Reservation, or the chairman's designee.
- b. If the executive director of the Indian affairs commission or any of the tribal chairmen appoint a designee to serve on the task force, only one individual may serve as that designee during the biennium. A substitute designee may be appointed by the executive director of the Indian affairs commission or a tribal chairman in the event of the death, incapacity, resignation, or refusal to serve of the initial designee.

Approved April 19, 2013
Filed April 19, 2013

CHAPTER 414

HOUSE BILL NO. 1173

(Representatives Klemin, Kretschmar, Glasshiem)
(Senators Carlisle, Oehlke, Triplett)

AN ACT to amend and reenact section 54-35-24 of the North Dakota Century Code, relating to the expiration date of the commission on alternatives to incarceration.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-35-24 of the North Dakota Century Code is amended and reenacted as follows:

54-35-24. (Effective through August 1, 2013~~2017~~) Commission on alternatives to incarceration.

1. The commission on alternatives to incarceration is composed of:
 - a. Three members appointed by the governor, one of whom must be an academic researcher with specialized knowledge of criminal justice sentencing practices and sentencing alternatives;
 - b. The attorney general or the attorney general's designee;
 - c. Two members appointed by the chief justice of the supreme court;
 - d. The director of the department of corrections and rehabilitation;
 - e. The director of the department of human services;
 - f. Two local law enforcement officers appointed by the attorney general;
 - g. One state's attorney appointed by the North Dakota state's attorney's association;
 - h. Three members of the house of representatives, two of whom must be selected by the leader representing the majority faction of the house of representatives and one of whom must be selected by the leader representing the minority faction of the house of representatives;
 - i. Three members of the senate, two of whom must be selected by the leader representing the majority faction of the senate and one of whom must be selected by the leader representing the minority faction of the senate; and
 - j. One representative of the North Dakota association of counties appointed by the association of counties.
2. The chairman of the legislative management shall select the chairman and vice chairman of the commission from the legislative members of the commission.

3. The commission shall meet at the times and places as determined by the chairman. The legislative council shall provide staffing for the commission.
4. The commission shall study sentencing alternatives, mandatory sentences, treatment options, the expanded use of problem-solving courts, home monitoring, and other related issues. If the commission determines that consultant services are necessary to assist the commission in conducting its assigned studies, the commission may request funding for consultant services from the legislative council and other interested entities. The commission shall provide to the governor information and recommendations for the governor's consideration in time for inclusion of the recommendations in the biennial executive budget. The commission shall report its findings and recommendations together with any legislation required to implement those recommendations to the legislative management.
5. The members of the commission who are not state employees or members of the legislative assembly are entitled to mileage and expenses as provided by law for state officers and employees. Unless otherwise provided in this subsection, the expenses of appointed members are to be paid by the legislative council. A state employee who is a member of the commission must receive that employee's regular salary and is entitled to mileage and expenses, to be paid by the employing agency. The members of the commission who are members of the legislative assembly are entitled to compensation from the legislative council for attendance at commission meetings at the rate provided for members of the legislative assembly for attendance at interim committee meetings and are entitled to reimbursement for expenses incurred in attending the meetings in the amounts provided by law for other state officers.

Approved April 8, 2013
Filed April 8, 2013

CHAPTER 415

HOUSE BILL NO. 1034

(Legislative Management)
(Health Care Reform Review Committee)

AN ACT to provide for a legislative management study of health care reform.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - HEALTH CARE REFORM. During the 2013-14 interim, the legislative management shall study health care reform options, including the implementation of the federal Affordable Care Act if the federal law remains in effect and state alternatives for state-based health care reform if the federal law is repealed. As part of this study, the insurance commissioner, state department of health, and department of human services shall provide status reports on the state of health insurance and health-related public assistance. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

Approved March 27, 2013

Filed March 27, 2013

CHAPTER 416

HOUSE BILL NO. 1051

(Legislative Management)
(Workers' Compensation Review Committee)

AN ACT to provide for a workers' compensation review committee study of the workers' compensation preferred provider program.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. WORKERS' COMPENSATION REVIEW COMMITTEE STUDY - PREFERRED PROVIDER PROGRAM. During the 2013-14 interim, the workers' compensation review committee shall study the workforce safety and insurance preferred provider program created under sections 65-05-28.1 and 65-05-28.2. The committee may conduct this study by including the study as one of the elements to be evaluated in the workforce safety and insurance independent performance evaluation conducted under section 65-02-30. The study should include consideration of the legislative history and intent of creation of the program; whether the program has been successful in furthering the intent of the program; the qualifications of the preferred providers and preferred provider networks selected by employers under the program; whether employers and employees have benefited under the program and whether there are any associated costs to the program; the process workforce safety and insurance utilizes in considering whether to allow an employee to opt-out of the program; and whether employers and employees participating in the program are familiar with the terms of the program. The committee shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the legislative management.

Approved March 26, 2013

Filed March 27, 2013

CHAPTER 417

HOUSE BILL NO. 1132

(Representatives Nathe, Headland, Owens, Porter)
(Senators Cook, Miller)

AN ACT to provide for a legislative management study of the feasibility and desirability of making political subdivision budget information accessible on the state budget database website and finding better ways to inform taxpayers regarding political subdivision budget or levy deliberations and regarding legislative property tax relief.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - BUDGET AND PROPERTY TAX RELIEF INFORMATION. During the 2013-14 interim, the legislative management shall assign to the advisory commission on intergovernmental relations a study of the feasibility and desirability of making political subdivision budget information accessible on the state budget database website and finding better ways to inform taxpayers regarding political subdivision budget or levy deliberations and regarding legislative property tax relief. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

Approved March 26, 2013
Filed March 27, 2013

CHAPTER 418

HOUSE BILL NO. 1424

(Representatives Boehning, Grande, Gruchalla,
Guggisberg, S. Kelsh, Paur, Thoreson, Wieland)
(Senators Flakoll, Grindberg, Mathern)

AN ACT to provide for a legislative management study of the feasibility and desirability of participating in the provision of nontraditional healing therapies for posttraumatic stress, traumatic brain injury, and other neurological conditions for North Dakota veterans and their families.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - NONTRADITIONAL THERAPIES FOR POSTTRAUMATIC STRESS, TRAUMATIC BRAIN INJURY, AND OTHER NEUROLOGICAL CONDITIONS. During the 2013-14 interim, the legislative management shall consider studying the feasibility and desirability of participating in the provision of nontraditional healing therapies, including massage, healing touch, reflexology, stress management, yoga, and hyperbaric chamber treatments, for North Dakota veterans, military personnel, and their families. If conducted, the study must also gather information regarding the needs of women veterans. The legislative management shall report its findings and recommendations, together with any legislation to implement the recommendations, to the sixty-fourth legislative assembly.

Approved April 16, 2013
Filed April 16, 2013

CHAPTER 419**HOUSE BILL NO. 1454**

(Representatives M. Nelson, Holman)

AN ACT to provide for a legislative management study of access to dental services.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - ACCESS TO DENTAL SERVICES. During the 2013-14 interim, the legislative management shall consider studying how to improve access to dental services and ways to address dental service provider shortages, including the feasibility of utilizing mid-level providers, whether the use of incentives for dental service providers to locate in underserved areas in the state may improve access, and whether the state's medical assistance reimbursement rates impact access to dental services. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

Approved April 18, 2013

Filed April 18, 2013

CHAPTER 420

SENATE BILL NO. 2078

(Judiciary Committee)
(At the request of the Supreme Court)

AN ACT to provide for a legislative management study of the assessment of fees by courts.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - ASSESSMENT OF FEES BY COURTS. During the 2013-14 interim, the legislative management shall consider studying the assessment of fees by courts, the feasibility and desirability of combining various court fees, and whether courts should be mandated to impose fees established by statute. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

Approved April 3, 2013

Filed April 3, 2013

CHAPTER 421

SENATE BILL NO. 2124

(Senators Cook, Flakoll, Sorvaag)
(Representatives Kreun, Streyle, Trottier)

AN ACT to provide for the legislative management to study methods to assure that the legacy fund provides the lasting benefits intended by the voters in enacting the constitutional measure.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT LEGACY FUND STUDY. The constitutional measure that established the legacy fund provides that principal and earnings of the legacy fund may not be expended until after June 30, 2017. Before that date is the opportune time to formulate legislative priorities for appropriate uses of the fund to implement the vision of North Dakota citizens who enacted the constitutional provision. Thorough consideration must be given to the most judicious and beneficial policies for administration and use of the legacy fund to secure the most benefits for future generations of North Dakotans. The legislative management shall study methods to assure that the legacy fund provides the lasting benefits intended by the voters in enacting the constitutional measure and the legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

Approved March 19, 2013
Filed March 19, 2013

CHAPTER 422

SENATE BILL NO. 2234

(Senators Grindberg, Laffen, Mathern)
(Representatives Heilman, Keiser, Thoreson)

AN ACT to provide for a legislative management study of voice over internet protocol service.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - VOICE OVER INTERNET PROTOCOL SERVICE. During the 2013-14 interim, the legislative management shall consider studying voice over internet protocol service and the effect of this service and other technologies on the telecommunications industry, including any desired changes in regulation and taxation. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

Approved April 3, 2013

Filed April 3, 2013

CHAPTER 423

SENATE BILL NO. 2243

(Senators J. Lee, Unruh, Mathern)
(Representatives Hofstad, J. Nelson, Weisz)

AN ACT to provide for a legislative management study of behavioral health needs.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - BEHAVIORAL HEALTH.

During the 2013-14 interim, the legislative management shall consider studying behavioral health needs. The study must include consideration of behavioral health needs of youth and adults and the scope of the study must include consideration of access, availability, and delivery of services. The study must include input from stakeholders, including representatives of law enforcement, social and clinical service providers, education, medical providers, mental health advocacy organizations, emergency medical service providers, juvenile court, tribal government, and state and local agencies and institutions. The legislative council may contract for consulting and coordination of study services to assist the legislative management in conducting the behavioral health study. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

Approved April 26, 2013
Filed April 26, 2013

CHAPTER 424

SENATE BILL NO. 2244

(Senators Heckaman, Axness, Warner)
(Representatives Frantsvog, Boschee, Oversen)

AN ACT to provide for a legislative management study relating to child care services.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - CHILD CARE SERVICES.

During the 2013-14 interim, the legislative management shall consider studying the availability of and access to child care services in the state and the state's role in ensuring available and accessible child care services in the state. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

Approved April 26, 2013
Filed April 23, 2013

CHAPTER 425**SENATE BILL NO. 2279**

(Senators Holmberg, Campbell, Cook)
(Representatives Owens, Sanford, Trottier)

AN ACT to provide for a legislative management study of the forestry stewardship tax.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - FORESTRY STEWARDSHIP TAX. During the 2013-14 interim, the legislative management shall consider studying the benefits and implications on tax policy of the forestry stewardship tax. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

Approved April 3, 2013

Filed April 3, 2013

CHAPTER 426

SENATE BILL NO. 2339

(Senators Laffen, Schneider)

AN ACT to provide for a legislative management study to create an inventory and strategic plan relating to residential and commercial development programs and infrastructure and to provide for a study of programs providing residential and commercial development assistance.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - PROGRAMS FOR RESIDENTIAL AND COMMERCIAL DEVELOPMENT AND RELATED INFRASTRUCTURE. During the 2013-14 interim, the legislative management shall consider a study to create an inventory of and strategic plan for state, local, and federal programs relating to residential and commercial development and related infrastructure needs, including the option to create a low-interest revolving loan program for municipal infrastructure. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 2. HOUSING FINANCE AGENCY INVENTORY OF PROGRAMS PROVIDING RESIDENTIAL AND COMMERCIAL DEVELOPMENT ASSISTANCE - LEGISLATIVE MANAGEMENT STUDY. During the 2013-14 interim, the housing finance agency, working with the Bank of North Dakota and department of commerce, shall survey appropriate state, local, and federal entities to create an inventory of government programs, including housing finance programs, energy efficiency programs, home and residential accessibility programs, disaster recovery programs, and other governmental programs providing residential and commercial development assistance. The housing finance agency shall present this inventory to the legislative management and shall identify program overlap and program gaps.

Approved April 24, 2013

Filed April 24, 2013

CHAPTER 427

SENATE BILL NO. 2340

(Senators Sitte, Luick, Triplett)
(Representatives Becker, Boehning, Kasper)

AN ACT to provide for a legislative management study of penalties for minor nonviolent crimes.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - PENALTIES FOR MINOR NONVIOLENT CRIMES. During the 2013-14 interim, the legislative management shall consider studying the sentencing alternatives to incarceration for first-time felony offenses that are nonviolent, excluding the distribution of drugs. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

Approved April 12, 2013

Filed April 12, 2013

CHAPTER 428

SENATE BILL NO. 2375

(Senators Axness, Mathern, Murphy, Robinson)
(Representatives Hogan, Strinden)

AN ACT to provide for a legislative management study of home and community-based services.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - HOME AND COMMUNITY-BASED SERVICES. The legislative management shall consider studying, during the 2013-14 interim, home and community-based services in the state, including the need to expand the home and community-based services medicaid waiver to cover twenty-four-hour emergency assistance, adult companion service, behavioral programming, chore services, customized living services, environmental modifications, and transition modification support. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-fourth legislative assembly.

Approved April 3, 2013
Filed April 3, 2013

CHAPTER 429

HOUSE BILL NO. 1099

(Representatives Schmidt, Streyle, Owens, Kempenich)
(Senators Dever, Schaible)

AN ACT to amend and reenact sections 54-44.1-04 and 54-44.1-06 of the North Dakota Century Code, relating to agency budget requests and the preparation of budget data.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-44.1-04 of the North Dakota Century Code is amended and reenacted as follows:

54-44.1-04. (Effective through July 31, 2013) Budget estimates of budget units filed with the office of the budget - Deadline.

The head of each budget unit, not later than July fifteenth of each year next preceding the session of the legislative assembly, shall submit to the office of the budget, estimates of financial requirements of the person's budget unit for the next two fiscal years, on the forms and in the manner prescribed by the office of the budget, with such explanatory data as is required by the office of the budget and such additional data as the head of the budget unit wishes to submit. The budget estimates for the North Dakota university system must include block grants for the university system for a base funding component and for an initiative funding component for specific strategies or initiatives and a budget estimate for an asset funding component for renewal and replacement of physical plant assets at the institutions of higher education. The estimates so submitted must bear the approval of the board or commission of each budget unit for which a board or commission is constituted. The director of the budget in the director's discretion may extend the filing date for any budget unit if the director finds there is some circumstance that makes it advantageous to authorize the extension. If a budget unit has not submitted its estimate of financial requirements by the required date or within a period of extension set by the director of the budget, the director of the budget shall prepare the budget unit's estimate of financial requirements except the estimate may not exceed ninety percent of the budget unit's previous biennial appropriation. The director of the budget or a subordinate officer as the director designates shall examine the estimates and shall afford to the heads of budget units reasonable opportunity for explanation in regard thereto and, when requested, shall grant to the heads of budget units a hearing thereon which must be open to the public.

(Effective after July 31, 2013) Budget estimates of budget units filed with the office of the budget - Deadline. The head of each budget unit, not later than July fifteenth of each year next preceding the session of the legislative assembly, shall submit to the office of the budget, estimates of financial requirements of the person's budget unit for the next two fiscal years, on the forms and in the manner prescribed by the office of the budget, with such explanatory data as is required by the office of the budget and such additional data as the head of the budget unit wishes to submit. Any request for a new full-time or part-time permanent position included in a budget unit's estimate of its financial requirements for the next two fiscal years must include documentation justifying the need for the position. The documentation must describe

the circumstances resulting in the need for the position and identify the number of hours the position will be involved in specific types of activities and the anticipated outcomes of the activities. The estimates so submitted must bear the approval of the board or commission of each budget unit for which a board or commission is constituted. The director of the budget may extend the filing date for any budget unit if the director finds there is some circumstance that makes it advantageous to authorize the extension. If a budget unit has not submitted its estimate of financial requirements by the required date or within a period of extension set by the director of the budget, the director of the budget shall prepare the budget unit's estimate of financial requirements except the estimate may not exceed ninety percent of the budget unit's previous biennial appropriation. The director of the budget or a subordinate officer as the director shall designate shall examine the estimates and shall afford to the heads of budget units reasonable opportunity for explanation in regard thereto and, when requested, shall grant to the heads of budget units a hearing thereon which must be open to the public.

SECTION 2. AMENDMENT. Section 54-44.1-06 of the North Dakota Century Code is amended and reenacted as follows:

54-44.1-06. (Effective through July 31, 2013) Preparation of the budget data - Contents.

The director of the budget, through the office of the budget, shall prepare budget data which must contain and include the following:

1. Summary statements of the financial condition of the state, accompanied by the detailed schedules of assets and liabilities as the director of the budget determines desirable, which must include the following:
 - a. Summary statements of fund balances and assets showing in detail for each fund the surplus or deficit at the beginning of each of the two fiscal years of the previous biennium and the first fiscal year of the present biennium, the actual revenue for those years, the total appropriations for the previous and present biennium, and the total expenditures for those fiscal years; and
 - b. Similar summary statements of the estimated fund balances and assets for the current fiscal year and each of the fiscal years of the next biennium.

Summary statements may include a comparative consolidated balance sheet showing all the assets and liabilities of the state and the surplus or deficit, as the case may be, at the close of the first fiscal year of the current biennium.

2. Statements of actual revenue for the previous biennium, the first year of the present biennium, and the estimated revenue of the current fiscal year and of the next biennium, and a statement of unappropriated surplus expected to have accrued in the state treasury at the beginning of the next fiscal year. The statement of unappropriated surplus for the general fund must reflect any projected deficiency appropriations relating to expenditures from the general fund for the present biennium. The statements of revenue and estimated revenue must be classified by sources and by budget unit collecting them. Existing sources of revenue must be analyzed as to their equity, productivity, and need for revision, and any proposed new sources of revenue must be explained.

3. Summary statements of expenditures of the previous biennium and first year of the present biennium, itemized by budget units and classified as prescribed by the director of the budget.
4. Detailed comparative statements of expenditures and requests for appropriations by funds, budget units and classification of expenditures, showing the expenditures for the previous biennium, the first fiscal year of the present biennium, the budget of the current biennium, and the governor's recommendation for appropriations for each budget unit for the next biennium, all distributed according to the prescribed classification of expenditures. Following the lists of actual and proposed expenditures of each budget unit there must be a brief explanation of the functions of the unit and comments on its policies and plans and on any considerable differences among the amounts recommended, with any descriptive, quantitative, comparative, and other data as to work done, unit costs, and like information as may be considered necessary or desirable. For capital outlay expenditures involving construction projects to be completed in two or more fiscal years, there must be shown the total estimated cost of each such project and the amount thereof recommended to be appropriated and expended in each ensuing fiscal year until completion of the project. Capital outlay needs may be projected for at least two years beyond the period covered by the budget.
5. A detailed statement showing the estimate of all moneys required to be raised or appropriated for the payment of interest upon the funded debt of the state and its other obligations bearing interest, and the amount of money required to be contributed in the two next ensuing fiscal years to the general sinking funds maintained for the redemption and payment of the debts of the state.
6. A summary statement of the unappropriated fund balance estimated to be available at the beginning of the next biennium, and the estimated revenue of the next biennium, as compared with the total recommended amounts of appropriation for all classes of expenditures for the next biennium, and if the total of the recommended expenditures exceeds the total of the estimated resources, recommendations as to how the deficiency is to be met and estimates of any proposed additional revenue.
7. Drafts of proposed general and special appropriations acts embodying the budget data and recommendations of the governor for appropriations for the next biennium and drafts of such revenues and other acts recommended by the governor for putting into effect the proposed financial plan. The recommended general appropriation for each budget unit must be specified in a separate section of the general appropriations act. The draft of the proposed appropriations act for the North Dakota university system must include block grants for a base funding appropriation and for an initiative funding appropriation for specific strategies or initiatives and an appropriation for asset funding for renewal and replacement of physical plant assets at the institutions of higher education.
8. A list of every individual asset or service, excluding real estate, with a value of at least fifty thousand dollars and every group of assets and services comprising a single system with a combined value of at least fifty thousand dollars acquired through a capital or operating lease arrangement or debt financing arrangement by a state agency or institution. The list must include assets or services acquired in the current biennium and anticipated assets or services to be acquired in the next biennium.

9. Any other information as the director of the budget determines desirable or as is required by law.

(Effective after July 31, 2013) Preparation of the budget data - Contents. The director of the budget, through the office of the budget, shall prepare budget data which must contain and include the following:

1. Summary statements of the financial condition of the state, accompanied by the detailed schedules of assets and liabilities as the director of the budget determines desirable, which must include the following:
 - a. Summary statements of fund balances and assets showing in detail for each fund the surplus or deficit at the beginning of each of the two fiscal years of the previous biennium and the first fiscal year of the present biennium, the actual revenue for those years, the total appropriations for the previous and present biennium, and the total expenditures for those fiscal years; and
 - b. Similar summary statements of the estimated fund balances and assets for the current fiscal year and each of the fiscal years of the next biennium.

Summary statements may include a comparative consolidated balance sheet showing all the assets and liabilities of the state and the surplus or deficit, as the case may be, at the close of the first fiscal year of the current biennium.

2. Statements of actual revenue for the previous biennium, the first year of the present biennium, and the estimated revenue of the current fiscal year and of the next biennium, and a statement of unappropriated surplus expected to have accrued in the state treasury at the beginning of the next fiscal year. The statement of unappropriated surplus for the general fund must reflect any projected deficiency appropriations relating to expenditures from the general fund for the present biennium. The statements of revenue and estimated revenue must be classified by sources and by budget unit collecting them. Existing sources of revenue must be analyzed as to their equity, productivity, and need for revision, and any proposed new sources of revenue must be explained.
3. Summary statements of expenditures of the previous biennium and first year of the present biennium, itemized by budget units and classified as prescribed by the director of the budget.
4. Detailed comparative statements of expenditures and requests for appropriations by funds, budget units and classification of expenditures, showing the expenditures for the previous biennium, the first fiscal year of the present biennium, the budget of the current biennium, and the governor's recommendation for appropriations for each budget unit for the next biennium, all distributed according to the prescribed classification of expenditures. Following the lists of actual and proposed expenditures of each budget unit there must be a brief explanation of the functions of the unit and comments on its policies and plans and on any considerable differences among the amounts recommended, with any descriptive, quantitative, comparative, and other data as to work done, unit costs, and like information as may be considered necessary or desirable. For capital outlay expenditures involving construction projects to be completed in two or more fiscal years, there must be shown the total estimated cost of each such project and the amount thereof recommended to be appropriated and expended in each ensuing fiscal year

until completion of the project. Capital outlay needs may be projected for at least two years beyond the period covered by the budget.

5. A detailed statement showing the estimate of all moneys required to be raised or appropriated for the payment of interest upon the funded debt of the state and its other obligations bearing interest, and the amount of money required to be contributed in the two next ensuing fiscal years to the general sinking funds maintained for the redemption and payment of the debts of the state.
6. A summary statement of the unappropriated fund balance estimated to be available at the beginning of the next biennium, and the estimated revenue of the next biennium, as compared with the total recommended amounts of appropriation for all classes of expenditures for the next biennium, and if the total of the recommended expenditures exceeds the total of the estimated resources, recommendations as to how the deficiency is to be met and estimates of any proposed additional revenue.
7. Drafts of a proposed general appropriations act and special appropriations acts embodying the budget data and recommendations of the governor for appropriations for the next biennium and drafts of such revenues and other acts recommended by the governor for putting into effect the proposed financial plan. The recommended general appropriation for each budget unit must be specified in a separate section of the general appropriations act.
8. A list of every individual asset or service, excluding real estate, with a value of at least fifty thousand dollars and every group of assets and services comprising a single system with a combined value of at least fifty thousand dollars acquired through a capital or operating lease arrangement or debt financing arrangement by a state agency or institution. The list must include assets or services acquired in the current biennium and anticipated assets or services to be acquired in the next biennium.
9. The number of permanent full-time employee positions and permanent part-time employee positions authorized for each budget unit for the previous biennium and the current biennium and proposed for the next biennium.
10. Any other information as the director of the budget determines desirable or as is required by law.

Approved April 29, 2013
Filed April 29, 2013

CHAPTER 430

SENATE BILL NO. 2119

(Transportation Committee)
(At the request of the Office of Management and Budget)

AN ACT to amend and reenact subsection 3 of section 39-04.2-01 and section 54-44.4-13 of the North Dakota Century Code, relating to cooperative purchasing and public transportation; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 3 of section 39-04.2-01 of the North Dakota Century Code is amended and reenacted as follows:

3. "Transportation provider" means a political subdivision, tribal agency, or any nonprofit corporation that provides transportation to the public, especially to elderly and handicapped citizens.

SECTION 2. AMENDMENT. Section 54-44.4-13 of the North Dakota Century Code is amended and reenacted as follows:

54-44.4-13. Cooperative purchasing.

1. The office of management and budget shall purchase commodities or services as requested by agencies and institutions under the jurisdiction of the state board of higher education and the legislative and judicial branches of state government.
2. The office of management and budget and the agencies and institutions under the jurisdiction of the state board of higher education shall make joint purchases of like commodities or services of high common usage when the office of management and budget and the state board of higher education determine it is in the best interest of the state.
3. The director of the office of management and budget or the director's designee may agree to purchase commodities or services under contracts entered into by the United States general services administration or contracts of other government entities if it is determined to be in the best interest of the state after consideration of price, contractual terms and conditions, and the availability of competition from approved vendors under section 54-44.4-09.
4. The director of the office of management and budget or the director's designee may participate in, sponsor, or administer a cooperative purchasing agreement with one or more government entities or a nonprofit organization established on behalf of public entities for the procurement of commodities or services in accordance with an agreement entered into between the participants.
5. The director of the office of management and budget or the director's designee may coordinate with the director of the department of transportation or the director's designee to establish or participate in contracts which may be

made available to entities that have been determined by the department of transportation to be transportation providers under chapter 39-04.2 eligible to receive state funds or federal funds for public transportation.

6. Cooperative purchasing may include open-ended contracts that are available to other government entities or nonprofit organizations established on behalf of public entities, tribal agencies, or transportation providers determined to be eligible under this section.
- 6-7. Before entering into a cooperative purchasing agreement under this section, the office of management and budget must determine that the contracts were awarded through full and open competition or source selection methods specified in section 54-44.4-05 and shall send notice to approved vendors of the office's intent to make a cooperative purchase in accordance with this chapter.

SECTION 3. EMERGENCY. This Act is declared to be an emergency measure.

Approved March 26, 2013
Filed March 27, 2013

CHAPTER 431

HOUSE BILL NO. 1452

(Representatives Kasper, Belter, Carlson, Dosch,
Grande, Keiser, Klein, Ruby, Streytle)
(Senators Grindberg, Hogue, Klein)

AN ACT to create and enact a new section to chapter 39-03.1 and a new section to chapter 54-52 of the North Dakota Century Code, relating to expiration of the increase in highway patrolmen's retirement plan and public employees retirement system member and employer contributions; to amend and reenact sections 39-03.1-09 and 39-03.1-10, subsection 4 of section 54-52-01, sections 54-52-02.9, 54-52-05, 54-52-06, 54-52-06.1, 54-52-06.2, 54-52-06.3, and 54-52.6-01, subsection 6 of section 54-52.6-02, and sections 54-52.6-02 and 54-52.6-09 of the North Dakota Century Code, relating to increased employer and employee contributions under the highway patrolmen's retirement plan and public employees retirement system and eligibility to participate in the defined contribution retirement plan; to provide for a legislative management study; to provide an appropriation; 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 39-03.1-09 of the North Dakota Century Code is amended and reenacted as follows:

39-03.1-09. Payments by contributors - Employer payment of employee contribution.

1. Every member, except as provided in section 39-03.1-07, shall contribute into the fund ten and thirty-hundredths percent of the member's monthly salary, which sum must be deducted from the member's salary and credited to the member's account in the fund. Member contributions increase by one percent of the member's monthly salary beginning with the monthly reporting period of January 2012, and with an additional increase of one percent, beginning with the monthly reporting period of January 2013, and with an additional increase of one percent, beginning with the monthly reporting period of January 2014.
2. The state of North Dakota, at its option, may pay the member contributions required by subsection 1 for all compensation earned after June 30, 1983, and may pay the member contributions required to purchase service credit on a pretax basis pursuant to subsection 8 of section 39-03.1-08.2. The amount paid must be paid by the state in lieu of contributions by the member. A member may not receive the contributed amounts directly once the employer has elected to pay the member contributions. If the state decides not to pay the contributions, the amount that would have been paid will continue to be deducted from compensation. If contributions are paid by the state, they must be treated as employer contributions in determining tax treatment under this code and the federal Internal Revenue Code. If contributions are paid by the state, they must not be included as gross income of the member in determining tax treatment under this code and the Internal Revenue Code until they are distributed or made available. The state shall pay these member

contributions from the same source of funds used in paying compensation to the members. The state shall pay these contributions by effecting an equal cash reduction in the gross salary of the employee or by an offset against future salary increases or by a combination of a reduction in gross salary and offset against future salary increases. If member contributions are paid by the state, they must be treated for the purposes of this chapter in the same manner and to the same extent as member contributions made prior to the date the contributions were assumed by the state. The option given employers by this subsection must be exercised in accordance with rules adopted by the board.

3. For compensation earned after August 1, 2009, all employee contributions required under subsection 1, and not otherwise paid under subsection 2, must be paid by the state in lieu of contributions by the member. All contributions paid by the state under this subsection must be treated as employer contributions in determining tax treatment under this code and the federal Internal Revenue Code. Contributions paid by the state under this subsection may not be included as gross income of the member in determining tax treatment under this code and the Internal Revenue Code until the contributions are distributed or made available. Contributions paid by the state in accordance with this subsection must be treated for the purposes of this chapter in the same manner and to the same extent as member contributions made before the date the contributions were assumed by the state. The state shall pay these member contributions from the same source of funds used in paying compensation to the members. The state shall pay these contributions by effecting an equal cash reduction in the gross salary of the employee. The state shall continue making payments under this section unless otherwise specifically provided for under the agency's biennial appropriation or by law.

SECTION 2. AMENDMENT. Section 39-03.1-10 of the North Dakota Century Code is amended and reenacted as follows:

39-03.1-10. Contributions by the state.

The state shall contribute to the fund a sum equal to sixteen and seventy-hundredths percent of the monthly salary or wage of a participating member. State contributions increase by one percent of the monthly salary or wage of a participating member beginning with the monthly reporting period of January 2012, and with an additional increase of one percent, beginning with the reporting period of January 2013, and with an additional increase of one percent, beginning with the monthly reporting period of January 2014. If the member's contribution is paid by the state under subsection 2 of section 39-03.1-09, the state shall contribute, in addition, an amount equal to the required member's contribution. The state shall pay the associated employer contribution for those members who elect to exercise their rights under subsection 3 of section 39-03.1-10.1.

SECTION 3. A new section to chapter 39-03.1 of the North Dakota Century Code is created and enacted as follows:

Reduction in member and employer contributions.

The required increase in the amount of member and employer contributions under sections 1 and 2 of this Act must be reduced to the rate in effect on the effective date of this Act effective on the July first that follows the first valuation of the highway patrolmen's retirement plan showing a ratio of the actuarial value of assets to the

actuarial accrued liability of the highway patrolmen's retirement plan that is equal to or greater than one hundred percent.

SECTION 4. AMENDMENT. Subsection 4 of section 54-52-01 of the North Dakota Century Code is amended and reenacted as follows:

4. "Eligible employee" means all permanent employees who meet all of the eligibility requirements set by this chapter and who are eighteen years or more of age, and includes appointive and elective officials under sections 54-52-02.5, 54-52-02.11, and 54-52-02.12, and nonteaching employees of the superintendent of public instruction, including the superintendent of public instruction, who elect to transfer from the teachers' fund for retirement to the public employees retirement system under section 54-52-02.13, and employees of the state board for career and technical education who elect to transfer from the teachers' fund for retirement to the public employees retirement system under section 54-52-02.14. Eligible employee does not include ~~nonclassified state employees who elect to become members of the retirement plan established under chapter 54-52.6 but does include employees of the judicial branch and employees of the board of higher education and state institutions under the jurisdiction of the board.~~

SECTION 5. AMENDMENT. Section 54-52-02.9 of the North Dakota Century Code is amended and reenacted as follows:

54-52-02.9. Participation by temporary employees.

A temporary employee may elect, within one hundred eighty days of beginning employment, to participate in the public employees retirement system and receive credit for service after enrollment. The temporary employee shall pay monthly to the fund an amount equal to eight and twelve-hundredths percent times the temporary employee's present monthly salary. The amount required to be paid by a temporary employee increases by two percent times the temporary employee's present monthly salary beginning with the monthly reporting period of January 2012, and with an additional two percent increase, beginning with the reporting period of January 2013, and with an additional increase of two percent, beginning with the monthly reporting period of January 2014. The temporary employee shall also pay the required monthly contribution to the retiree health benefit fund established under section 54-52.1-03.2. This contribution must be recorded as a member contribution pursuant to section 54-52.1-03.2. An employer may not pay the temporary employee's contributions. A temporary employee may continue to participate as a temporary employee in the public employees retirement system until termination of employment or reclassification of the temporary employee as a permanent employee. A temporary employee may not purchase any additional credit, including additional credit under section 54-52-17.4 or past service under section 54-52-02.6.

SECTION 6. AMENDMENT. Section 54-52-05 of the North Dakota Century Code is amended and reenacted as follows:

54-52-05. Membership and assessments - Employer payment of employee contributions.

1. Every eligible governmental unit employee concurring in the plan must so state in writing and all future eligible employees are participating members. An employee who was not enrolled in the retirement system when eligible to participate must be enrolled immediately upon notice of the employee's eligibility, unless the employee waives in writing the employee's right to

participate for the previous time of eligibility, to avoid contributing to the fund for past service. An employee who is eligible for normal retirement who accepts a retirement benefit under this chapter and who subsequently becomes employed with a participating employer other than the employer with which the employee was employed at the time the employee retired under this chapter may, before reenrolling in the retirement plan, elect to permanently waive future participation in the retirement plan and the retiree health program and maintain that employee's retirement status. An employee making this election is not required to make any future employee contributions to the public employees retirement system nor is the employee's employer required to make any further contributions on behalf of that employee.

2. Each member must be assessed and required to pay monthly four percent of the monthly salary or wage paid to the member, and such assessment must be deducted and retained out of such salary in equal monthly installments commencing with the first month of employment. Member contributions increase by one percent of the monthly salary or wage paid to the member beginning with the monthly reporting period of January 2012, and with an additional increase of one percent, beginning with the monthly reporting period of January 2013, and with an additional increase of one percent, beginning with the monthly reporting period of January 2014.
3. Each employer, at its option, may pay all or a portion of the employee contributions required by subsection 2 and sections 54-52-06.1, 54-52-06.2, 54-52-06.3, and 54-52-06.4 or the employee contributions required to purchase service credit on a pretax basis pursuant to subsection 5 of section 54-52-17.4. Employees may not receive the contributed amounts directly once the employer has elected to pay the employee contributions. The amount paid must be paid by the employer in lieu of contributions by the employee. If the state determines not to pay the contributions, the amount that would have been paid must continue to be deducted from the employee's compensation. If contributions are paid by the employer, they must be treated as employer contributions in determining tax treatment under this code and the federal Internal Revenue Code. If contributions are paid by the employer, they may not be included as gross income of the employee in determining tax treatment under this code and the Internal Revenue Code until they are distributed or made available. The employer shall pay these employee contributions from the same source of funds used in paying compensation to the employee or from the levy authorized by subsection 5 of section 57-15-28.1. The employer shall pay these contributions by effecting an equal cash reduction in the gross salary of the employee or by an offset against future salary increases or by a contribution of a reduction in gross salary and offset against future salary increases. If employee contributions are paid by the employer, they must be treated for the purposes of this chapter in the same manner and to the same extent as employee contributions made prior to the date on which employee contributions were assumed by the employer. An employer exercising its option under this subsection shall report its choice to the board in writing.
4. For compensation earned after August 1, 2009, all employee contributions required under section 54-52-06.1 and the job service North Dakota retirement plan, and not otherwise paid under subsection 3, must be paid by the employer in lieu of contributions by the member. All contributions paid by the employer under this subsection must be treated as employer contributions in determining tax treatment under this code and the Internal Revenue Code. Contributions paid by the employer under this subsection may not be included

as gross income of the member in determining tax treatment under this code and the Internal Revenue Code until the contributions are distributed or made available. Contributions paid by the employer in accordance with this subsection must be treated for the purposes of this chapter in the same manner and to the same extent as member contributions made before the date the contributions were assumed by the employer. The employer shall pay these member contributions from the same source of funds used in paying compensation to the employee. The employer shall pay these contributions by effecting an equal cash reduction in the gross salary of the employee. The employer shall continue making payments under this section unless otherwise specifically provided for under the agency's biennial appropriation or by amendment to law.

SECTION 7. AMENDMENT. Section 54-52-06 of the North Dakota Century Code is amended and reenacted as follows:

54-52-06. Employer's contribution to retirement plan.

Each governmental unit shall contribute an amount equal to four and twelve-hundredths percent of the monthly salary or wage of a participating member. Governmental unit contributions increase by one percent of the monthly salary or wage of a participating member beginning with the monthly reporting period of January 2012, and with an additional increase of one percent, beginning with the reporting period of January 2013, and with an additional increase of one percent, beginning with the monthly reporting period of January 2014. For those members who elect to exercise their rights under section 54-52-17.14, the employing governmental unit, or in the case of a member not presently under covered employment the most recent employing governmental unit, shall pay the associated employer contribution. If the employee's contribution is paid by the governmental unit under subsection 3 of section 54-52-05, the employer unit shall contribute, in addition, an amount equal to the required employee's contribution. Each governmental unit shall pay the contribution monthly, or in the case of an election made pursuant to section 54-52-17.14 a lump sum, into the retirement fund from its funds appropriated for payroll and salary or any other funds available for these purposes. Any governmental unit failing to pay the contributions monthly, or in the case of an election made pursuant to section 54-52-17.14 a lump sum, is subject to a civil penalty of fifty dollars and, as interest, one percent of the amount due for each month of delay or fraction thereof after the payment became due. In lieu of assessing a civil penalty or one percent per month, or both, interest at the actuarial rate of return may be assessed for each month the contributions are delinquent. If contributions are paid within ninety days of the date they became due, penalty and interest to be paid on delinquent contributions may be waived. An employer is required to submit contributions for any past eligible employee who was employed after July 1, 1977, for which contributions were not made if the employee would have been eligible to become vested had the employee participated and if the employee elects to join the public employees retirement system. Employer contributions may not be assessed for eligible service that an employee has waived pursuant to subsection 1 of section 54-52-05. The board shall report to each session of the legislative assembly the contributions necessary, as determined by the actuarial study, to maintain the fund's actuarial soundness.

SECTION 8. AMENDMENT. Section 54-52-06.1 of the North Dakota Century Code is amended and reenacted as follows:

54-52-06.1. Contribution by supreme and district court judges - Employer contribution.

Each judge of the supreme or district court who is a member of the public employees retirement system must be assessed and required to pay monthly five percent of the judge's monthly salary. Member contributions increase by one percent of the judge's monthly salary beginning with the monthly reporting period of January 2012, and with an additional increase of one percent, beginning with the reporting period of January 2013, and with an additional increase of one percent, beginning with the monthly reporting period of January 2014. The assessment must be deducted and retained out of the judge's salary in equal monthly installments. The state shall contribute an amount equal to fourteen and fifty-two one-hundredths percent of the monthly salary of a supreme or district court judge who is a participating member of the system, which matching contribution must be paid from its funds appropriated for salary, or from any other funds available for such purposes. State contributions increase by one percent of the monthly salary of a supreme or district court judge who is a participating member of the system beginning with the monthly reporting period of January 2012, and with an additional increase of one percent, beginning with the monthly reporting period of January 2013, and with an additional increase of one percent, beginning with the monthly reporting period of January 2014. If the judge's contribution is paid by the state under subsection 3 of section 54-52-05, the state shall contribute, in addition, an amount equal to the required judge's contribution.

SECTION 9. AMENDMENT. Section 54-52-06.2 of the North Dakota Century Code is amended and reenacted as follows:

54-52-06.2. Contribution by national guard security officers or firefighters - Employer contribution.

Each national guard security officer or firefighter who is a member of the public employees retirement system is assessed and shall pay monthly four percent of the employee's monthly salary. Member contributions increase by one-half of one percent of the member's monthly salary beginning with the monthly reporting period of January 2014. The assessment must be deducted and retained out of the employee's salary in equal monthly installments. The national guard security officer's or firefighter's employer shall contribute an amount determined by the board to be actuarially required to support the level of benefits specified in section 54-52-17. The employer's contribution must be paid from funds appropriated for salary or from any other funds available for such purposes. If the security officer's or firefighter's assessment is paid by the employer under subsection 3 of section 54-52-05, the employer shall contribute, in addition, an amount equal to the required national guard security officer's or firefighter's assessment.

SECTION 10. AMENDMENT. Section 54-52-06.3 of the North Dakota Century Code is amended and reenacted as follows:

54-52-06.3. Contribution by peace officers and correctional officers employed by political subdivisions - Employer contribution.

Each peace officer or correctional officer employed by a political subdivision that enters into an agreement with the retirement board on behalf of its peace officers and correctional officers separately from its other employees and who is a member of the public employees retirement system is assessed and shall pay monthly four percent of the employee's monthly salary. Peace officer or correctional officer contributions increase by one-half of one percent of the member's monthly salary beginning with

the monthly reporting period of January 2012, and with an additional increase of one-half of one percent, beginning with the monthly reporting period of January 2013, and with an additional increase of one-half of one percent, beginning with the monthly reporting period of January 2014. The assessment must be deducted and retained out of the employee's salary in equal monthly installments. The peace officer's or correctional officer's employer shall contribute an amount determined by the board to be actuarially required to support the level of benefits specified in section 54-52-17. If the peace officer's or correctional officer's assessment is paid by the employer under subsection 3 of section 54-52-05, the employer shall contribute, in addition, an amount equal to the required peace officer's or correctional officer's assessment.

SECTION 11. A new section to chapter 54-52 of the North Dakota Century Code is created and enacted as follows:

Reduction in member and employer contributions.

The required increase in the amount of member and employer contributions under sections 5, 6, 7, 8, 9, 10, 13, and 15 of this Act must be reduced to the rate in effect on the effective date of this Act effective on the July first that follows the first valuation of the public employees retirement system main system showing a ratio of the actuarial value of assets to the actuarial accrued liability of the public employees retirement system main system that is equal to or greater than one hundred percent.

SECTION 12. AMENDMENT. Section 54-52.6-01 of the North Dakota Century Code is amended and reenacted as follows:

54-52.6-01. Definition of terms.

As used in this chapter, unless the context otherwise requires:

1. "Board" means the public employees retirement system board.
2. "Deferred member" means a person who elected to receive deferred vested retirement benefits under chapter 54-52.
3. "Eligible employee" means a permanent state employee, ~~except an employee of the judicial branch or an employee of the board of higher education and state institutions under the jurisdiction of the board, who is eighteen years or more of age and who is in a position not classified by North Dakota human resource management services. If a participating member loses permanent employee status and becomes a temporary employee, the member may still participate in the defined contribution retirement plan who elects to participate in the retirement plan under this chapter.~~
4. "Employee" means any person employed by the state, whose compensation is paid out of state funds, or funds controlled or administered by the state or paid by the federal government through any of its executive or administrative officials.
5. "Employer" means the state of North Dakota.
6. "Participating member" means an eligible employee who elects to participate in the defined contribution retirement plan established under this chapter.

7. "Permanent employee" means a state employee whose services are not limited in duration and who is filling an approved and regularly funded position and is employed twenty hours or more per week and at least five months each year.
8. "Wages" and "salaries" means earnings in eligible employment under this chapter reported as salary on a federal income tax withholding statement plus any salary reduction or salary deferral amounts under 26 U.S.C. 125, 401(k), 403(b), 414(h), or 457. "Salary" does not include fringe benefits such as payments for unused sick leave, personal leave, vacation leave paid in a lump sum, overtime, housing allowances, transportation expenses, early retirement, incentive pay, severance pay, medical insurance, workforce safety and insurance benefits, disability insurance premiums or benefits, or salary received by a member in lieu of previously employer-provided fringe benefits under an agreement between an employee and a participating employer. Bonuses may be considered as salary under this section if reported and annualized pursuant to rules adopted by the board.

¹⁸⁴ **SECTION 13. AMENDMENT.** Subsection 6 of section 54-52.6-02 of the North Dakota Century Code is amended and reenacted as follows:

6. A participating member who becomes a temporary employee may still participate in the defined contribution retirement plan upon filing an election with the board within one hundred eighty days of transferring to temporary employee status. The participating member may not become a member of the defined benefit plan as a temporary employee. The temporary employee electing to participate in the defined contribution retirement plan shall pay monthly to the fund an amount equal to eight and twelve-hundredths percent times the temporary employee's present monthly salary. The amount required to be paid by a temporary employee increases by two percent times the temporary employee's present monthly salary beginning with the monthly reporting period of January 2012, and with an additional increase of two percent, beginning with the monthly reporting period of January 2013, and with an additional increase of two percent, beginning with the monthly reporting period of January 2014. The temporary employee shall also pay the required monthly contribution to the retiree health benefit fund established under section 54-52.1-03.2. This contribution must be recorded as a member contribution pursuant to section 54-52.1-03.2. An employer may not pay the temporary employee's contributions. A temporary employee may continue to participate as a temporary employee until termination of employment or reclassification of the temporary employee as a permanent employee.

¹⁸⁵ **SECTION 14. AMENDMENT.** Section 54-52.6-02 of the North Dakota Century Code is amended and reenacted as follows:

54-52.6-02. Election.

1. ~~The board shall provide an opportunity for each eligible employee who is a member of the public employees retirement system on September 30, 2001, and who has not made a written election under this section to transfer to the~~

¹⁸⁴ Section 54-52.6-02 was also amended by section 14 of House Bill No. 1452, chapter 431.

¹⁸⁵ Section 54-52.6-02 was also amended by section 13 of House Bill No. 1452, chapter 431.

defined contribution retirement plan before October 1, 2001, to elect in writing to terminate membership in the public employees retirement system and elect to become a participating member under this chapter. Except as provided in section 54-52.6-03, an election made by an eligible employee under this section is irrevocable. The board shall accept written elections under this section from eligible employees during the period beginning on July 1, 1999, and ending 12:01 a.m. December 14, 2001. An eligible employee who does not make a written election or who does not file the election during the period specified in this section continues to be a member of the public employees retirement system. An eligible employee who makes and files a written election under this section ceases to be a member of the public employees retirement system effective twelve midnight December 31, 2001; becomes a participating member in the defined contribution retirement plan under this chapter effective 12:01 a.m. January 1, 2002; and waives all of that person's rights to a pension, annuity, retirement allowance, insurance benefit, or any other benefit under the public employees retirement system effective December 31, 2001. This section does not affect a person's right to health benefits or retiree health benefits under chapter 54-52.1. An eligible employee who is first employed and entered upon the payroll of that person's employer after September 30, 2001, may make an election to participate in the defined contribution retirement plan established under this chapter at any time during the first six months after the date of employment. If the board, in its sole discretion, determines that the employee was not adequately notified of the employee's option to participate in the defined contribution retirement plan, the board may provide the employee a reasonable time within which to make that election, which may extend beyond the original six-month decision window.

2. If an individual who is a deferred member of the public employees retirement system on September 30, 2001, is reemployed and by virtue of that employment is again eligible for membership in the public employees retirement system under chapter 54-52, the individual may elect in writing to remain a member of the public employees retirement system or if eligible to participate in the defined contribution retirement plan established under this chapter to terminate membership in the public employees retirement system and become a participating member in the defined contribution retirement plan established under this chapter. An election made by a deferred member under this section is irrevocable. The board shall accept written elections under this section from a deferred member during the period beginning on the date of the individual's reemployment and ending upon the expiration of six months after the date of that reemployment. If the board, in its sole discretion, determines that the employee was not adequately notified of the employee's option to participate in the defined contribution retirement plan, the board may provide the employee a reasonable time within which to make that election, which may extend beyond the original six-month decision window. A deferred member who makes and files a written election to remain a member of the public employees retirement system retains all rights and is subject to all conditions as a member of that retirement system. A deferred member who does not make a written election or who does not file the election during the period specified in this section continues to be a member of the public employees retirement system. A deferred member who makes and files a written election to terminate membership in the public employees retirement system ceases to be a member of the public employees retirement system effective on the last day of the payroll period that includes the date of the election; becomes a participating member in the defined contribution retirement plan under this chapter effective the first day of the payroll immediately following the date of

the election; and waives all of that person's rights to a pension, an annuity, a retirement allowance, insurance benefit, or any other benefit under the public employees retirement system effective the last day of the payroll that includes the date of the election. This section does not affect any right to health benefits or retiree health benefits to which the deferred member may otherwise be entitled.

3. An eligible employee who elects to participate in the retirement plan established under this chapter must remain a participant even if that employee returns to the classified service or becomes employed by a political subdivision that participates in the public employees retirement system. The contribution amount must be as provided in this chapter, regardless of the position in which the employee is employed. Notwithstanding the irrevocability provisions of this chapter, if a member who elects to participate in the retirement plan established under this chapter becomes a supreme or district court judge, becomes a member of the highway patrol, becomes employed in a position subject to teachers' fund for retirement membership, or becomes an employee of the board of higher education or state institution under the jurisdiction of the board who is eligible to participate in an alternative retirement program established under subsection 6 of section 15-10-17, the member's status as a member of the defined contribution retirement plan is suspended, and the member becomes a new member of the retirement plan for which that member's new position is eligible. The member's account balance remains in the defined contribution retirement plan, but no new contributions may be made to that account. The member's service credit and salary history that were forfeited as a result of the member's transfer to the defined contribution retirement plan remain forfeited, and service credit accumulation in the new retirement plan begins from the first day of employment in the new position. If the member later returns to employment that is eligible for the defined contribution plan, the member's suspension must be terminated, the member again becomes a member of the defined contribution retirement plan, and the member's account resumes accepting contributions. At the member's option, and pursuant to rules adopted by the board, the member may transfer any available balance as determined by the provisions of the alternate retirement plan into the member's account under this chapter.
4. After consultation with its actuary, the board shall determine the method by which a participating member or deferred member may make a written election under this section. If the participating member or deferred member is married at the time of the election, the election is not effective unless the election is signed by the individual's spouse. However, the board may waive this requirement if the spouse's signature cannot be obtained because of extenuating circumstances. The board shall provide an opportunity for eligible employees who are new members of the public employees retirement system under chapter 54-52 to transfer to the defined contribution plan under this chapter pursuant to the rules and policies adopted by the board. An election made by a member of the public employees retirement system under chapter 54-52 to transfer to the defined contribution retirement plan under this chapter is irrevocable. For an individual who elects to transfer membership from the public employees retirement system under chapter 54-52 to the defined contribution retirement plan under this chapter, the board shall transfer a lump sum amount from the public employees retirement system fund to the participating member's account in the defined contribution retirement plan under this chapter. However, if the individual terminates employment prior to

receiving the lump sum transfer under this section, the election made is ineffective and the individual remains a member of the public employees retirement system under chapter 54-52 and retains all the rights and privileges under that chapter. This section does not affect an individual's right to health benefits or retiree health benefits under chapter 54-52.1.

- 5-2. If the board receives notification from the internal revenue service that this section or any portion of this section will cause the public employees retirement system or the retirement plan established under this chapter to be disqualified for tax purposes under the Internal Revenue Code, then the portion that will cause the disqualification does not apply.
- 6-3. A participating member who becomes a temporary employee may still participate in the defined contribution retirement plan upon filing an election with the board within one hundred eighty days of transferring to temporary employee status. The participating member may not become a member of the defined benefit plan as a temporary employee. The temporary employee electing to participate in the defined contribution retirement plan shall pay monthly to the fund an amount equal to eight and twelve-hundredths percent times the temporary employee's present monthly salary. The amount required to be paid by a temporary employee increases by two percent times the temporary employee's present monthly salary beginning with the monthly reporting period of January 2012, and with an additional increase of two percent, beginning with the reporting period of January 2013. The temporary employee shall also pay the required monthly contribution to the retiree health benefit fund established under section 54-52.1-03.2. This contribution must be recorded as a member contribution pursuant to section 54-52.1-03.2. An employer may not pay the temporary employee's contributions. A temporary employee may continue to participate as a temporary employee until termination of employment or reclassification of the temporary employee as a permanent employee.
- 7-4. A former participating member who has accepted a retirement distribution pursuant to section 54-52.6-13 and who subsequently becomes employed by an entity different from the employer with which the member was employed at the time the member retired but which does participate in any state-sponsored retirement plan may, before reenrolling in the defined contribution retirement plan, elect to permanently waive future participation in the defined contribution retirement plan, whatever plan in which the new employing entity participates, and the retiree health program and maintain that member's retirement status. Neither the member nor the employer are required to make any future retirement contributions on behalf of that employee.

SECTION 15. AMENDMENT. Section 54-52.6-09 of the North Dakota Century Code is amended and reenacted as follows:

54-52.6-09. Contributions - Penalty.

1. Each participating member shall contribute monthly four percent of the monthly salary or wage paid to the participant, and this assessment must be deducted from the participant's salary in equal monthly installments commencing with the first month of participation in the defined contribution retirement plan established under this chapter. Participating member contributions increase by one percent of the monthly salary or wage paid to the participant beginning with the monthly reporting period of January 2012,

and with an additional increase of one percent, beginning with the reporting period of January 2013, and with an additional increase of one percent, beginning with the monthly reporting period of January 2014.

2. The employer shall contribute an amount equal to four and twelve-hundredths percent of the monthly salary or wage of a participating member. Employer contributions increase by one percent of the monthly salary or wage of a participating member beginning with the monthly reporting period of January 2012, and with an additional increase of one percent, beginning with the monthly reporting period of January 2013, and with an additional increase of one percent, beginning with the monthly reporting period of January 2014. If the employee's contribution is paid by the employer under subsection 3, the employer shall contribute, in addition, an amount equal to the required employee's contribution. The employer shall pay monthly such contribution into the participating member's account from its funds appropriated for payroll and salary or any other funds available for such purposes. If the employer fails to pay the contributions monthly, it is subject to a civil penalty of fifty dollars and, as interest, one percent of the amount due for each month of delay or fraction thereof after the payment became due.
3. Each employer, at its option, may pay the employee contributions required by this section for all compensation earned after December 31, 1999. The amount paid must be paid by the employer in lieu of contributions by the employee. If the employer decides not to pay the contributions, the amount that would have been paid will continue to be deducted from the employee's compensation. If contributions are paid by the employer, they must be treated as employer contributions in determining tax treatment under this code and the federal Internal Revenue Code. Contributions paid by the employer may not be included as gross income of the employee in determining tax treatment under this code and the federal Internal Revenue Code until they are distributed or made available. The employer shall pay these employee contributions from the same source of funds used in paying compensation to the employee. The employer shall pay these contributions by effecting an equal cash reduction in the gross salary of the employee or by an offset against future salary increases or by a combination of a reduction in gross salary and offset against future salary increases. Employee contributions paid by the employer must be treated for the purposes of this chapter in the same manner and to the same extent as employee contributions made before the date on which employee contributions were assumed by the employer. An employer shall exercise its option under this subsection by reporting its choice to the board in writing.

SECTION 16. LEGISLATIVE MANAGEMENT STUDY - NORTH DAKOTA RETIREMENT PLANS. During the 2013-14 interim, the legislative management shall consider studying the feasibility and desirability of existing and possible state retirement plans. The study must include an analysis of both a defined benefit plan and a defined contribution plan with considerations and possible consequences for transitioning to a state defined contribution plan. The study may not be conducted by the employee benefits programs committee. The legislative management shall report its findings and recommendations, together with any legislation needed to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 17. APPROPRIATION. There is appropriated from special funds derived from public employees retirement system income not otherwise appropriated, the sum of \$22,000, or so much of the sum as may be necessary, to the public

employees retirement system board for the purpose of implementing this Act, for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 18. EFFECTIVE DATE. Sections 4, 12, and 14 of this Act become effective on October 1, 2013.

SECTION 19. EXPIRATION DATE - SUSPENSION. Sections 4, 12, and 14 of this Act are effective through July 31, 2017, and after that date are ineffective. Section 54-52.6-03 is suspended from October 1, 2013, through July 31, 2017. Section 54-52.6-03, as it existed on September 30, 2013, becomes effective on August 1, 2017.

Approved May 1, 2013

Filed May 1, 2013

CHAPTER 432

SENATE BILL NO. 2060

(Government and Veterans Affairs Committee)
(At the request of the Public Employees Retirement System Board)

AN ACT to create and enact a new section to chapter 54-52.6 of the North Dakota Century Code, relating to plan modifications to the public employees retirement system defined contribution retirement plan required to maintain compliance with the Internal Revenue Code; to amend and reenact sections 39-03.1-11.2, 39-03.1-29, subsection 11 of section 54-52-04, sections 54-52-17, 54-52-23, 54-52-28, 54-52.3-03, and 54-52.6-13 of the North Dakota Century Code, relating to incorporation of Internal Revenue Code compliance under the highway patrolmen's retirement plan and public employees retirement system, updating appropriate committee designations for the savings clauses under the highway patrolmen's retirement plan and public employees retirement system, the board's authority to fund administrative expenses, normal retirement dates for a peace officer or correctional officer, normal retirement dates for a national guard security officer or firefighter, normal retirement dates for a peace officer employed by the bureau of criminal investigation, removal of the level social security retirement benefit option under the public employees retirement system, defrayal of expenses associated with the pretax benefits program, and distribution of a deceased participant's accumulated account balance under the defined contribution retirement plan; and to provide a continuing appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 39-03.1-11.2 of the North Dakota Century Code is amended and reenacted as follows:

39-03.1-11.2. Internal Revenue Code compliance.

The board shall administer the plan in compliance with the following sections of the Internal Revenue Code in effect on August 1, ~~2014~~2013, as it applies for governmental plans.

1. Section 415, including the defined benefit dollar limitation under section 415(b)(1)(A) of the Internal Revenue Code.
 - a. The defined benefit dollar limitation under section 415(b)(1)(A) of the Internal Revenue Code, as approved by the legislative assembly, must be adjusted under section 415(d) of the Internal Revenue Code, effective January first of each year following a regular legislative session. The adjustment of the defined benefit dollar limitation under section 415(d) applies to participating members who have had a separation from employment, but that member's benefit payments may not reflect the adjusted limit prior to January first of the calendar year in which the adjustment applies.
 - b. If a participating member's benefit is increased by plan amendment after the commencement of benefit payments, the member's annual benefit may not exceed the defined benefit dollar limitation under

section 415(b)(1)(A) of the Internal Revenue Code, as adjusted under section 415(d) for the calendar year in which the increased benefit is payable.

- c. If a participating member is, or ever has been, a participant in another defined benefit plan maintained by the employer, the sum of the participant's annual benefits from all the plans may not exceed the defined benefit dollar limitation under section 415(b)(1)(A) of the Internal Revenue Code. If the participating member's employer-provided benefits under all such defined benefit plans would exceed the defined benefit dollar limitation, the benefit must be reduced to comply with section 415 of the Internal Revenue Code. This reduction must be made pro rata between the plans, in proportion to the participating member's service in each plan.
2. The minimum distribution rules under section 401(a)(9) of the Internal Revenue Code, including the incidental death benefit requirements under section 401(a)(9)(G), and the regulations issued under that provision to the extent applicable to governmental plans. Accordingly, benefits must be distributed or begin to be distributed no later than a member's required beginning date, and the required minimum distribution rules override any inconsistent provision of this chapter. A member's required beginning date is April first of the calendar year following the later of the calendar year in which the member attains age seventy and one-half or terminates employment.
3. The annual compensation limitation under section 401(a)(17) of the Internal Revenue Code, as adjusted for cost-of-living increases under section 401(a)(17)(B).
4. The rollover rules under section 401(a)(31) of the Internal Revenue Code. Accordingly, a distributee may elect to have an eligible rollover distribution, as defined in section 402(c)(4) of the Internal Revenue Code, paid in a direct rollover to an eligible retirement plan, as defined in section 402(c)(8)(B) of the Internal Revenue Code, specified by the distributee.
5. If the plan of retirement benefits set forth in this chapter is terminated or discontinued, the rights of all affected participating members to accrued retirement benefits under this chapter as of the date of termination or discontinuance is nonforfeitable, to the extent then funded.

SECTION 2. AMENDMENT. Section 39-03.1-29 of the North Dakota Century Code is amended and reenacted as follows:

39-03.1-29. Savings clause - Plan modifications.

If the board determines that any section of this chapter does not comply with applicable federal statutes or rules, the board shall adopt appropriate terminology with respect to that section as will comply with those federal statutes or rules, subject to the approval of the employee benefits programs committee ~~on public employees retirement programs~~. Any plan modifications made by the board pursuant to this section are effective until the effective date of any measure enacted by the legislative assembly providing the necessary amendments to this chapter to ensure compliance with the federal statutes or rules.

SECTION 3. AMENDMENT. Subsection 11 of section 54-52-04 of the North Dakota Century Code is amended and reenacted as follows:

11. The board shall fund the administrative expenses of chapter 54-52.2 from funds collected under chapters 54-52, 54-52.1, and 54-52.3 and from fines and fees collected from deferred compensation services providers, including any fees paid for by participant funds, subject to appropriation by the legislative assembly.

SECTION 4. AMENDMENT. Section 54-52-17 of the North Dakota Century Code is amended and reenacted as follows:

54-52-17. Formulation of plan.

Participating members shall receive benefits according to this section and according to rules adopted by the board, not inconsistent with this chapter. No person is entitled to receive a prior service benefit if the person was not continuously employed by a governmental unit in North Dakota for a period of not less than two years immediately prior to eligibility for retirement.

1. Participating members shall receive credit for full-time employment or its equivalent from the date they attain eligibility until their normal retirement date, postponed retirement date, or early retirement date, as defined in this section. Part-time employment will be recognized as full-time employment on a prorated basis as the board may prescribe.
2. Retirement benefits are calculated from the participating member's final average salary, which is the average of the highest salary received by the member for any thirty-six months employed during the last one hundred twenty months of employment. For members who terminate employment on or after August 1, 2010, final average salary is the average of the highest salary received by the member for any thirty-six months employed during the last one hundred eighty months of employment. For members who terminate employment between July 31, 2005, and August 1, 2010, final average salary is the average of the highest salary received by the member for any thirty-six months employed during the period for which the board has appropriate and accurate salary records on its electronic database, but that period may not be more than the last one hundred eighty months of employment. Months not employed are excluded in arriving at the thirty-six months to be used for the purpose of computing an average. If the participating member has worked for less than thirty-six months at the normal retirement date, the final average salary is the average salary for the total months of employment.
3. Retirement dates are defined as follows:
 - a. Normal retirement date, except for a national guard security officer or firefighter or a peace officer or correctional officer employed by the bureau of criminal investigation or by a political subdivision, is:
 - (1) The first day of the month next following the month in which the member attains the age of sixty-five years; or
 - (2) When the member has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.
 - b. Normal retirement date for a national guard security officer or firefighter is the first day of the month next following the month in which the national guard security officer or firefighter attains the age of fifty-five years and

- has completed at least three ~~consecutive~~eligible years of employment as a national guard security officer or firefighter ~~immediately preceding retirement~~.
- c. Normal retirement date for a peace officer or correctional officer employed by a political subdivision is:
- (1) The first day of the month next following the month in which the peace officer or correctional officer attains the age of fifty-five years and has completed at least three ~~consecutive~~eligible years of employment as a peace officer or correctional officer; or
 - (2) When the peace officer or correctional officer has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.
- d. Normal retirement date for a peace officer employed by the bureau of criminal investigation is:
- (1) The first day of the month next following the month in which the peace officer attains the age of fifty-five years and has completed at least three ~~consecutive~~eligible years of employment as a peace officer ~~immediately preceding retirement~~; or
 - (2) When the peace officer has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.
- e. Postponed retirement date is the first day of the month next following the month in which the member, on or after July 1, 1977, actually severs or has severed the member's employment after reaching the normal retirement date.
- f. Early retirement date, except for a national guard security officer or firefighter or a peace officer or correctional officer employed by the bureau of criminal investigation or by a political subdivision, is the first day of the month next following the month in which the member attains the age of fifty-five years and has completed three years of eligible employment. For a national guard security officer or firefighter, early retirement date is the first day of the month next following the month in which the national guard security officer or firefighter attains the age of fifty years and has completed at least three years of eligible employment. For a peace officer or correctional officer employed by the bureau of criminal investigation or by a political subdivision, early retirement date is the first day of the month next following the month in which the peace officer or correctional officer attains the age of fifty years and has completed at least three years of eligible employment.
- g. Disability retirement date is the first day of the month after a member becomes permanently and totally disabled, according to medical evidence called for under the rules of the board, and has completed at least one hundred eighty days of eligible employment. For supreme and district court judges, permanent and total disability is based solely on a judge's inability to perform judicial duties arising out of physical or mental impairment, as determined pursuant to rules adopted by the board or as provided by

subdivision a of subsection 3 of section 27-23-03. A member is eligible to receive disability retirement benefits only if the member:

- (1) Became disabled during the period of eligible employment; and
- (2) Applies for disability retirement benefits within twelve months of the date the member terminates employment.

A member is eligible to continue to receive disability benefits as long as the permanent and total disability continues and the member submits the necessary documentation and undergoes medical testing required by the board, or for as long as the member participates in a rehabilitation program required by the board, or both. If the board determines that a member no longer meets the eligibility definition, the board may discontinue the disability retirement benefit. The board may pay the cost of any medical testing or rehabilitation services it deems necessary and these payments are appropriated from the retirement fund for those purposes.

4. The board shall calculate retirement benefits as follows:
 - a. Normal retirement benefits for all retirees, except supreme and district court judges, reaching normal retirement date equal an annual amount, payable monthly, comprised of a service benefit and a prior service benefit, as defined in this chapter, which is determined as follows:
 - (1) Service benefit equals two percent of final average salary multiplied by the number of years of service employment.
 - (2) Prior service benefit equals two percent of final average salary multiplied by the number of years of prior service employment.
 - b. Normal retirement benefits for all supreme and district court judges under the public employees retirement system reaching normal retirement date equal an annual amount, payable monthly, comprised of a benefit as defined in this chapter, determined as follows:
 - (1) Benefits must be calculated from the time of appointment or election to the bench and must equal three and one-half percent of final average salary multiplied by the first ten years of judicial service, two and eighty hundredths percent of final average salary multiplied by the second ten years of judicial service, and one and one-fourth percent of final average salary multiplied by the number of years of judicial service exceeding twenty years.
 - (2) Service benefits must include, in addition, an amount equal to the percent specified in subdivision a of final average salary multiplied by the number of years of nonjudicial employee service and employment.
 - c. Postponed retirement benefits are calculated as for single life benefits for those members who retired on or after July 1, 1977.
 - d. Early retirement benefits are calculated as for single life benefits accrued to the date of termination of employment, but must be actuarially reduced to account for benefit payments beginning prior to the normal retirement

date, which is the earlier of age sixty-five or the age at which current service plus age equals eighty-five. A retiree, other than a supreme or district court judge, is eligible for early retirement benefits only after having completed three years of eligible employment. A supreme or district court judge retiree is eligible for early retirement benefits only after having completed five years of eligible employment.

- e. Except for supreme and district court judges, disability retirement benefits are twenty-five percent of the member's final average salary. Disability retirement benefits for supreme and district court judges are seventy percent of final average salary reduced by the member's primary social security benefits and by any workforce safety and insurance benefits paid. The minimum monthly disability retirement benefit under this section is one hundred dollars.
5. Upon termination of employment after completing three years of eligible employment, except for supreme and district court judges, who must complete five years of eligible employment, but before normal retirement date, a member who does not elect to receive early retirement benefits is eligible to receive deferred vested retirement benefits payable commencing on the member's normal retirement date in one of the optional forms provided in subsection 9. Members who have delayed or inadvertently failed to apply for retirement benefits to commence on their normal retirement date may choose to receive either a lump sum payment equal to the amount of missed payments, or an actuarial increase to the form of benefit the member has selected, which increase must reflect the missed payments.
 6. If before retiring a member dies after completing three years of eligible employment, except for supreme and district court judges, who must have completed five years of eligible employment, the board shall pay the member's account balance to the member's designated beneficiary as provided in this subsection. If the member has designated an alternate beneficiary with the surviving spouse's written consent, the board shall pay the member's account balance to the named beneficiary. If the member has named more than one primary beneficiary, the board shall pay the member's account balance to the named primary beneficiaries in the percentages designated by the member or, if the member has not designated a percentage for the beneficiaries, in equal percentages. If one or more of the primary beneficiaries has predeceased the member, the board shall pay the predeceased beneficiary's share to the remaining primary beneficiaries. If any beneficiary survives the member, yet dies before distribution of the beneficiary's share, the beneficiary must be treated as if the beneficiary predeceased the member. If there are no remaining primary beneficiaries, the board shall pay the member's account balance to the contingent beneficiaries in the same manner. If there are no remaining designated beneficiaries, the board shall pay the member's account balance to the member's estate. If the member has not designated an alternate beneficiary or the surviving spouse is the beneficiary, the surviving spouse of the member may select a form of payment as follows:
 - a. If the member was a supreme or district court judge, the surviving spouse may select one of the following optional forms of payment:
 - (1) A lump sum payment of the member's retirement account as of the date of death.

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- (2) Payments as calculated for the deceased member as if the member was of normal retirement age at the date of death, payable until the spouse dies.
 - b. The surviving spouse of all other members may select one of the following options:
 - (1) A lump sum payment of the member's retirement account as of the date of death.
 - (2) Payment of a monthly retirement benefit equal to fifty percent of the deceased member's accrued single life retirement benefits until the spouse dies.
 - (3) If the member dies on or after the member's normal retirement date, the payment of a monthly retirement benefit equal to an amount that would have been paid to the surviving spouse if the member had retired on the day of the member's death and had selected a one hundred percent joint and survivor annuity, payable until the spouse dies. A surviving spouse who received a benefit under this subsection as of July 31, 1995, is entitled to the higher of that person's existing benefit or the equivalent of the accrued benefit available under the one hundred percent joint and survivor provision as if the deceased member were of normal retirement age, with the increase payable beginning August 1, 1995.
 7. If a member not coming under the provisions of subsection 6 terminates employment because of death, permanent and total disability, or any voluntary or involuntary reason prior to retirement, the member or the member's designated beneficiary is entitled to the member's account balance at termination. The board automatically shall refund a member's account balance if the member has completed less than three years of eligible employment, has an account balance of less than one thousand dollars, and was not a supreme or district court judge. If the member was a supreme or district court judge, the board automatically shall refund a member's account balance if the member completed less than five years of eligible employment. A member may waive the refund if the member submits a written statement to the board, within thirty days after termination, requesting that the member's account balance remain in the fund.
 8. The surviving spouse of a member receiving retirement benefits must be the member's primary beneficiary unless there is no surviving spouse or the surviving spouse designates an alternate beneficiary in writing. If a member receiving retirement benefits or the member's surviving spouse receiving retirement benefits dies before the total amount of benefits paid to either or both equals the amount of the member's account balance at retirement, the difference must be paid to the named beneficiary of the recipient or, if there is no named beneficiary, to the recipient's estate.
 9. The board shall adopt rules providing for the receipt of retirement benefits in the following optional forms:
 - a. Single life.

- b. An actuarially equivalent joint and survivor option, with fifty percent or one hundred percent options.
- c. ~~An actuarially equivalent level social security option, which is available only to members who retire prior to attaining the age at which they may begin to receive unreduced social security benefits.~~
- d. Actuarially equivalent life with ten-year or twenty-year certain options.
- e.d. An actuarially equivalent partial lump sum distribution option with a twelve-month maximum lump sum distribution.
- f.e. An actuarially equivalent graduated benefit option with either a one percent or two percent increase to be applied the first day of January of each year.

Except for supreme and district court judges, unless a member specifically requests that the member receive benefits according to one of these options at the time of applying for retirement, all retirement benefits must be in the form of a single life benefit. For supreme and district court judges, unless a member specifically requests that the member receive benefits according to one of these options at the time of applying for retirement, all retirement benefits must be in the form of a lifetime monthly pension with fifty percent of the benefit continuing for the life of the surviving spouse, if any.

- 10. The fund may accept rollovers from other eligible plans under rules adopted by the board for the purchase of additional service credit, but only to the extent the transfer is a rollover contribution that meets the requirement of section 408 of the Internal Revenue Code.
- 11. The board may accept trustee-to-trustee transfers as permitted by Internal Revenue Code section 403(b)(13) and section 457(e)(17) from an Internal Revenue Code section 403(b) annuity or Internal Revenue Code section 457 deferred compensation plan for the purchase of permissive service credit, as defined in Internal Revenue Code section 415(n)(3)(A) or as repayment of a cashout from a governmental plan under Internal Revenue Code section 415(k)(3).
- 12. The board may establish individual retirement accounts and individual retirement annuities as permitted under section 408(q) of the Internal Revenue Code to allow employees to make voluntary employee contributions. The board may adopt rules to implement and administer the accounts and annuities under this section.

SECTION 5. AMENDMENT. Section 54-52-23 of the North Dakota Century Code is amended and reenacted as follows:

54-52-23. Savings clause - Plan modifications.

If the board determines that any section of this chapter does not comply with applicable federal statutes or rules, the board shall adopt appropriate terminology with respect to that section as will comply with those federal statutes or rules, subject to the approval of the employee benefits programs committee ~~on public employees retirement programs~~. Any plan modifications made by the board pursuant to this section are effective until the effective date of any measure enacted by the legislative

assembly providing the necessary amendments to this chapter to ensure compliance with the federal statutes or rules.

SECTION 6. AMENDMENT. Section 54-52-28 of the North Dakota Century Code is amended and reenacted as follows:

54-52-28. Internal Revenue Code compliance.

The board shall administer the plan in compliance with the following sections of the Internal Revenue Code in effect on August 1, ~~2014~~2013, as it applies for governmental plans.

1. Section 415, including the defined benefit dollar limitation under section 415(b)(1)(A) of the Internal Revenue Code.
 - a. The defined benefit dollar limitation under section 415(b)(1)(A) of the Internal Revenue Code, as approved by the legislative assembly, must be adjusted under section 415(d) of the Internal Revenue Code, effective January first of each year following a regular legislative session. The adjustment of the defined benefit dollar limitation under section 415(d) applies to participating members who have had a separation from employment, but that member's benefit payments may not reflect the adjusted limit prior to January first of the calendar year in which the adjustment applies.
 - b. If a participating member's benefit is increased by plan amendment after the commencement of benefit payments, the member's annual benefit may not exceed the defined benefit dollar limitation under section 415(b)(1)(A) of the Internal Revenue Code, as adjusted under section 415(d) for the calendar year in which the increased benefit is payable.
 - c. If a participating member is, or ever has been, a participant in another defined benefit plan maintained by the employer, the sum of the participant's annual benefits from all the plans may not exceed the defined benefit dollar limitation under section 415(b)(1)(A) of the Internal Revenue Code. If the participating member's employer-provided benefits under all such defined benefit plans would exceed the defined benefit dollar limitation, the benefit must be reduced to comply with section 415 of the Internal Revenue Code. The reduction must be made pro rata between the plans, in proportion to the participating member's service in each plan.
2. The minimum distribution rules under section 401(a)(9) of the Internal Revenue Code, including the incidental death benefit requirements under section 401(a)(9)(G), and the regulations issued under that provision to the extent applicable to governmental plans. Accordingly, benefits must be distributed or begin to be distributed no later than a member's required beginning date, and the required minimum distribution rules override any inconsistent provision of this chapter. A member's required beginning date is April first of the calendar year following the later of the calendar year in which the member attains age seventy and one-half or terminates employment.
3. The annual compensation limitation under section 401(a)(17) of the Internal Revenue Code, as adjusted for cost-of-living increases under section 401(a)(17)(B).

4. The rollover rules under section 401(a)(31) of the Internal Revenue Code. Accordingly, a distributee may elect to have an eligible rollover distribution, as defined in section 402(c)(4) of the Internal Revenue Code, paid in a direct rollover to an eligible retirement plan, as defined in section 402(c)(8)(B) of the Internal Revenue Code, specified by the distributee.
5. If the plan of retirement benefits set forth in this chapter is terminated or discontinued, the rights of all affected participating members to accrued retirement benefits under this chapter as of the date of termination or discontinuance is nonforfeitable, to the extent then funded.

SECTION 7. AMENDMENT. Section 54-52.3-03 of the North Dakota Century Code is amended and reenacted as follows:

54-52.3-03. Employer savings used to defray expenses of administering program - Continuing appropriation.

The office of management and budget shall transfer funds from the savings accruing to the agencies' salaries and wages line item, as a result of the diminution of the state's employer contribution for the Federal Insurance Contribution Act tax, to a payroll clearing account. The office of management and budget shall transfer funds from the payroll clearing account to the board as necessary to defray the reasonable expenses of administering the pretax benefits program established under this chapter, including expenses associated with the program's medical spending account. Any revenue collected by the board from participating district health units must be used, and is hereby appropriated, to defray the expenses of administering the program. The amount necessary to pay consultants retained by the board, vendors retained by the board to provide claims administration services, any insurance costs associated with the medical spending account, and medical reimbursements for the medical spending account if funds are insufficient to pay claims are hereby appropriated from the savings and revenue generated by the program. All other expenses of administering the program must be paid in accordance with the agency's appropriation authority as established by the legislative assembly. The director of the office of management and budget may decrease or suspend the transfer of the savings accruing to the agencies' salaries and wages line item to the payroll clearing account upon determination that the funds deposited under this section are sufficient to offset anticipated obligations. Notwithstanding other provisions in this section, the public employees retirement system board, or any successor state agency, may not establish, enroll, or administer any pretax benefits program for a political subdivision or any other public or private business or entity, except for any program established specifically for employees of the state and employees of district health units.

SECTION 8. AMENDMENT. Section 54-52.6-13 of the North Dakota Century Code is amended and reenacted as follows:

54-52.6-13. Distributions.

1. A participating member is eligible to receive distribution of that person's accumulated balance in the plan upon becoming a former participating member.
2. Upon the death of a participating member or former participating member, the board shall pay the accumulated account balance of that deceased participant is considered to belong to the deceased participant's refund beneficiary, if any, of that deceased participant as provided in this subsection. If a valid nomination of the deceased participant designated an alternate refund

~~beneficiary is not on file with the surviving spouse's written consent, the board, the board, in a lump sum distribution, shall distribute the accumulated balance to a legal representative, if any, of the named beneficiary. If the deceased participant named more than one primary beneficiary with the surviving spouse's written consent, the board shall pay the accumulated account balance to the named primary beneficiaries in the percentages designated by the deceased participant or, if the deceased participant had not designated a percentage for the beneficiaries, in equal percentages. If one or more of the primary beneficiaries has predeceased the deceased participant, the board shall pay the predeceased beneficiary's share to the remaining primary beneficiaries. If any beneficiary survives the deceased participant, yet dies before distribution of the beneficiary's share, the beneficiary must be treated as if the beneficiary predeceased the deceased participant. If there is no legal representative remaining primary beneficiary, to the board shall pay the accumulated account balance of that deceased participant to the contingent beneficiaries in the same manner. If there is no remaining designated beneficiary, the board shall pay the accumulated account balance of that deceased participant to the deceased participant's estate. If the deceased participant had not designated an alternate refund beneficiary or the surviving spouse is the refund beneficiary, the surviving spouse of the deceased participant may select a form of payment as provided in subsection 3(d).~~

3. A former participating member may elect one or a combination of several of the following methods of distribution of the accumulated balance:
 - a. A lump sum distribution to the recipient.
 - b. A lump sum direct rollover to another qualified plan, to the extent allowed by federal law.
 - c. Periodic distributions, as authorized by the board.
 - d. No current distribution, in which case the accumulated balance must remain in the plan until the former participating member or refund beneficiary elects a method or methods of distribution under this section, to the extent allowed by federal law.

~~A surviving spouse beneficiary may elect one or a combination of several of the methods of distribution provided in subdivisions a, b, or c if the surviving spouse is the sole refund beneficiary. If the surviving spouse is not the sole refund beneficiary who is not the surviving spouse, the refund beneficiary may only choose a lump sum distribution of the accumulated balance.~~

4. If the former participating member's vested account balance is less than one thousand dollars, the board shall automatically refund the member's vested account balance upon termination of employment. The member may waive the refund if the member submits a written statement to the board, within one hundred twenty days after termination, requesting that the member's vested account balance remain in the plan.

SECTION 9. A new section to chapter 54-52.6 of the North Dakota Century Code is created and enacted as follows:

Internal Revenue Code compliance.

The board shall administer the plan in compliance with the following sections of the Internal Revenue Code in effect on August 1, 2013, as they apply to governmental plans:

1. Section 415, including the defined contribution limitations under section 415(c)(1)(A) and (B) of the Internal Revenue Code and the Treasury Regulations thereunder, which are incorporated herein by reference.
 - a. In accordance with the defined contribution limitations under section 415(c) of the Internal Revenue Code, annual additions (as defined in section 415(c)(2) of the Internal Revenue Code) under this plan may not exceed the limitations set forth in section 415(c)(1)(A) and (B), as adjusted under section 415(d) of the Internal Revenue Code, effective January first of each year following a regular legislative session.
 - b. If a participating member's aggregate annual additions exceed the defined contribution limitations under section 415(c) of the Internal Revenue Code, the member's annual additions must be reduced to the extent necessary to comply with section 415(c) of the Internal Revenue Code and the Treasury Regulations thereunder.
2. The minimum distribution rules under section 401(a)(9) of the Internal Revenue Code and the regulations issued under that provision to the extent applicable to governmental plans. Accordingly, benefits must be distributed or begin to be distributed no later than a member's required beginning date, and the required minimum distribution rules override any inconsistent provision of this chapter. A member's required beginning date is April first of the calendar year following the later of the calendar year in which the member attains age seventy and one-half or terminates employment.
3. The annual compensation limitation under section 401(a)(17) of the Internal Revenue Code, as adjusted for cost-of-living increases under section 401(a)(17)(B).
4. The rollover rules under section 401(a)(31) of the Internal Revenue Code. Accordingly, a distributee may elect to have an eligible rollover distribution, as defined in section 402(c)(4) of the Internal Revenue Code, paid in a direct rollover to an eligible retirement plan, as defined in section 402(c)(8)(B) of the Internal Revenue Code, specified by the distributee.
5. If the plan of retirement benefits set forth in this chapter is terminated or discontinued, the rights of all affected participating members to accrued retirement benefits under this chapter as of the date of termination or discontinuance is nonforfeitable, to the extent then funded.

Approved April 11, 2013
Filed April 11, 2013

CHAPTER 433

HOUSE BILL NO. 1058

(Government and Veterans Affairs Committee)
(At the request of the Public Employees Retirement System Board)

AN ACT to amend and reenact sections 54-52.1-02, 54-52.1-03.2, and 54-52.1-03.3 of the North Dakota Century Code, relating to benefit coverage and health benefits credit for retired employees not eligible for medicare and retired employees eligible for medicare under the uniform group insurance program; and to provide a contingent effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-52.1-02 of the North Dakota Century Code is amended and reenacted as follows:

54-52.1-02. Uniform group insurance program created - Formation into subgroups.

In order to promote the economy and efficiency of employment in the state's service, reduce personnel turnover, and offer an incentive to high-grade individuals to enter and remain in the service of state employment, there is created a uniform group insurance program. The uniform group must be composed of eligible and retired employees and be formed to provide hospital benefits coverage, medical benefits coverage, and life insurance benefits coverage in the manner set forth in this chapter. The uniform group may be divided into the following subgroups at the discretion of the board:

1. Medical and hospital benefits coverage group consisting of active eligible employees and retired employees not eligible for medicare, except for employees who first retire after the effective date of this Act and are not eligible for medicare on their retirement. In determining premiums for coverage under this subsection for retired employees not eligible for medicare, the rate for a non-medicare retiree single plan is one hundred fifty percent of the active member single plan rate, the rate for a non-medicare retiree family plan of two people is twice the non-medicare retiree single plan rate, and the rate for a non-medicare retiree family plan of three or more persons is two and one-half times the non-medicare retiree single plan rate.
2. In addition to the coverage provided in subsection 1, another coverage option may be provided for retired employees not eligible for medicare, except for employees who first retire after the effective date of this Act and are not eligible for medicare on their retirement, provided the option does not increase the implicit subsidy as determined by the governmental accounting standards board's other postemployment benefit reporting procedure. In offering this additional option, the board may have an open enrollment but thereafter enrollment for this option must be as specified in section 54-52.1-03.
3. Retired medicare-eligible employee group medical and hospital benefits coverage.

4. Active eligible employee life insurance benefits coverage.
5. Retired employee life insurance benefits coverage.
6. Terminated employee continuation group medical and hospital benefits coverage.
7. Terminated employee conversion group medical and hospital benefits coverage.
8. Dental benefits coverage.
9. Vision benefits coverage.
10. Long-term care benefits coverage.
11. Employee assistance benefits coverage.
12. Prescription drug coverage.

SECTION 2. AMENDMENT. Section 54-52.1-03.2 of the North Dakota Century Code is amended and reenacted as follows:

54-52.1-03.2. Retiree health benefits fund - Appropriation.

1. The board shall establish a retiree health benefits fund account with the Bank of North Dakota for the purpose of prefunding and providing hospital benefits coverage and medical benefits coverage and prescription drug coverage under any health insurance program and dental, vision, and long-term care benefits coverage under the uniform group insurance program for retired eligible employees or surviving spouses of retired eligible employees and their dependents as provided in this chapter. The state shall contribute monthly to the retiree health benefits fund an amount equal to one and fourteen hundredths percent of the monthly salaries and wages of all participating members of the highway patrolmen's retirement system under chapter 39-03.1, and one and fourteen hundredths percent of the monthly salaries of all supreme or district court judges who are participating members of the public employees retirement system under chapter 54-52. Each governmental unit that contributes to the public employees retirement system fund under section 54-52-06 or the retirement plan under chapter 54-52.6 shall contribute monthly to the retiree health benefits fund an amount equal to one and fourteen hundredths percent of the monthly salaries or wages of all participating members of the public employees retirement system under chapter 54-52 or chapter 54-52.6, except for nonteaching employees of the superintendent of public instruction who elect to participate in the public employees retirement system pursuant to section 54-52-02.13 and employees of the state board for career and technical education who elect to participate in the public employees retirement system pursuant to section 54-52-02.14. For nonteaching employees of the superintendent of public instruction who elect to participate in the public employees retirement system pursuant to section 54-52-02.13, the superintendent of public instruction shall contribute monthly to the retiree health benefits fund an amount equal to three and twenty-four hundredths percent of the monthly salaries or wages of those nonteaching employee members, beginning on the first of the month following the transfer under section 54-52-02.13 and continuing thereafter for a period of eight years, after which time the superintendent of public instruction shall contribute

one and fourteen hundredths percent of the monthly salary or wages of those nonteaching employee members. For employees of the state board for career and technical education who elect to participate in the public employees retirement system pursuant to section 54-52-02.14, the state board for career and technical education shall contribute monthly to the retiree health benefits fund an amount equal to two and ninety-nine hundredths percent of the monthly salary or wages of those employee members, beginning on the first of the month following the transfer under section 54-52-02.14 and continuing thereafter for a period of eight years, after which time the state board for career and technical education shall contribute one and fourteen hundredths percent of the monthly salary or wages of those employee members. The employer of a national guard security officer or firefighter shall contribute monthly to the retiree health benefits fund an amount equal to one and fourteen hundredths percent of the monthly salaries or wages of all national guard security officers or firefighters participating in the public employees retirement system under chapter 54-52. Job service North Dakota shall reimburse monthly the retiree health benefits fund for credit received under section 54-52.1-03.3 by members of the retirement program established by job service North Dakota under section 52-11-01. The board, as trustee of the fund and in exclusive control of its administration, shall:

- a. Provide for the investment and disbursement of moneys of the retiree health benefits fund and administrative expenditures in the same manner as moneys of the public employees retirement system are invested, disbursed, or expended.
 - b. Adopt rules necessary for the proper administration of the retiree health benefits fund, including enrollment procedures.
2. All moneys deposited in the fund established under subsection 1, not otherwise appropriated, are hereby appropriated to the board for the purpose of making investments for the fund and to make contributions toward hospital and medical benefits coverage and prescription drug coverage under any health insurance program and dental, vision, and long-term care benefits coverage under the uniform group insurance program for eligible retired employees or surviving spouses of eligible retired employees and their dependents under the uniform group insurance program as elected.
 3. If a member terminates employment because of death, permanent and total disability, or any voluntary or involuntary reason prior to retirement, the member or the member's designated beneficiary is entitled to the member's account balance at termination. If a member's account balance is withdrawn, the member relinquishes all rights to benefits under the retiree health benefits fund.

SECTION 3. AMENDMENT. Section 54-52.1-03.3 of the North Dakota Century Code is amended and reenacted as follows:

54-52.1-03.3. Eligibility for retiree health benefits - Fixed contribution and reduction factors.

1. The following persons are entitled to receive credit for hospital and medical benefits coverage and prescription drug coverage under any health insurance program and dental, vision, and long-term care benefits coverage under the uniform group insurance program under subsection 2:

- a. A member or surviving spouse of the highway patrolmen's retirement system is eligible for the credit beginning on the date retirement benefits are effective unless the premium is billed to the employer.
 - b. A member or surviving spouse of the public employees retirement system is eligible for the credit beginning on the date retirement benefits are effective unless the premium is billed to the employer.
 - c. A member or surviving spouse of the retirement program established by job service North Dakota under section 52-11-01 receiving retirement benefits is eligible for the credit beginning on the date retirement benefits are effective unless the premium is billed to the employer.
 - d. A retired judge or surviving spouse receiving retirement benefits under the retirement program established under chapter 27-17 is eligible for the credit beginning on the date retirement benefits are effective unless the premium is billed to the employer.
 - e. A former participating member of the defined contribution retirement plan receiving retirement benefits, or the surviving spouse of a former participating member of that retirement plan who was eligible to receive or was receiving benefits, under section 54-52.6-13, is eligible as determined by the board pursuant to its rules.
2. The board shall calculate the allowable monthly credit toward hospital and medical benefits coverage and prescription drug coverage under any health insurance program and dental, vision, and long-term care benefits coverage under the uniform group insurance program for a person eligible under subsection 1 in an amount equal to five dollars multiplied by the member's or deceased member's number of years of credited service under the highway patrolmen's retirement system, the public employees retirement system, the retirement program established by job service North Dakota under section 52-11-01, or the judges' retirement program established under chapter 27-17. For a member of the public employees retirement system receiving an early retirement benefit or the surviving spouse of that member, or a former participating member of the defined contribution retirement plan who is receiving a periodic distribution and would not meet the normal retirement provisions of the public employees retirement system, the allowable monthly credit must be reduced by three percent if the member terminates employment within one year prior to attaining the age of sixty-five and an additional reduction factor of six percent shall apply for each year the member terminates employment prior to attaining the age of sixty-four. For a member of the highway patrolmen's retirement system receiving an early retirement benefit or the surviving spouse of that member, the allowable monthly credit must be reduced by three percent if the member terminates employment within one year prior to attaining the age of fifty-five and an additional reduction factor of six percent shall apply for each year the member terminates employment prior to attaining the age of fifty-four. For a member of the retirement program established by job service North Dakota under section 52-11-01 receiving an early retirement benefit or a discontinued service annuity under the plan provisions of that retirement program or the surviving spouse of that member, the allowable monthly credit must be reduced by three percent if the member terminates employment within one year prior to attaining the age of sixty-five and an additional reduction factor of six percent

applies for each year the member terminates employment prior to attaining the age of sixty-four.

3. The board shall apply the credit allowable under subsection 2 as elected by the eligible participant to the payment of monthly premiums required of each person eligible under subsection 1 for hospital benefits coverage and medical benefits coverage and prescription drug coverage under any health insurance program and dental, vision, and long-term care benefits coverage under the uniform group insurance program. The board shall allow spouses who each have credit under subsection 2 to combine their credits and shall apply the combined credit to the required monthly premiums ~~under the uniform group insurance program~~ as elected pursuant to this subsection. However, if the allowable credit under any circumstance exceeds the monthly premium in effect for selected coverage, that amount of the credit which exceeds the premium is forfeited and may not be used for any other purpose.
4. The board may, as an alternative to the calculation of the allowable monthly credit under subsection 2, provide actuarially reduced benefit options for the member and the member's surviving spouse including a one hundred percent joint and survivor option, or a fifty percent joint and survivor option, ~~or a five-year or ten-year certain option~~.

SECTION 4. CONTINGENT EFFECTIVE DATE. This Act becomes effective on July 1, 2015, the effective date for the implementation of state health care exchanges as specified under section 1321 of the Patient Protection and Affordable Care Act of 2010 [Pub. L. 111-148] in effect on March 23, 2010, as modified by the Health Care and Education Reconciliation Act of 2010 [Pub. L. 111-152] in effect on March 30, 2010, or no later than the first day of the fourth month after a date subsequently designated by the United States department of health and human services for the implementation of state health care exchanges.

Approved March 27, 2013

Filed March 27, 2013

CHAPTER 434

HOUSE BILL NO. 1059

(Government and Veterans Affairs Committee)
(At the request of the Public Employees Retirement System Board)

AN ACT to amend and reenact sections 54-52.1-03.1, 54-52.1-03.4, and 54-52.1-18 of the North Dakota Century Code, relating to withdrawal of a political subdivision from the uniform group insurance program, the definition of an eligible employee, payment of the cost of uniform group insurance premiums for temporary employees, and the health savings account option offered to political subdivisions as part of the high-deductible health plan alternative under the uniform group insurance program.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-52.1-03.1 of the North Dakota Century Code is amended and reenacted as follows:

54-52.1-03.1. Certain political subdivisions authorized to join uniform group insurance program - Employer contribution.

A political subdivision may extend the benefits of the uniform group insurance program under this chapter to its permanent employees, subject to minimum requirements established by the board and a minimum period of participation of sixty months. If the political subdivision withdraws from participation in the uniform group insurance program, before completing sixty months of participation, unless federal or state laws or rules are modified or interpreted in a way that makes participation by the political subdivision in the uniform group insurance program no longer allowable or appropriate, the political subdivision shall make payment to the board in an amount equal to any expenses incurred in the uniform group insurance program that exceed income received on behalf of the political subdivision's employees as determined under rules adopted by the board. The Garrison Diversion Conservancy District, and district health units required to participate in the public employees retirement system under section 54-52-02, shall participate in the uniform group insurance program under the same terms and conditions as state agencies. A retiree who has accepted a retirement allowance from a participating political subdivision's retirement plan may elect to participate in the uniform group under this chapter without meeting minimum requirements at age sixty-five, when the employee's spouse reaches age sixty-five, upon the receipt of a benefit, when the political subdivision joins the uniform group insurance plan if the retiree was a member of the former plan, or when the spouse terminates employment. If a retiree or surviving spouse does not elect to participate at the times specified in this section, the retiree or surviving spouse must meet the minimum requirements established by the board. Each retiree or surviving spouse shall pay directly to the board the premiums in effect for the coverage then being provided. The board may require documentation that the retiree has accepted a retirement allowance from an eligible retirement plan other than the public employees retirement system.

SECTION 2. AMENDMENT. Section 54-52.1-03.4 of the North Dakota Century Code is amended and reenacted as follows:

54-52.1-03.4. Temporary employees and employees on unpaid leave of absence.

A temporary employee employed before August 1, 2007, may elect to participate in the uniform group insurance program by completing the necessary enrollment forms and qualifying under the medical underwriting requirements of the program. A temporary employee employed on or after August 1, 2007, is only eligible to participate in the uniform group insurance program if the employee is employed at least twenty hours per week and at least twenty weeks each year of employment. A temporary employee first employed after December 31, 2013, is eligible to participate in the uniform group insurance program only if the employee meets the definition of a full-time employee under section 4980H(c)(4) of the Internal Revenue Code [26 U.S.C. 4980H(c)(4)]. The temporary employee or the temporary employee's employer shall pay monthly to the board the premiums in effect for the coverage being provided. In the case of a temporary employee who is an applicable taxpayer as defined in section 36B(c)(1)(A) of the Internal Revenue Code [26 U.S.C. 36B(c)(1)(A)], the temporary employee's required contribution for medical and hospital benefits self-only coverage may not exceed the maximum employee required contribution specified under section 36B(c)(2)(C) of the Internal Revenue Code [26 U.S.C. 36B(c)(2)(C)], and the employer shall pay any difference between the maximum employee required contribution for medical and hospital benefits self-only coverage and the cost of the premiums in effect for this coverage. An employer may pay health or life insurance premiums for a permanent employee on an unpaid leave of absence. A political subdivision, department, board, or agency may make a contribution for coverage under this section.

SECTION 3. AMENDMENT. Section 54-52.1-18 of the North Dakota Century Code is amended and reenacted as follows:

54-52.1-18. High-deductible health plan alternative with health savings account option.

~~The board shall develop and implement a high-deductible health plan with a health savings account as an alternative to the plan under section 54-52.1-06. The high-deductible health plan alternative with a health savings account must be made available to state employees by January 1, 2012, and. The high-deductible health plan alternative may be offered, at the discretion of the board, to political subdivisions after June 30, 2013. Health savings account fees for participating state employees must be paid by the employer. The Subject to the limits of section 223(b) of the Internal Revenue Code [26 U.S.C. 223(b)], the difference between the cost of the single and family premium for eligible state employees under section 54-52.1-06 and the premium for those employees electing to participate under the high-deductible health plan under this section must be deposited in a health savings account for the benefit of each participating employee. For political subdivision employees, the board shall deposit into a health savings account for the benefit of the participating political subdivision employee, an amount equal to the difference between the primary plan premium as established by the board and the premium for the high-deductible health plan under this section. Each new employee of a participating employer under this section must be provided the opportunity to elect the high-deductible health plan alternative. At least once each biennium, the board shall have an open enrollment period allowing existing employees of a participating employer under this section to change their coverage.~~

Approved April 10, 2013

Filed April 10, 2013

CHAPTER 435

HOUSE BILL NO. 1202

(Representatives Streyle, Brabandt, Headland,
Nathe, Porter, Rohr, Thoreson, Toman)
(Senator Armstrong)

AN ACT to amend and reenact section 54-59-08 of the North Dakota Century Code, relating to use of wide area network services.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-59-08 of the North Dakota Century Code is amended and reenacted as follows:

54-59-08. Required use of wide area network services.

Each state agency and institution that desires access to wide area network services and each county, city, and school district that desires access to wide area network services to transmit voice, data, or video outside that county, city, or school district shall obtain those services from the department. The chief information officer may exempt from the application of this section a county, city, or school district that demonstrates its current wide area network services are more cost-effective for or more appropriate for the specific needs of that county, city, or school district than wide area network services available from the department. For purposes of enhanced 911 and next generation 911 communications services, governmental entities are exempt from the provisions of this section. In selecting enhanced 911 and next generation 911 communication network providers, governmental entities shall select providers that are cost-effective, demonstrably reliable, and which follow interoperable standards set by the emergency services communications coordinating committee.

Approved April 29, 2013

Filed April 29, 2013

CHAPTER 436

SENATE BILL NO. 2034

(Legislative Management)
(Information Technology Committee)

AN ACT to create and enact a new section to chapter 54-59 of the North Dakota Century Code, relating to information technology projects and the creation of executive steering committees for information technology projects.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 54-59 of the North Dakota Century Code is created and enacted as follows:

Major information technology projects - Appointment of executive steering committees.

1. An executive branch state agency, excluding institutions under the control of the state board of higher education, proposing to conduct a major information technology project as described in subsection 10 of section 54-35-15.2, the department, and the office of management and budget, in consultation with the attorney general, shall collaborate on the procurement, contract negotiation, and contract administration of the project. The agency, the department, and the office of management and budget, in consultation with the attorney general, shall approve the solicitation, contract, or agreement, and any amendments relating to the project before submission to the executive steering committee as provided in subsection 3.
2. The procurement officer and primary project manager for a major information technology project must meet the qualifications established by the department and the office of management and budget.
3. An executive steering committee must be appointed to oversee each major information technology project. The agency project sponsor shall serve as chairman of the committee. The executive steering committee must consist of the director of the office of management and budget or a designee of the director, the chief information officer or a designee of the officer, the head of the agency contracting for the project or a designee, the project sponsor, and a large project oversight analyst designated by the chief information officer. The executive steering committee shall monitor the overall status of the project and review project decisions, including negotiation and execution of contracts, approval of project budgets, implementation of project schedules, assessment of project quality, and consideration of scope changes. Any project decision declared by a member of the committee to be a major project decision requires at least four affirmative votes.
4. An agreement or contract, including an amendment, revision, or scope change, for a major information technology project may not be entered unless signed by the head of the contracting agency or a designee and the chief information officer or a designee of the officer.

Approved March 19, 2013
Filed March 19, 2013

CHAPTER 437

SENATE BILL NO. 2218

(Senators Wardner, Schaible, Warner)
(Representatives D. Johnson, Kasper, Boe)

AN ACT to provide workforce development grants to tribally controlled community colleges through the North Dakota department of commerce; and to provide an appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

¹⁸⁶ SECTION 1.

Establishment of workforce development grant for tribally controlled community colleges.

There is established within the division of workforce development of the department of commerce a program to provide workforce development grants to tribally controlled community colleges in North Dakota. A tribally controlled community college in this state may apply to the department of commerce for a job training grant in such manner as the department of commerce prescribes. In order to qualify for a grant under this section, an applicant must be a tribally controlled community college not located on an Indian reservation or a tribally controlled community college located on an Indian reservation with an unemployment rate of greater than thirty percent. The department of commerce shall consult with the executive director of the Indian affairs commission to determine eligible tribally controlled community colleges.

SECTION 2.

Purpose of grants.

Any grant awarded under section 1 of this Act may be used at the discretion of the college:

1. For development of programs that assist in providing certificates or degrees to North Dakota students attending the college that qualify the student to obtain jobs for which applicants are being sought within the state, as identified by the department of commerce, job service North Dakota, or any of the federally recognized Indian tribes within North Dakota; or
2. To assist any North Dakota student attending the college to establish, or to assist in establishing, a new business operating within North Dakota that will employ North Dakota citizens.

Any funds provided to tribally controlled community colleges must be used to supplement, not supplant, any existing program or funding source of the college.

¹⁸⁶ Section 54-60.2-01 was amended by section 22 of Senate Bill No. 2018, chapter 49.

SECTION 3.**Cooperation and collaboration with other agencies.**

To the maximum extent possible, a tribally controlled community college that receives a grant under this Act must endeavor to cooperate, collaborate, or partner with other tribal, state, or federal agencies or institutions that are providing economic development assistance or workforce training and development within the state, and the department of commerce shall assist in facilitating such cooperation and partnerships.

SECTION 4.**Use of grants.**

A grant awarded under this Act may be used to carry out the purposes specified in section 2 of this Act, including maintenance and operation of the program; development costs associated with any new or redesigned courses of instruction at the college; costs of instruction, including special programs for individuals with disabilities; and academic instruction and associated materials.

SECTION 5.**Reports to the department of commerce.**

On an annual basis, within sixty days of the end of each fiscal year of the biennium for which funds are appropriated under this Act, each tribally controlled community college receiving a grant under this Act shall provide to the department of commerce, in the form prescribed by the department, the following information:

1. A detailed report of expenditures under the grant;
2. The number of students assisted by the grant;
3. The graduation rate of students assisted by the grant and the graduation rate for all students at the college;
4. A description of any new or improved training or other program leading to a certificate or a degree which was developed by the college with funds provided by the grant and the types of jobs for which the new or improved training program is designed;
5. The placement rate of graduates of the college assisted by the grant in relation to the placement rate of all graduates of the college;
6. The rate of students assisted by the grant who pursue further educational opportunities immediately after graduation from the college; and
7. The number of jobs or businesses created as a result of funds provided by the grant.

SECTION 6. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, to the North Dakota department of commerce for the purpose of providing grants to tribally controlled community colleges under this Act for the biennium beginning July 1, 2013, and ending June 30, 2015.

Approved April 24, 2013
Filed April 24, 2013