

## JOURNAL OF THE HOUSE

## Sixty-fifth Legislative Assembly

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Bismarck, April 26, 2017

The House convened at 9:00 a.m., with Speaker Bellew presiding.

The prayer was offered by Rep. Jay Seibel, District 33.

The roll was called and all members were present except Representatives Boe, Grueneich, Guggisberg, Marschall, Oliver, and Simons.

A quorum was declared by the Speaker.

**CORRECTION AND REVISION OF THE JOURNAL**

**MR. SPEAKER:** Your **Committee on Correction and Revision of the Journal (Rep. Klemm, Chairman)** has carefully examined the Journal of the Thirteenth, Thirty-sixth, Thirty-seventh, Fiftieth, Fifty-second, Fifty-seventh, and Fifty-eighth Days and recommends that it be corrected as follows and when so corrected, recommends that it be approved:

Page 219, line 7, replace "Reengrossed" with "Engrossed"

Page 829, lines 30 and 31, replace "Government and Veterans Affairs" with "Industry, Business, and Labor"

Page 833, line 25, replace "Friday, February 24," with "Wednesday, March 1, "

Page 839, lines 30, 32, and 40 remove ", as amended,"

Page 839, lines 34 and 37, replace "SB 2199" with "Engrossed SB 2199"

Page 1024, after line 35, insert "Renumber accordingly"

Page 1059, lines 20 and 22, remove ", as amended"

Page 1076, line 37, remove ", as amended"

Page 1214, lines 21 and 47, replace "bill" with "amended bill"

Page 1215, line 11, replace "HB 1116" with "Engrossed HB 1116"

Page 1215, line 28, replace "bill" with "amended bill"

Page 1216, line 3, replace "bill" with "amended bill"

**REP. KLEMM MOVED** that the report be adopted, which motion prevailed on a verification vote.

**COMMUNICATION FROM GOVERNOR DOUG BURGUM**

This is to inform you that on April 25, 2017, I have signed the following: HB 1013 and HB 1178.

**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**REP. VIGESAA MOVED** that the conference committee report on Engrossed SB 2001 as printed on HJ pages 1897-1900 be adopted, which motion prevailed on a voice vote.

Engrossed SB 2001, as amended, was placed on the Fourteenth order of business.

**SECOND READING OF SENATE BILL**

**SB 2001:** A BILL for an Act to provide an appropriation for defraying the expenses of the legislative branch of state government; to provide for applications, transfers, and

cancellation of unexpended appropriations; to create and enact a new section to chapter 54-35 of the North Dakota Century Code, relating to the creation of a legislative revenue advisory committee; to provide for legislative management studies; and to declare an emergency.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 81 YEAS, 7 NAYS, 0 EXCUSED, 6 ABSENT AND NOT VOTING.

**YEAS:** Anderson, B.; Anderson, D.; Anderson, P.; Becker, Rich S.; Becker, Rick C.; Blum; Boehning; Bosch; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Devlin; Dobervich; Dockter; Hanson; Hatlestad; Headland; Heinert; Hogan; Holman; Howe; Johnson, C.; Johnson, D.; Johnson, M.; Jones; Kading; Karls; Kasper; Keiser; Kempenich; Kiefert; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Laning; Lefor; Longmuir; Louser; Maragos; Martinson; McWilliams; Meier; Mitskog; Mock; Monson; Nathe; Nelson, J.; O'Brien; Olson; Owens; Paur; Pollert; Porter; Pyle; Roers Jones; Rohr; Ruby, D.; Ruby, M.; Sanford; Satrom; Schatz; Schmidt; Schneider; Schobinger; Schreiber-Beck; Seibel; Steiner; Streyle; Sukut; Toman; Trottier; Vetter; Vigesaa; Weisz; Westlind; Zubke

**NAYS:** Beadle; Ertelt; Johnston; Magrum; Nelson, M.; Skroch; Speaker Bellew

**ABSENT AND NOT VOTING:** Boe; Grueneich; Guggisberg; Marschall; Oliver; Simons

Engrossed SB 2001, as amended, passed and the emergency clause was declared carried.

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#### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

**REP. STREYLE MOVED** that the conference committee report on Engrossed SB 2119 as printed on HJ pages 1905-1906 be adopted, which motion prevailed on a voice vote.

Engrossed SB 2119, as amended, was placed on the Fourteenth order of business.

#### SECOND READING OF SENATE BILL

**SB 2119:** A BILL for an Act authorizing the state of North Dakota acting through job service North Dakota to sell or lease certain property; to provide for a study; to provide a statement of legislative intent; to provide reports to the budget section; and to declare an emergency.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 87 YEAS, 1 NAYS, 0 EXCUSED, 6 ABSENT AND NOT VOTING.

**YEAS:** Anderson, B.; Anderson, D.; Anderson, P.; Beadle; Becker, Rich S.; Becker, Rick C.; Blum; Boehning; Bosch; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Devlin; Dobervich; Dockter; Ertelt; Hanson; Hatlestad; Headland; Heinert; Hogan; Holman; Howe; Johnson, C.; Johnson, D.; Johnson, M.; Johnston; Jones; Kading; Karls; Kasper; Keiser; Kempenich; Kiefert; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Laning; Lefor; Longmuir; Louser; Maragos; Martinson; McWilliams; Meier; Mitskog; Mock; Monson; Nathe; Nelson, J.; Nelson, M.; O'Brien; Olson; Owens; Paur; Pollert; Porter; Pyle; Roers Jones; Rohr; Ruby, D.; Ruby, M.; Sanford; Satrom; Schatz; Schmidt; Schneider; Schobinger; Schreiber-Beck; Seibel; Skroch; Steiner; Streyle; Sukut; Toman; Trottier; Vetter; Vigesaa; Weisz; Westlind; Zubke; Speaker Bellew

**NAYS:** Magrum

**ABSENT AND NOT VOTING:** Boe; Grueneich; Guggisberg; Marschall; Oliver; Simons

Engrossed SB 2119, as amended, passed and the emergency clause was declared carried.

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**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**REP. STREYLE MOVED** that the conference committee report on Engrossed SB 2016 as printed on HJ pages 1901-1905 be adopted, which motion prevailed on a voice vote.

Engrossed SB 2016, as amended, was placed on the Fourteenth order of business.

**SECOND READING OF SENATE BILL**

**SB 2016:** A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota; to provide a statement of legislative intent; to provide for a legislative management study; to provide for a study by the office of management and budget; to provide an appropriation to the office of management and budget; and to declare an emergency.

**ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 78 YEAS, 10 NAYS, 0 EXCUSED, 6 ABSENT AND NOT VOTING.

**YEAS:** Anderson, B.; Anderson, D.; Anderson, P.; Beadle; Becker, Rich S.; Becker, Rick C.; Blum; Boehning; Bosch; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Devlin; Dobervich; Dockter; Ertelt; Hanson; Hatlestad; Headland; Heinert; Hogan; Holman; Howe; Johnson, C.; Johnson, D.; Johnson, M.; Jones; Kading; Karls; Kempenich; Kiefert; Klemin; Koppelman, K.; Kreidt; Laning; Lefor; Longmuir; Louser; Maragos; Martinson; Meier; Mitskog; Mock; Monson; Nathe; Nelson, J.; Nelson, M.; O'Brien; Olson; Owens; Pollert; Porter; Pyle; Roers Jones; Rohr; Sanford; Satrom; Schatz; Schmidt; Schneider; Schobinger; Schreiber-Beck; Seibel; Skroch; Steiner; Streyle; Sukut; Toman; Trottier; Vetter; Vigesaa; Weisz; Westlind; Zubke

**NAYS:** Johnston; Kasper; Keiser; Koppelman, B.; Magrum; McWilliams; Paur; Ruby, D.; Ruby, M.; Speaker Bellew

**ABSENT AND NOT VOTING:** Boe; Grueneich; Guggisberg; Marschall; Oliver; Simons

Engrossed SB 2016, as amended, passed and the emergency clause was declared carried.

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**ANNOUNCEMENT**

**REP. CARLSON ANNOUNCED** that Rep. Vigesaa will replace Rep. Kempenich on the Conference Committee on HB 1001.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has signed: HCR 3037.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has appointed Rep. Vigesaa to replace Rep. Kempenich on the Conference Committee on HB 1001.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**

**MR. SPEAKER:** The President has appointed Sen. Oehlke to replace Sen. Hogue on the Conference Committee on HB 1023.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report, subsequently passed, and the emergency clause carried: SB 2001, SB 2016, SB 2119.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**

**MR. SPEAKER:** The Senate has adopted the conference committee report and subsequently passed: SB 2013.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**

**MR. SPEAKER:** The Senate has adopted the conference committee report, subsequently

passed, and the emergency clause carried: SB 2014.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**  
**MR. SPEAKER:** The Senate has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1020.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** Your signature is respectfully requested on: HB 1003.

#### DELIVERY OF ENROLLED BILLS AND RESOLUTIONS

The following resolution was delivered to the Secretary of State for filing on April 26, 2017: HCR 3037.

#### REPORT OF CONFERENCE COMMITTEE

**HB 1024, as engrossed:** Your conference committee (Sens. Dever, G. Lee, Robinson and Reps. Delzer, Kreidt, Delmore) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1581-1591, adopt amendments as follows, and place HB 1024 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1581-1591 of the House Journal and pages 1296-1306 of the Senate Journal and that Engrossed House Bill No. 1024 be amended as follows:

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

Page 1, line 2, after the first semicolon insert "to provide a contingent appropriation; to amend and reenact section 4 of chapter 552 of the 2015 Session Laws, relating to Bank of North Dakota transfers to the state general fund;"

Page 1, line 2, after the second semicolon insert "to provide for transfers; to provide statements of legislative intent;"

Page 1, line 4, after "**APPROPRIATION**" insert "**- STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - 2015-17 BIENNIUM**"

Page 1, after line 10, insert:

"STATE TREASURER

Property tax relief credits	<u>\$8,100,000</u>
Total special funds	\$8,100,000

Subdivision 2.

#### COMMISSION ON LEGAL COUNSEL FOR INDIGENTS

Commission on legal counsel for indigents	<u>\$189,000</u>
Total special funds	\$189,000

Subdivision 3."

Page 1, line 14, replace "2." with "4."

Page 1, replace lines 16 and 17 with:

"Grants - Medical assistance	<u>\$9,000,000</u>
Total special funds	\$9,000,000"

Page 1, line 18, replace "3." with "5."

Page 1, after line 21 insert:

"Subdivision 6.

STATE HISTORICAL SOCIETY

Litigation expenses	<u>\$50,000</u>
Total special funds	\$50,000"

Page 1, replace line 23 with:

"Grand total special funds	\$17,668,500"
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Page 2, replace lines 1 through 25 with:

**"SECTION 2. APPROPRIATION - SPECIAL FUNDS FROM ADJUTANT GENERAL LOAN PROCEEDS - THROUGH JUNE 30, 2019.** There is appropriated from special funds received from the adjutant general, the sums as hereinafter provided, or so much of the sums as may be necessary, to the agencies listed below for the purpose of defraying expenses of law enforcement support which were incurred after June 30, 2015, related to unlawful activity associated with the construction of the Dakota access pipeline, for the period beginning with the effective date of this Act, and ending June 30, 2019.

Subdivision 1.

ATTORNEY GENERAL

Salaries and wages	<u>\$200,000</u>
Total special funds	\$200,000

Subdivision 2.

JUDICIAL BRANCH

Pipeline protest trials	<u>\$1,500,000</u>
Total special funds	\$1,500,000

Subdivision 3.

COMMISSION ON LEGAL COUNSEL FOR INDIGENTS

Pipeline protest trials	<u>\$1,027,000</u>
Total special funds	\$1,027,000

Subdivision 4.

STATE DEPARTMENT OF HEALTH

Operating expenses	<u>\$1,420,000</u>
Total special funds	\$1,420,000

Subdivision 5.

HIGHWAY PATROL

Field operations	<u>\$3,234,000</u>
Total special funds	\$3,234,000

Subdivision 6.

DEPARTMENT OF CORRECTIONS AND REHABILITATION

Adult services	<u>\$500,000</u>
Total special funds	\$500,000

Subdivision 7.

GAME AND FISH DEPARTMENT

Salaries and wages	\$221,795
Operating expenses	<u>201,929</u>
Total special funds	\$423,724

Subdivision 8.

PARKS AND RECREATION DEPARTMENT

Natural resources	\$200,000
Total special funds	\$200,000

Subdivision 9.

DEPARTMENT OF TRANSPORTATION

Salaries and wages	\$287,000
Operating expenses	<u>422,000</u>
Total special funds	\$709,000

SECTION 2 TOTAL

Grand total special funds	\$9,213,724
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**SECTION 3. BORROWING AUTHORITY - APPROPRIATION - THROUGH JUNE 30, 2019 - ADJUTANT GENERAL - DEPARTMENT OF EMERGENCY SERVICES FUNDING REQUEST.** The office of the adjutant general may borrow the sum of \$10,000,000, or so much of the sum as may be necessary, from the Bank of North Dakota, for law enforcement support costs that were incurred after June 30, 2015, related to unlawful activity associated with the construction of the Dakota access pipeline, for the period beginning with the effective date of this Act, and ending June 30, 2019. The proceeds of the loan authorized in this section are appropriated to the office of the adjutant general for the purpose of defraying expenses of law enforcement support which were incurred after June 30, 2015, related to unlawful activity associated with the construction of the Dakota access pipeline, for the period beginning with the effective date of this Act, and ending June 30, 2019. The department of emergency services shall include any amounts borrowed under this section in the request for reimbursement from the federal government related to the state's expenses incurred due to unlawful activity associated with the construction of the Dakota access pipeline.

**SECTION 4. CONTINGENT APPROPRIATION - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - ATTORNEY GENERAL - THROUGH JUNE 30, 2019.** There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of \$15,872,000, or so much of the sum as may be necessary, to the attorney general for the purpose of providing any court-ordered payments to a bankruptcy estate or payments to be made pursuant to the terms of a settlement agreement approved by order of the court, for the period beginning with the effective date of this Act, and ending June 30, 2019. The funding provided in this section may be expended only upon an order of the court pending the outcome of *PW Enterprises, Inc. v. State of North Dakota* or pursuant to the terms of a settlement agreement approved by order of the court. The funding provided in this section is considered a one-time funding item and is not a part of the entity's base budget for the 2019-21 biennium.

**SECTION 5. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO GENERAL FUND - 2015-17 BIENNIUM.** The office of management and budget shall transfer the sum of \$155,000,000 from the strategic investment and improvements fund to the general fund during the period beginning with the effective date of this Act, and ending June 30, 2017.

**SECTION 6. LINE ITEM TRANSFERS - ATTORNEY GENERAL - 2015-17 BIENNIUM.**

1. The attorney general may transfer \$75,000 from the amount appropriated for the continuation of contracted higher education legal services in section 6 of chapter 3 of the 2015 Session Laws to the litigation fees line item in section 1 of chapter 37 of the 2015 Session Laws, for the period beginning with the effective date of this Act, and ending June 30, 2017.
2. The attorney general may transfer \$5,000 from the amount appropriated for the continuation of contracted higher education legal services in section 6 of chapter 3 of the 2015 Session Laws to the arrest and return of fugitives line item in section 1 of chapter 37 of the 2015 Session Laws, for the period beginning with the effective date of this Act, and ending June 30, 2017.

**SECTION 7. LEGISLATIVE INTENT - COST REIMBURSEMENTS - LOAN REPAYMENTS.** It is the intent of the sixty-fifth legislative assembly that the department of emergency services seek reimbursement from the federal government for the costs of responding to unlawful activity associated with the construction of the Dakota access pipeline. It is further the intent of the sixty-fifth legislative assembly that these reimbursements be used to repay the Bank of North Dakota loans authorized by the emergency commission and the legislative assembly, including loans of \$17,000,000 previously authorized by the emergency commission; loans in Senate Bill No. 2174, as approved by the sixty-fifth legislative assembly; and loans authorized in section 3 of this Act, which were all obtained to provide the funding necessary to respond to the unlawful activity associated with the construction of the Dakota access pipeline. It is further the intent of the legislative assembly that provisions of section 54-16-13 apply to the loans, except that emergency commission approval does not apply.

**SECTION 8. LEGISLATIVE INTENT - COST REIMBURSEMENT - LOAN REPAYMENTS.** It is the intent of the sixty-fifth legislative assembly that:

1. The department of emergency services and the governor accept reimbursement in the form of land, cash, or other assets from nonstate sources for state costs incurred relating to unlawful activity associated with the construction of the Dakota access pipeline.
2. Any reimbursements received be used to repay the Bank of North Dakota loans authorized by the emergency commission; loans in Senate Bill No. 2174, as approved by the sixty-fifth legislative assembly; and loans authorized in section 3 of this Act, which were all obtained to provide the funding necessary to respond to the unlawful activity associated with the construction of the Dakota access pipeline.
3. If the department of emergency services or the governor receive land or other noncash assets as reimbursement, the department of emergency services or the governor request authorization from the sixty-sixth legislative assembly to convey the land or noncash assets and use any proceeds for repayment of any remaining outstanding loans.

**SECTION 9. AMENDMENT.** Section 4 of chapter 552 of the 2015 Session Laws is amended and reenacted as follows:

**SECTION 4. CONTINGENT BANK OF NORTH DAKOTA TRANSFERS TO STATE GENERAL FUND.** ~~If, during~~ During the period beginning with the effective date of this Act and ending June 30, 2017, ~~the director of the office of management and budget determines the state general fund will not have a projected positive June 30, 2017, balance,~~ the industrial commission shall transfer \$100,000,000, ~~or so much of the sum as may be necessary,~~ from the earnings and accumulated and undivided profits of the Bank of North Dakota to the state general fund. The moneys must be transferred in amounts and at such times as requested by the director of the office of management and budget. ~~The sum of the amounts transferred may not exceed the lesser of \$100,000,000 or the amount necessary to provide for a positive June 30, 2017, general fund balance."~~

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1024 - Summary of Conference Committee Action**

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
<b>State Treasurer</b>						
Total all funds	\$0	\$0	\$0	\$0	\$15,200,000	(\$15,200,000)
Less estimated income	0	0	0	0	15,200,000	(15,200,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
<b>Attorney General</b>						
Total all funds	\$0	\$0	\$16,072,000	\$16,072,000	\$200,000	\$15,872,000
Less estimated income	0	0	16,072,000	16,072,000	200,000	15,872,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
<b>Judicial Branch</b>						
Total all funds	\$0	\$1,500,000	\$0	\$1,500,000	\$1,500,000	\$0
Less estimated income	0	1,500,000	0	1,500,000	1,500,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
<b>Commission on Legal Counsel for Indigent</b>						
Total all funds	\$0	\$859,000	\$168,000	\$1,027,000	\$1,027,000	\$0
Less estimated income	0	859,000	168,000	1,027,000	1,027,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
<b>State Department of Health</b>						
Total all funds	\$0	\$0	\$1,420,000	\$1,420,000	\$1,420,000	\$0
Less estimated income	0	0	1,420,000	1,420,000	1,420,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
<b>Highway Patrol</b>						
Total all funds	\$0	\$0	\$3,234,000	\$3,234,000	\$3,234,000	\$0
Less estimated income	0	0	3,234,000	3,234,000	3,234,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
<b>Department of Corrections and Rehab.</b>						
Total all funds	\$0	\$0	\$500,000	\$500,000	\$500,000	\$0
Less estimated income	0	0	500,000	500,000	500,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
<b>Adjutant General</b>						
Total all funds	\$0	\$0	\$10,000,000	\$10,000,000	\$15,000,000	(\$5,000,000)
Less estimated income	0	0	10,000,000	10,000,000	15,000,000	(5,000,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
<b>State Historical Society</b>						
Total all funds	\$0	\$0	\$0	\$0	\$294,500	(\$294,500)
Less estimated income	0	0	0	0	294,500	(294,500)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
<b>Game and Fish Department</b>						
Total all funds	\$0	\$0	\$423,724	\$423,724	\$423,724	\$0
Less estimated income	0	0	423,724	423,724	423,724	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
<b>Parks and Recreation Department</b>						
Total all funds	\$0	\$0	\$200,000	\$200,000	\$200,000	\$0
Less estimated income	0	0	200,000	200,000	200,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
<b>Department of Transportation</b>						
Total all funds	\$0	\$0	\$709,000	\$709,000	\$709,000	\$0
Less estimated income	0	0	709,000	709,000	709,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
<b>Bill total</b>						
Total all funds	\$0	\$2,359,000	\$32,726,724	\$35,085,724	\$39,708,224	(\$4,622,500)
Less estimated income	0	2,359,000	32,726,724	35,085,724	39,708,224	(4,622,500)
General fund	\$0	\$0	\$0	\$0	\$0	\$0

**House Bill No. 1024 - Attorney General - Conference Committee Action**

Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
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Salaries and wages			\$200,000	\$200,000	\$200,000	
Settlement Payment			15,872,000	15,872,000		15,872,000
Total all funds	\$0	\$0	\$16,072,000	\$16,072,000	\$200,000	\$15,872,000
Less estimated income	0	0	16,072,000	16,072,000	200,000	15,872,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department No. 125 - Attorney General - Detail of Conference Committee Changes**

	Adds Funding for Pipeline Protest Law Enforcement Support <sup>1</sup>	Provides Contingent Funding for Settlement Payment <sup>2</sup>	Total Conference Committee Changes
Salaries and wages	\$200,000		\$200,000
Settlement Payment		15,872,000	15,872,000
Total all funds	\$200,000	\$15,872,000	\$16,072,000
Less estimated income	200,000	15,872,000	16,072,000
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

<sup>1</sup> Funding of \$200,000 is added from special funds received from the Adjutant General for expenses of law enforcement support related to unlawful activity associated with the construction of the Dakota Access Pipeline, the same as the Senate.

<sup>2</sup> Contingent funding of \$15,872,000 from the strategic investment and improvements fund is added for any required payments to a bankruptcy estate. The funding may be expended only upon an order of the court pending the outcome of PW Enterprises, Inc. v. State of North Dakota. The Senate appropriated \$15.2 million to the State Treasurer.

**House Bill No. 1024 - Commission on Legal Counsel for Indigent - Conference Committee Action**

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Pipeline protest trials		\$859,000	\$168,000	\$1,027,000	\$1,027,000	
Total all funds	\$0	\$859,000	\$168,000	\$1,027,000	\$1,027,000	\$0
Less estimated income	0	859,000	168,000	1,027,000	1,027,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department No. 188 - Commission on Legal Counsel for Indigent - Detail of Conference Committee Changes**

	Adds Funding for Pipeline Protest Trials <sup>1</sup>	Total Conference Committee Changes
Pipeline protest trials	\$168,000	\$168,000
Total all funds	\$168,000	\$168,000
Less estimated income	168,000	168,000
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding is increased by \$168,000, from \$859,000 to \$1,027,000, for additional costs related to pipeline protest trials, the same as the Senate, except that the commission will access the loan proceeds through the Adjutant General rather than directly from a Bank of North Dakota loan.

**House Bill No. 1024 - State Department of Health - Conference Committee Action**

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Operating expenses			\$1,420,000	\$1,420,000	\$1,420,000	
Total all funds	\$0	\$0	\$1,420,000	\$1,420,000	\$1,420,000	\$0
Less estimated income	0	0	1,420,000	1,420,000	1,420,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department No. 301 - State Department of Health - Detail of Conference Committee Changes**

	Adds Funding for Pipeline Protest Law Enforcement Support <sup>1</sup>	Total Conference Committee Changes
Operating expenses	\$1,420,000	\$1,420,000
Total all funds	\$1,420,000	\$1,420,000
Less estimated income	1,420,000	1,420,000
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding of \$1,420,000 is added from special funds received for the Adjutant General for expenses of law enforcement support related to unlawful activity associated with the construction of the Dakota Access Pipeline, the same as the Senate.

**House Bill No. 1024 - Highway Patrol - Conference Committee Action**

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Field operations			\$3,234,000	\$3,234,000	\$3,234,000	
Total all funds	\$0	\$0	\$3,234,000	\$3,234,000	\$3,234,000	\$0
Less estimated income	0	0	3,234,000	3,234,000	3,234,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department No. 504 - Highway Patrol - Detail of Conference Committee Changes**

	Adds Funding for Pipeline Protest Law Enforcement Support <sup>1</sup>	Total Conference Committee Changes
Field operations	\$3,234,000	\$3,234,000
Total all funds	\$3,234,000	\$3,234,000
Less estimated income	3,234,000	3,234,000
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding of \$3,234,000 is added from special funds received from the Adjutant General for expenses of law enforcement support related to unlawful activity associated with the construction of the Dakota Access Pipeline, the same as the Senate.

**House Bill No. 1024 - Department of Corrections and Rehab. - Conference Committee Action**

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Adult services			\$500,000	\$500,000	\$500,000	
Total all funds	\$0	\$0	\$500,000	\$500,000	\$500,000	\$0
Less estimated income	0	0	500,000	500,000	500,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department No. 530 - Department of Corrections and Rehab. - Detail of Conference Committee Changes**

	Adds Funding for Pipeline Protest Law Enforcement Support <sup>1</sup>	Total Conference Committee Changes
Adult services	\$500,000	\$500,000
Total all funds	\$500,000	\$500,000
Less estimated income	500,000	500,000
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding of \$500,000 is added from special funds received from the Adjutant General for expenses of law enforcement support related to unlawful activity associated with the construction of the Dakota Access Pipeline, the same as the Senate.

**House Bill No. 1024 - Adjutant General - Conference Committee Action**

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Pipeline protest costs			\$10,000,000	\$10,000,000		\$10,000,000
Total all funds	\$0	\$0	\$10,000,000	\$10,000,000	\$0	\$10,000,000
Less estimated income	0	0	10,000,000	10,000,000	15,000,000	(5,000,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department No. 540 - Adjutant General - Detail of Conference Committee Changes**

	Adds Funding for Pipeline Protest Law Enforcement Support <sup>1</sup>	Total Conference Committee Changes
Pipeline protest costs	\$10,000,000	\$10,000,000
Total all funds	\$10,000,000	\$10,000,000
Less estimated income	10,000,000	10,000,000
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding of \$10 million is added from the proceeds of a loan for expenses of law enforcement support related to unlawful activity associated with the construction of the Dakota Access Pipeline. The Senate provided \$15 million.

**House Bill No. 1024 - Game and Fish Department - Conference Committee Action**

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages			\$221,795	\$221,795	\$221,795	
Operating expenses			201,929	201,929	201,929	
Total all funds	\$0	\$0	\$423,724	\$423,724	\$423,724	\$0
Less estimated income	0	0	423,724	423,724	423,724	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department No. 720 - Game and Fish Department - Detail of Conference Committee Changes**

	Adds Funding for Pipeline Protest Law Enforcement Support <sup>1</sup>	Total Conference Committee Changes
Salaries and wages	\$221,795	\$221,795
Operating expenses	201,929	201,929
Total all funds	\$423,724	\$423,724
Less estimated income	423,724	423,724
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding of \$423,724 is added from special funds received from the Adjutant General for expenses of law enforcement support related to unlawful activity associated with the construction of the Dakota Access Pipeline, the same as the Senate.

**House Bill No. 1024 - Parks and Recreation Department - Conference Committee Action**

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Natural resources			\$200,000	\$200,000	\$200,000	
Total all funds	\$0	\$0	\$200,000	\$200,000	\$200,000	\$0
Less estimated income	0	0	200,000	200,000	200,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department No. 750 - Parks and Recreation Department - Detail of Conference Committee Changes**

	Adds Funding for Pipeline Protest Law Enforcement Support <sup>1</sup>	Total Conference Committee Changes
Natural resources	\$200,000	\$200,000
Total all funds	\$200,000	\$200,000
Less estimated income	200,000	200,000
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding of \$200,000 is added from special funds received from the Adjutant General for expenses of law enforcement support related to unlawful activity associated with the

construction of the Dakota Access Pipeline, the same as the Senate.

### House Bill No. 1024 - Department of Transportation - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages			\$287,000	\$287,000	\$287,000	
Operating expenses			422,000	422,000	422,000	
Total all funds	\$0	\$0	\$709,000	\$709,000	\$709,000	\$0
Less estimated income	0	0	709,000	709,000	709,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

### Department No. 801 - Department of Transportation - Detail of Conference Committee Changes

	Adds Funding for Pipeline Protest Law Enforcement Support <sup>1</sup>	Total Conference Committee Changes
Salaries and wages	\$287,000	\$287,000
Operating expenses	422,000	422,000
Total all funds	\$709,000	\$709,000
Less estimated income	709,000	709,000
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding of \$709,000 is added from special funds received from the Adjutant General for expenses of law enforcement support related to unlawful activity associated with the construction of the Dakota Access Pipeline, the same as the Senate.

### House Bill No. 1024 - Other Changes - Conference Committee Action

This amendment provides for the following changes to agency deficiency appropriations from the strategic investment and improvements fund:

- Appropriates \$8.1 million to the State Treasurer for property tax relief credit payments. Neither the House nor the Senate included this funding.
- Appropriates \$189,000 to the Commission on Legal Counsel for Indigents related to costs associated with Section 25 of Article I of the Constitution of North Dakota relating to victims' rights (Marsy's Law), the same as the Senate.
- Increases the appropriation to the Department of Human Services for Medicaid grants by \$4 million, from \$5 million to \$9 million. The Senate also provided this funding increase.
- Appropriates \$50,000 to the State Historical Society for litigation expenses. The Senate provided \$294,500 to be available through June 30, 2019.

This amendment also:

- Removes two sections added by the Senate to provide borrowing authority to the judicial branch (\$1,500,000) and the Commission on Legal Counsel for Indigents (\$1,027,000). These agencies may access loan proceeds for these costs through the Adjutant General's loan authorization.
- Adds a section to provide appropriations to various state agencies from special funds the agency received from the Adjutant General for expenses of law enforcement support related to unlawful activity associated with the construction of the Dakota Access Pipeline. The Senate added a similar section.
- Adds a section to provide \$10 million of borrowing authority and the related appropriation authority through June 30, 2019, to the Adjutant General for expenses

related to unlawful activity associated with the construction of the Dakota Access Pipeline, including for costs incurred by the judicial branch and Commission on Legal Counsel for Indigents. The Senate added this section to provide \$15 million of borrowing authority.

- Adds a section to provide contingent funding of \$15,872,000 from the strategic investment and improvements fund for any required payments to a bankruptcy estate. The funding may be expended only upon an order of the court pending the outcome of *PW Enterprises, Inc. v. State of North Dakota*. The Senate appropriated \$15.2 million to the State Treasurer.
- Provides for a transfer of \$155 million from the strategic investment and improvements fund to the general fund prior to the end of the 2015-17 biennium, resulting in an increase in the July 1, 2017, estimated beginning balance of the general fund. The Senate also added this section.
- Adds a section authorizing the Attorney General to transfer funds between certain line items during the 2015-17 biennium. The Senate also added this section.
- Adds a section to provide legislative intent related to repayment sources for loans obtained to provide the necessary funding to respond to the unlawful activity associated with the construction of the Dakota Access Pipeline. The Senate added a section with similar language.
- Adds a section to provide legislative intent that the Department of Emergency Services and the Governor accept reimbursement from nonstate sources for state costs relating to the Dakota Access Pipeline protests.
- Amends Section 4 of Chapter 552 of the 2016 Special Session Session Laws relating to 2015-17 biennium transfers from the profits of the Bank of North Dakota to the general fund. Neither the House nor the Senate made this change.

Engrossed HB 1024 was placed on the Seventh order of business on the calendar.

#### REPORT OF CONFERENCE COMMITTEE

**SB 2013, as engrossed:** Your conference committee (Sens. Wardner, Wanzek, Grabinger and Reps. Kempenich, Brandenburg, Delzer) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1332-1343, adopt amendments as follows, and place SB 2013 on the Seventh order:

That the House recede from its amendments as printed on pages 1332-1343 of the Senate Journal and pages 1560-1571 of the House Journal and that Engrossed Senate Bill No. 2013 be amended as follows:

Page 1, line 2, after the first semicolon insert "to provide an appropriation to the state treasurer;"

Page 1, line 3, replace "and to provide an exemption" with "to create and enact a new section to chapter 57-51 of the of the North Dakota Century Code, relating to the energy impact fund; to amend and reenact subsection 5 of section 57-51-01 and sections 57-51-15 and 57-51.1-07.6 of the North Dakota Century Code, relating to oil and gas gross production tax definitions and allocations and the political subdivision allocation fund; to repeal section 57-51.1-07.6 of the North Dakota Century Code, relating to the political subdivision allocation fund; to provide exemptions; to provide for reports; to provide statements of legislative intent; to provide for a legislative management study; and to provide an effective date"

Page 1, line 7, after the first comma insert "the strategic investment and improvements fund, the energy impact fund,"

Page 1, replace lines 13 through 20 with:

"Salaries and wages	\$6,123,516	(\$117,966)	\$6,005,550
Operating expenses	2,019,637	(243,914)	1,775,723
Capital assets	0	3,600,000	3,600,000
Grants	99,300,000	(59,300,000)	40,000,000
Contingencies	100,000	0	100,000

Energy infrastructure and impact office	<u>700,000</u>	<u>(700,000)</u>	<u>0</u>
Total special funds	\$108,243,153	(\$56,761,880)	\$51,481,273
Full-time equivalent positions	33.00	(2.00)	31.00

**SECTION 2. HEALTH INSURANCE INCREASE.** The appropriation in section 1 of this Act includes \$84,948 from special funds for increases in employee health insurance premiums from \$1,130 to \$1,241 per month."

Page 2, replace lines 2 and 3 with:

"Oil and gas impact grants - airports	\$0	\$25,000,000
Other grants - airports	0	15,000,000
Information technology project	0	3,600,000
Total special funds	\$0	\$43,600,000"

Page 2, replace lines 8 through 12 with:

**"SECTION 4. APPROPRIATION - STATE TREASURER - DISTRIBUTIONS TO NON-OIL-PRODUCING COUNTIES.** There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of \$8,000,000, or so much of the sum as may be necessary, and out of any moneys in the state disaster relief fund in the state treasury, not otherwise appropriated, the sum of \$8,100,000, or so much of the sum as may be necessary, to the state treasurer for the purpose of providing distributions to non-oil-producing counties for the benefit of the organized and unorganized townships within each non-oil-producing county, for the biennium beginning July 1, 2017, and ending June 30, 2019. In August 2017, the state treasurer shall distribute \$16,100,000, or so much of the sum as may be necessary, to non-oil-producing counties for the benefit of the organized and unorganized townships within each non-oil-producing county. The distribution to each non-oil-producing county must provide for an allocation of \$10,000 to each organized and unorganized township within the county. The amount allocated to organized townships under this section must be paid by the county treasurer to each organized township. The amount allocated to unorganized townships under this section must be credited by the county treasurer to a special fund for unorganized township roads. The distributions under this section must be used for the maintenance and improvement of township paved and unpaved roads and bridges. A township is not eligible for an allocation of funds under this section if the township does not maintain any township roads. For purposes of this subsection, a "non-oil-producing county" means a county that received no allocation of funding or a total allocation under subsection 2 of section 57-51-15 of less than \$5,000,000 for the period beginning September 1, 2015, and ending August 31, 2016. For the purposes of calculating the unobligated balance of the state disaster relief fund under section 57-51.1-07.5, the moneys appropriated in this section from the state disaster relief fund may not be considered an obligation of the state disaster relief fund until after July 31, 2017. The funding appropriated in this section is considered a one-time funding item.

**SECTION 5. TRANSFER - POLITICAL SUBDIVISION ALLOCATION FUND TO ENERGY IMPACT FUND.** The state treasurer shall transfer \$8,000,000 from the political subdivision allocation fund to the energy impact fund during August 2017.

**SECTION 6. TRANSFER - POLITICAL SUBDIVISION ALLOCATION FUND TO STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** After the transfer in section 5 of this Act, the state treasurer shall transfer any amount remaining in the political subdivision allocation fund from the political subdivision allocation fund to the strategic investment and improvements fund during August 2017.

**SECTION 7. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO ENERGY IMPACT FUND.** The state treasurer shall transfer \$3,000,000 from the strategic investment and improvements fund to the energy impact fund during August 2017."

Page 3, after line 23, insert:

**"SECTION 11. EXEMPTION - FLOOD-IMPACTED POLITICAL SUBDIVISION INFRASTRUCTURE DEVELOPMENT GRANTS.** Up to \$1,325,500 appropriated from the general fund in section 10 of chapter 579 of the 2011 Session Laws for flood-impacted political subdivision infrastructure development grants, which was awarded but not yet reimbursed to the city of Minot for a landfill expansion project, is not subject to section 54-44.1-11, and any unexpended funds are available to reimburse the city of Minot during the biennium beginning July 1, 2017, and ending June 30, 2019.

**SECTION 12. INFORMATION TECHNOLOGY PROJECT - BUDGET SECTION APPROVAL - LEGISLATIVE INTENT - AGENCY EFFICIENCIES.** The capital assets line item and the total special funds line item in section 1 of this Act include \$3,600,000 from the state lands maintenance fund for an information technology project. Of the \$3,600,000, \$1,800,000 may be spent only upon approval of the budget section. It is the intent of the sixty-fifth legislative assembly that during the 2017-18 interim, the governor and the commissioner of university and school lands achieve efficiencies and budgetary savings within the department of trust lands through the use of innovative ideas and through alternative solutions relating to information technology.

**SECTION 13. OIL AND GAS IMPACT GRANT FUND - AIRPORT GRANTS.** The grants line item and the total special funds line item in section 1 of this Act include the sum of \$25,000,000 from the oil and gas impact grant fund for grants to airports, for the biennium beginning July 1, 2017, and ending June 30, 2019. Of the \$25,000,000, the board of university and school lands shall award a grant of \$20,000,000 to the Williston airport and a grant of \$5,000,000 to the Dickinson airport. A grant may be awarded to the Williston airport only when any related federal funding is committed and available to be spent on the new airport construction project. Grants awarded but not yet paid under this section are not subject to section 54-44.1-11.

**SECTION 14. ENERGY IMPACT FUND - WILLISTON AIRPORT GRANT.** The grants line item and the total special funds line item in section 1 of this Act include the sum of \$15,000,000 from the energy impact fund for a grant to the Williston airport, for the biennium beginning July 1, 2017, and ending June 30, 2019. A grant may be awarded to the Williston airport only when any related federal funding is committed and available to be spent on the new airport construction project. Grants awarded but not yet paid under this section are not subject to section 54-44.1-11.

**SECTION 15. AMENDMENT.** Subsection 5 of section 57-51-01 of the North Dakota Century Code is amended and reenacted as follows:

5. ~~"Hub city" means, for the period beginning September 1, 2015, and ending August 31, 2017, a city with a population of twelve thousand five hundred or more, according to the last official decennial federal census, which has more than one percent of its private covered employment engaged in oil and gas-related employment, according to annual data compiled by job service North Dakota. "Hub city" means, after August 31, 2017, a city with a population of twelve thousand five hundred or more, according to the last official decennial federal census, which has more than one percent of its private covered employment engaged in the mining industry, according to annual data compiled by job service North Dakota.~~

**SECTION 16. AMENDMENT.** Section 57-51-15 of the North Dakota Century Code is amended and reenacted as follows:

**57-51-15. Gross production tax allocation.**

The gross production tax must be allocated monthly as follows:

1. ~~First the~~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. The state treasurer shall allocate the funding in the following order:

- a. ~~Allocate, for the period beginning September 1, 2015, and ending August 31, 2017, to each hub city, which is located in a county that received an allocation under subsection 2, a monthly amount that will provide a total allocation of three hundred seventy-five thousand dollars per fiscal year for each full or partial percentage point of its private covered employment engaged in oil and gas related employment, according to annual data compiled by job service North Dakota and after August 31, 2017, allocate to~~ To each hub city, which is located in a county that received an allocation under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of three hundred seventy-five thousand dollars per fiscal year for each full or partial percentage point, excluding the first two percentage points, of its private covered employment engaged in the mining industry, according to annual data compiled by job service North Dakota; For purposes of the allocations under this subdivision during the period beginning September 1, 2017, and ending August 31, 2018, the state treasurer shall use the following employment percentages:
  - (1) Thirty-three percent for the city of Williston;
  - (2) Seventeen percent for the city of Dickinson; and
  - (3) Four percent for the city of Minot.
- b. ~~Allocate, for the period beginning September 1, 2015, and ending August 31, 2017, to each hub city, which is located in a county that did not receive an allocation under subsection 2, a monthly amount that will provide a total allocation of two hundred fifty thousand dollars per fiscal year for each full or partial percentage point of its private covered employment engaged in oil and gas related employment, according to annual data compiled by job service North Dakota and after August 31, 2017, allocate to~~ To each hub city, which is located in a county that did not receive an allocation under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of two hundred fifty thousand dollars per fiscal year for each full or partial percentage point, excluding the first two percentage points, of its private covered employment engaged in the mining industry, according to annual data compiled by job service North Dakota;.
- c. ~~Allocate, for the period beginning September 1, 2015, and ending August 31, 2017, to each hub city school district, which is located in a county that received an allocation under subsection 2, a monthly amount that will provide a total allocation of one hundred twenty-five thousand dollars per fiscal year for each full or partial percentage point of the hub city's private covered employment engaged in oil and gas related employment, according to annual data compiled by job service North Dakota and after August 31, 2017, allocate to~~ To each hub city school district, which is located in a county that received an allocation under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of one hundred twenty-five thousand dollars per fiscal year for each full or partial percentage point, excluding the first two percentage points, of the hub city's private covered employment engaged in the mining industry, according to annual data compiled by job service North Dakota; provided that hub, Hub city school districts, which are located in a county that did not receive an allocation under subsection 2 in the most recently completed even-numbered fiscal

year, must be excluded from the allocations under this subdivision; For purposes of the allocations under this subdivision during the period beginning September 1, 2017, and ending August 31, 2018, the state treasurer shall use the following employment percentages:

- (1) Thirty-three percent for the city of Williston;
  - (2) Seventeen percent for the city of Dickinson; and
  - (3) Four percent for the city of Minot.
- d. ~~Allocate to~~ To each county that received more than five million dollars but less than thirty million dollars of total allocations under subsection 2 in ~~statethe~~ the most recently completed even-numbered fiscal year 2014, the state treasurer shall allocate a monthly amount that will ~~provide a total allocation of one million five hundred thousand dollars per fiscal year to be added by the state treasurer~~ be added to the allocations to school districts under subdivision b of subsection 5;
- e. ~~Credit revenues to the oil and gas impact grant fund, but not in an amount exceeding one hundred forty million dollars per biennium for the 2015-17 biennium, and not in an amount exceeding one hundred million dollars per biennium thereafter;~~
- f. ~~Credit eight percent of the amount available under this subsection to the North Dakota outdoor heritage fund, but not in an amount exceeding twenty million dollars in a state fiscal year and not in an amount exceeding forty million dollars per biennium;~~
- g. ~~Credit four percent of the amount available under this subsection to the abandoned oil and gas well plugging and site reclamation fund, but not in an amount exceeding seven million five hundred thousand dollars in a state fiscal year and not in an amount that would bring the balance in the fund to more than one hundred million dollars; and~~
- h. ~~Allocate the remaining revenues under subsection 3, as follows:~~
- (1) To each county that received more than five million dollars but not exceeding ten million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million five hundred thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to subdivision b of subsection 5.
  - (2) To each county that received more than ten million dollars but not exceeding fifteen million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million two hundred fifty thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to subdivision b of subsection 5.
  - (3) To each county that received more than fifteen million dollars but not exceeding twenty million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to subdivision b of subsection 5.

- (4) To each county that received more than twenty million dollars but not exceeding twenty-five million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of seven hundred fifty thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to subdivision b of subsection 5.
- (5) To each county that received more than twenty-five million dollars but not exceeding thirty million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of five hundred thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to subdivision b of subsection 5.
- e. (1) For the period beginning September 1, 2017, and ending August 31, 2019, the state treasurer shall allocate eight percent of the amount available under this subsection to the North Dakota outdoor heritage fund, but not in an amount exceeding ten million dollars per biennium. For purposes of this paragraph, "biennium" means the period beginning September first of each odd-numbered calendar year and ending August thirty-first of the following odd-numbered calendar year.
- (2) After August 31, 2019, the state treasurer shall allocate eight percent of the amount available under this subsection to the North Dakota outdoor heritage fund, but not in an amount exceeding twenty million dollars per fiscal year.
- f. (1) For the period beginning September 1, 2017, and ending August 31, 2019, the state treasurer shall allocate four percent of the amount available under this subsection to the abandoned oil and gas well plugging and site reclamation fund, but not in an amount exceeding four million dollars per fiscal year and not in an amount that would bring the balance in the fund to more than one hundred million dollars.
- (2) After August 31, 2019, the state treasurer shall allocate four percent of the amount available under this subsection to the abandoned oil and gas well plugging and site reclamation fund, but not in an amount exceeding seven million five hundred thousand dollars per fiscal year and not in an amount that would bring the balance in the fund to more than one hundred million dollars.
- g. For the period beginning September 1, 2017, and ending August 31, 2019, the state treasurer shall allocate the remaining revenues in the following order:
  - (1) Up to twenty-five million dollars to the oil and gas impact grant fund.
  - (2) Any remaining revenues under subsection 3.
- h. After August 31, 2019, the state treasurer shall allocate the remaining revenues in the following order:
  - (1) Up to five million dollars per biennium to the oil and gas impact grant fund. For purposes of this paragraph, "biennium" means the period beginning September first of each odd-numbered

calendar year and ending August thirty-first of the following odd-numbered calendar year.

- (2) Any remaining revenues under subsection 3.
- i. For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty-first of the following calendar year.
2. a. During the period beginning September 1, 2017, and ending August 31, 2019, for counties that received less than five million dollars of total allocations under this subsection in the most recently completed even-numbered fiscal year, then after deduction of the amount provided in subsection 1, the state treasurer shall allocate revenue collected under this chapter from oil and gas produced in each county as follows:
  - (1) The first five million dollars of collections received each fiscal year is allocated to the county.
  - (2) The remaining revenue collections received each fiscal year are allocated thirty percent to the county and seventy percent to the state for allocations under subsection 3.
- b. During the period beginning September 1, 2017, and ending August 31, 2019, for counties that received five million dollars or more of total allocations under this subsection in the most recently completed even-numbered fiscal year, then after deduction of the amount provided in subsection 1, the state treasurer shall allocate revenue collected under this chapter from oil and gas produced in each county as follows:
  - (1) The first five million dollars of collections received each fiscal year is allocated to the county. From the first five million dollars allocated to the county, the state treasurer shall allocate an amount from each county to the energy impact fund to provide a total allocation of two million per fiscal year to the fund. The amount allocated from each county to the energy impact fund under this paragraph must be proportional the county's monthly oil and gas gross production tax revenue collected relative to the total monthly oil and gas gross production tax revenue collected from all the counties under this subdivision. The state treasurer shall allocate the amount remaining from this paragraph to the county under subsection 5. For the purposes of determining the counties that received five million dollars or more of total allocations under this subsection in the most recently completed even-numbered fiscal year under this section, any amounts withheld from the county for allocations to the energy impact are considered allocations to the county.
  - (2) The remaining revenue collections received each fiscal year are allocated thirty percent to the county and seventy percent to the state for allocations under subsection 3.
- c. After deduction of the amount provided in subsection 1, annual revenue collected under this chapter from oil and gas produced in each county must be allocated after August 31, 2019, as follows:
  - a-(1) The first five million dollars is allocated to the county.
  - b-(2) Of all annual revenue exceeding five million dollars, thirty percent is allocated to the county.

- d. For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty-first of the following calendar year.
3. After the allocations under subsections 1 and 2, the amount remaining is allocated first to provide for deposit of thirty percent of all revenue collected under this chapter in the legacy fund as provided in section 26 of article X of the Constitution of North Dakota and the remainder must be allocated to the state general fund. If the amount available for a monthly allocation under this subsection is insufficient to deposit thirty percent of all revenue collected under this chapter in the legacy fund, the state treasurer shall transfer the amount of the shortfall from the state general fund share of oil extraction tax collections and deposit that amount in the legacy fund.
4. For a county that received less than five million dollars of allocations under subsection 2 in ~~state~~the most recently completed even-numbered fiscal year 2014, revenues allocated to that county must be distributed at least quarterly by the state treasurer as follows:
- a. Forty-five percent must be distributed to the county treasurer and credited to the county general fund. However, the distribution to a county under this subdivision must be credited to the state general fund if in a taxable year after 2012 the county is not levying a total of at least ten mills for combined levies for county road and bridge, farm-to-market and federal aid road, and county road purposes.
- b. Thirty-five percent must be distributed to school districts within the county on the average daily attendance distribution basis for kindergarten through grade twelve students residing within the county, as certified to the state treasurer by the county superintendent of schools. However, a hub city school district must be omitted from distributions under this subdivision.
- c. Twenty percent must be distributed to the incorporated cities of the county. A hub city must be omitted from distributions under this subdivision. Distributions among cities under this subsection must be based upon the population of each incorporated city according to the last official decennial federal census. In determining the population of any city in which total employment increases by more than two hundred percent seasonally due to tourism, the population of that city for purposes of this subdivision must be increased by eight hundred percent.
- d. For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty-first of the following calendar year.
5. For a county that received five million dollars or more of allocations under subsection 2 in ~~state~~the most recently completed even-numbered fiscal year 2014, revenues allocated to that county must be distributed at least quarterly by the state treasurer as follows:
- a. Sixty percent must be distributed to the county treasurer and credited to the county general fund. However, the distribution to a county under this subdivision must be credited to the state general fund if in a taxable year after 2012 the county is not levying a total of at least ten mills for combined levies for county road and bridge, farm-to-market and federal aid road, and county road purposes.
- b. Five percent must be distributed to school districts within the county on the average daily attendance distribution basis for kindergarten through grade twelve students residing within the county, as certified to the state treasurer by the county superintendent of schools.

However, a hub city school district must be omitted from distributions under this subdivision.

- c. Twenty percent must be distributed to the incorporated cities of the county. A hub city must be omitted from distributions under this subdivision. Distributions among cities under this subsection must be based upon the population of each incorporated city according to the last official decennial federal census. In determining the population of any city in which total employment increases by more than two hundred percent seasonally due to tourism, the population of that city for purposes of this subdivision must be increased by eight hundred percent.
  - d. Three percent must be allocated among the organized and unorganized townships of the county. The state treasurer shall allocate the funds available under this subdivision among townships in proportion to each township's road miles relative to the total township road miles in the county. The amount allocated to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.
  - e. Three percent must be allocated among the organized and unorganized townships in all the counties that received five million dollars or more of allocations under subsection 2 in the most recently completed ~~state~~even-numbered fiscal year. The amount available under this subdivision must be allocated by the state treasurer in an equal amount to each eligible organized and unorganized township. The amount allocated to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.
  - f. Nine percent must be distributed among hub cities. Sixty percent of funds available under this subdivision must be distributed to the hub city receiving the highest percentage of allocations to hub cities under subdivision a of subsection 1 for the quarterly period, thirty percent of funds available under this subdivision must be distributed to the hub city receiving the second highest percentage of such allocations, and ten percent of funds available under this subdivision must be distributed to the hub city receiving the third highest percentage of such allocations. Hub cities, which are located in a county that did not receive an allocation under subsection 2 in the most recently completed even-numbered fiscal year, must be excluded from the allocations under this subsection. If fewer than three hub cities are eligible for the allocations under this subdivision, the state treasurer shall allocate the available funds in proportion to the amounts the eligible hub cities received under subdivision a of subsection 1.
  - g. For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty-first of the following calendar year.
6. Within thirty days after the end of each calendar year, the board of county commissioners of each county that has received an allocation under this section shall file a report for the calendar year with the commissioner, in a format prescribed by the commissioner, including:
    - a. The county's statement of revenues and expenditures;
    - b. The county's ending fund balances;

- c. The amounts allocated under this section to the county's general fund, the amounts expended from these allocations, and the purposes of the expenditures; and
- d. The amounts allocated under this section to or for the benefit of townships within the county, the amounts expended from these allocations, and the purposes of the expenditures.

Within fifteen days after the time when reports under this subsection are due, the commissioner shall provide the reports to the legislative council compiling the information from reports received under this subsection.

- 7. Within thirty days after the end of each fiscal year ended June thirtieth, each school district that has received an allocation under this section shall file a report for the fiscal year ended June thirtieth with the commissioner, in a format prescribed by the commissioner, including:
  - a. The school district's statement of revenue and expenditures;
  - b. The school district's ending fund balances; and
  - c. The amounts allocated under this section to the school district, the amounts expended from these allocations, and the purposes of the expenditures.

Within fifteen days after the time when reports under this subsection are due, the commissioner shall provide the reports to the legislative council compiling the information from reports received under this subsection.

**SECTION 17.** A new section to chapter 57-51 of the North Dakota Century Code is created and enacted as follows:

**Energy impact fund.**

There is created in the state treasury the energy impact fund. The fund consists of all moneys deposited in the fund under section 57-51-15. The moneys in the fund may be spent pursuant to legislative appropriations.

**SECTION 18. AMENDMENT.** Section 57-51.1-07.6 of the North Dakota Century Code is amended and reenacted as follows:

**~~57-51.1-07.6. Political subdivision allocation fund – Oil and gas tax revenue allocations to political subdivisions – State treasurer – Continuing appropriation.~~**

~~There is created in the state treasury the political subdivision allocation fund. The fund consists of oil and gas tax revenue deposited in the fund pursuant to this chapter. All moneys in the fund are appropriated to the state treasurer on a continuing basis for the purpose of allocations to political subdivisions in oil-producing counties.~~

- 4. ~~If the balance of the fund exceeds ten million dollars on March first of each odd-numbered year, within thirty-one days, the state treasurer shall allocate all moneys in the fund to eligible political subdivisions in oil-producing counties based on each political subdivision's oil and gas gross production tax allocations under subsection 4 or subsection 5 of section 57-51-15 in the most recently completed formula allocation year. The allocation to each eligible political subdivision must be proportional to each political subdivision's total oil and gas gross production tax allocation under subsection 4 or subsection 5 of section 57-51-15 in the most recently completed formula allocation year relative to the combined total of all oil and gas gross production tax allocations under subsection 4 and subsection 5 of section 57-51-15 in the most recently completed formula allocation year. For purposes of this subsection, "formula allocation year" means the period beginning September first of an~~

~~odd-numbered year and ending August thirty-first of the following even-numbered year.~~

2. ~~If the balance of the fund exceeds ten million dollars on August first of each odd-numbered year, within thirty-one days, the state treasurer shall allocate all moneys in the fund to eligible political subdivisions in oil-producing counties based on each political subdivision's oil and gas gross production tax allocations under subsection 4 or subsection 5 of section 57-51-15 in the most recently completed formula allocation year. The allocation to each eligible political subdivision must be proportional to each political subdivision's total oil and gas gross production tax allocation under subsection 4 or subsection 5 of section 57-51-15 in the most recently completed formula allocation year relative to the combined total of all oil and gas gross production tax allocations under subsection 4 and subsection 5 of section 57-51-15 in the most recently completed formula allocation year. For purposes of this subsection, "formula allocation year" means the period beginning September first of an odd-numbered year and ending August thirty-first of the following even-numbered year.~~

**SECTION 19. REPEAL.** Section 57-51.1-07.6 of the North Dakota Century Code is repealed.

**SECTION 20. LEGISLATIVE INTENT - ENCOURAGEMENT OF ENERGY INFRASTRUCTURE INVESTMENT - COMMISSIONER OF UNIVERSITY AND SCHOOL LANDS - USE OF TERMS.** It is the intent of the sixty-fifth legislative assembly that the state of North Dakota encourage the continued development of energy infrastructure that will help reduce instances of natural gas flaring and increase the market value received for oil and gas produced within the state generally and from state-owned lands specifically which will increase the value of royalties paid to the funds under the control of the board of university and school lands. Consistent with this intent, the commissioner of university and school lands shall continue to interpret the terms "gross production," "market value," and "gross proceeds of sale" in its lease form to mean a value determined at the producing well or associated production facility, or in the surrounding field or area, where the oil and gas was produced, before any post-production activities undertaken by the lessee, operator, or purchaser after the oil and gas has been transported from the producing well and associated production facility. These values must be determined by the amount received by the lessee in an arm's length contract, or in the absence of an arm's length contract, either a comparable sales method or a work-back calculation methodology consistent with state law.

**SECTION 21. STUDY OF OIL AND GAS VALUATION - REPORT TO ENERGY DEVELOPMENT AND TRANSMISSION COMMITTEE.**

1. During the 2017 18 interim, the tax department, in consultation with the board of university and school lands, the industrial commission, and other state agencies as necessary, shall study the valuation of oil and gas as used to determine mineral royalty payments and tax liability. The study must include consideration of the following:
  - a. The methods used to calculate the value of oil and gas, including changes in custody, the basis for the value, any deductions or incentives applied to the value, and the point at which the value is determined.
  - b. The impact of state and federal regulations, including gas capture requirements.
  - c. The market competition for gas processing, including the possibility of rate setting by the public service commission.
  - d. The reporting of any deductions or incentives applied to the value as included on mineral royalty statements and tax reporting documents.



2. The tax department shall report to the energy development and transmission committee by September 30, 2018, regarding the results and recommendations of the study.

**SECTION 22. LEGISLATIVE MANAGEMENT STUDY - OIL AND GAS TAX REVENUE ALLOCATIONS TO HUB CITIES AND HUB CITY SCHOOL DISTRICTS.**

1. During the 2017-18 interim, the legislative management shall consider studying oil and gas tax revenue allocations to hub cities and hub city school districts. The study must include consideration of the following:
  - a. The current and historical oil and gas tax revenue allocations to hub cities and hub city school districts.
  - b. Other state funding provided to hub cities and hub city school districts, including grants from the oil and gas impact grant fund, distributions from the strategic investment and improvements fund, state school aid payments, and payments from the state aid distribution fund and highway tax distribution fund.
  - c. Local taxing and revenue levels in hub cities compared to cities in non-oil-producing counties, including mill levies, property tax values, local sales and use taxes, and other revenue sources.
  - d. The appropriate level of oil and gas tax revenue allocations to hub cities and hub city school districts based on infrastructure and other needs.
  - e. The estimated fiscal impact to hub cities, hub city school districts, other political subdivisions, and the state if the oil and gas tax revenue allocation formula would be changed to transition hub cities and hub city school districts from allocations under subsection 1 of section 57-51-15 to allocations under subsections 4 and 5 of section 57-51-15.
  - f. The estimated fiscal impact to hub cities, hub city school districts, other political subdivisions, and the state if the oil and gas tax revenue allocation formula would be changed to discontinue the allocations to hub cities and hub city school districts under subsection 1 of section 57-51-15.
2. The membership of the committee assigned the responsibility of the study must proportionately reflect the state's population distribution between oil-producing counties and non-oil-producing counties and must include members from the finance and taxation committees and the appropriations committees.
3. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-sixth legislative assembly.

**SECTION 23. EFFECTIVE DATE.** Sections 15 and 16 of this Act are effective for taxable events occurring after June 30, 2017. Section 19 of this Act becomes effective September 1, 2017. House Bill No. 1300, as approved by the sixty-fifth legislative assembly, becomes effective January 1, 2018."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2013 - Summary of Conference Committee Action**

Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
State Treasurer					

Total all funds	\$0	\$0	\$16,100,000	\$16,100,000	\$0	\$16,100,000
Less estimated income	0	0	16,100,000	16,100,000	0	16,100,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Department of Trust Lands						
Total all funds	\$108,243,153	\$13,565,176	\$37,916,097	\$51,481,273	\$47,901,885	\$3,579,388
Less estimated income	108,243,153	13,565,176	37,916,097	51,481,273	47,901,885	3,579,388
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Bill total						
Total all funds	\$108,243,153	\$13,565,176	\$54,016,097	\$67,581,273	\$47,901,885	\$19,679,388
Less estimated income	108,243,153	13,565,176	54,016,097	67,581,273	47,901,885	19,679,388
General fund	\$0	\$0	\$0	\$0	\$0	\$0

**Senate Bill No. 2013 - State Treasurer - Conference Committee Action**

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Distributions to Non-Oil Townships			\$16,100,000	\$16,100,000		\$16,100,000
Total all funds	\$0	\$0	\$16,100,000	\$16,100,000	\$0	\$16,100,000
Less estimated income	0	0	16,100,000	16,100,000	0	16,100,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department No. 120 - State Treasurer - Detail of Conference Committee Changes**

	Adds Funding for Distributions to Townships in Non-Oil-Producing Counties <sup>1</sup>	Total Conference Committee Changes
Distributions to Non-Oil Townships	\$16,100,000	\$16,100,000
Total all funds	\$16,100,000	\$16,100,000
Less estimated income	16,100,000	16,100,000
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding of \$8 million from the strategic investment and improvements fund and \$8.1 million from the state disaster relief fund is added to provide a distribution of \$10,000 to each organized and unorganized township in non-oil-producing counties.

This amendment also includes the following changes related to the State Treasurer:

- Adds a section to provide an appropriation to the State Treasurer for distributions to townships in non-oil-producing counties and to provide the criteria for the distributions.
- Provides for a transfer of \$8 million from the political subdivision allocation fund to the energy impact fund.
- Provides for a transfer of the remaining amounts from the political subdivision allocation fund to the strategic investment and improvements fund.
- Provides for a transfer of \$3 million from the strategic investment and improvements fund to the energy impact fund.

**Senate Bill No. 2013 - Department of Trust Lands - Conference Committee Action**

Base Budget	Senate Version	Conference Committee	Conference Committee	House Version	Comparison to House
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			Changes	Version		
Salaries and wages	\$6,123,516	\$6,218,736	(\$213,186)	\$6,005,550	\$5,828,470	\$177,080
Operating expenses	2,019,637	1,775,723		1,775,723	1,752,698	23,025
Capital assets		5,250,000	(1,650,000)	3,600,000		3,600,000
Grants	99,300,000		40,000,000	40,000,000	40,000,000	
Energy Infrastructure and Impact Office	700,000	220,717	(220,717)		220,717	(220,717)
Contingencies	100,000	100,000		100,000	100,000	
Total all funds	\$108,243,153	\$13,565,176	\$37,916,097	\$51,481,273	\$47,901,885	\$3,579,388
Less estimated income	108,243,153	13,565,176	37,916,097	51,481,273	47,901,885	3,579,388
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	33.00	32.00	(1.00)	31.00	30.00	1.00

### Department No. 226 - Department of Trust Lands - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance Increases <sup>1</sup>	Removes Funding for an FTE Position <sup>2</sup>	Adds Funding for Grants <sup>3</sup>	Reduces Funding for Information Technology Project <sup>4</sup>	Adjusts Funding for Energy Infrastructure and Impact Office <sup>5</sup>	Total Conference Committee Changes
Salaries and wages	(\$6,636)	(\$206,550)				(\$213,186)
Operating expenses						
Capital assets				(1,650,000)		(1,650,000)
Grants			40,000,000			40,000,000
Energy Infrastructure and Impact Office					(220,717)	(220,717)
Contingencies						
Total all funds	(\$6,636)	(\$206,550)	\$40,000,000	(\$1,650,000)	(\$220,717)	\$37,916,097
Less estimated income	(6,636)	(206,550)	40,000,000	(1,650,000)	(220,717)	37,916,097
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	(1.00)	0.00	0.00	0.00	(1.00)

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

<sup>2</sup> Funding of \$206,550 is removed for a project manager position. The House removed \$406,655 for a geographic information system position (\$200,105) and for a project manager position (\$206,550), both of which were included in the Senate version.

<sup>3</sup> One-time funding of \$25 million is added from the oil and gas impact grant fund for grants to the Williston airport (\$20 million) and the Dickinson airport (\$5 million). One-time funding of \$15 million is added from the energy impact fund for a grant to the Williston airport. The House provided the same level of funding but did not use funding from the energy impact fund.

<sup>4</sup> Funding is reduced by \$1.65 million to provide \$3.6 million for an information technology project. Of the \$3.6 million, \$1.8 million is available only upon approval of the Budget Section pursuant to Section 9 of the bill. The Senate included \$5.25 million, and the House removed the funding for the project.

<sup>5</sup> Funding is removed for the Energy Infrastructure and Impact Office because the funding is a duplication of the funding authorized for administrative expenses from the continuation of unspent 2015-17 biennium appropriation authority as identified in Section 11.

This amendment also provides the following changes related to the Department of Trust Lands:

- Identifies the health insurance increase.
- Removes a section to provide line item transfer authority.
- Provides an exemption to allow an unspent grant to a flood-impacted political subdivision to be available in the 2017-19 biennium, the same as the House.

- Identifies \$25 million from the oil and gas impact grant fund for an oil impact grant of \$20 million to the Williston airport and a grant of \$5 million to the Dickinson airport. This funding is available to the Williston airport only when any related federal funding is committed and available to be spent on the new airport construction project. The House also included this funding designation.
- Identifies \$15 million from the energy impact fund for a grant to the Williston airport. This funding is available to the Williston airport only when any related federal funding is committed and available to be spent on the new airport construction project. The House provided \$15 million from the strategic investment and improvements fund and included the federal funding commitment provisions.
- Removes a section added by the House to add two advisory members that are appointed by the Speaker of the House and the President Pro Tempore to the board of university and school lands.
- Amends the oil and gas tax revenue allocation formulas (see the table below) and provides an effective date related to the formula changes.
- Removes a section added by the House to provide that the city of Williston use the proceeds from the sale of the existing airport, up to \$27.5 million, to repay the Department of Trust Lands for the state's financial assistance provided for the new airport.
- Removes a section added by the House to provide a statement of legislative intent that hub cities not issue new bonds during the 2017-19 biennium based on anticipated future hub city oil tax revenue allocations.
- Provides a statement of legislative intent regarding efficiencies within the Department of Trust Lands, the same as the House.
- Provides a statement of legislative intent regarding the calculation of mineral royalties, the same as the House.
- Provides for a study by the Tax Department and other state agencies regarding the valuation of oil and gas for mineral royalties and tax liability.
- Provides for a Legislative Management study regarding the oil and gas tax revenue allocations to hub cities and hub city school districts. The House also included the study.
- Provides an effective date for House Bill No. 1300 relating to the requirement that the Department of Trust Lands be subject to the administrative rules process.

**Senate Bill No. 2013 - Other Changes - Conference Committee Action**

2017-19 Biennium Oil and Gas Tax Allocation Formulas		
Current Law	House Version - Senate Bill No. 2013 [17.0521.02014]	Conference Committee Version - Senate Bill No. 2013 [17.0521.02017]
<p><b>Hub city definition</b></p> <ul style="list-style-type: none"> <li>• After August 31, 2017, a hub city is based on mining employment.</li> </ul> <p><b>Hub city and hub city school district allocations</b></p> <ul style="list-style-type: none"> <li>• Hub cities located in oil-producing counties receive an annual allocation of \$375,000 per full or partial percentage point of mining employment.</li> <li>• Hub cities located in non-oil-producing counties receive an annual allocation of \$250,000 per full or partial percentage point of mining employment.</li> <li>• Hub city school districts receive an annual allocation of \$125,000 per full or partial percentage point of mining employment, excluding hub city school districts located in non-oil-producing counties.</li> </ul> <p><b>Supplemental school district allocation</b></p> <ul style="list-style-type: none"> <li>• Eligible counties receive an annual allocation of \$1.5 million for distributions to school districts in the county.</li> </ul>	<p><b>Hub city definition</b></p> <ul style="list-style-type: none"> <li>• No change to current law.</li> </ul> <p><b>Hub city and hub city school district allocations</b></p> <ul style="list-style-type: none"> <li>• Hub cities located in oil-producing counties receive an annual allocation of \$375,000 per full or partial percentage point of mining employment exceeding 2 percent.</li> <li>• Hub cities located in non-oil-producing counties receive an annual allocation of \$250,000 per full or partial percentage point of mining employment exceeding 2 percent.</li> <li>• Hub city school districts in oil-producing counties receive an annual allocation of \$125,000 per full or partial percentage point of mining employment exceeding 2 percent.</li> </ul> <p><b>Supplemental school district allocation</b></p> <ul style="list-style-type: none"> <li>• Changes the annual allocation to provide a specific amount based on the oil and gas tax allocations received by the county in the most recently completed even-numbered fiscal year. The specific amounts range from \$500,000 to \$1.5 million per year.</li> </ul>	<p><b>Hub city definition</b></p> <ul style="list-style-type: none"> <li>• A hub city must have more than 2 percent mining employment compared to 1 percent under current law.</li> </ul> <p><b>Hub city and hub city school district allocations</b></p> <ul style="list-style-type: none"> <li>• Hub cities located in oil-producing counties receive an annual allocation of \$375,000 per full or partial percentage point of mining employment exceeding 2 percent and specifies employment percentages for the first year.</li> <li>• Hub cities located in non-oil-producing counties receive an annual allocation of \$250,000 per full or partial percentage point of mining employment exceeding 2 percent. (Same as House)</li> <li>• Hub city school districts in oil-producing counties receive an annual allocation of \$125,000 per full or partial percentage point of mining employment exceeding 2 percent and specifies employment percentages for the first year.</li> </ul> <p><b>Supplemental school district allocation</b></p> <ul style="list-style-type: none"> <li>• Changes the annual allocation to provide a specific amount based on the oil and gas tax allocations received by the county in the most recently completed even-numbered fiscal year. The specific amounts range from \$500,000 to \$1.5 million per year. (Same as House)</li> </ul>

<p><b>North Dakota outdoor heritage fund allocations</b></p> <ul style="list-style-type: none"> <li>From the 1 percent of the 5 percent oil and gas gross production tax, 8 percent is allocated to the North Dakota outdoor heritage fund, up to \$20 million per fiscal year.</li> </ul> <p><b>Abandoned oil and gas well plugging and site reclamation fund allocations</b></p> <ul style="list-style-type: none"> <li>From the 1 percent of the 5 percent oil and gas gross production tax, 4 percent is allocated to the abandoned oil and gas well plugging and site reclamation fund, up to \$7.5 million per fiscal year.</li> </ul> <p><b>Oil and gas impact grant fund allocations</b></p> <ul style="list-style-type: none"> <li>Up to \$100 million per biennium is allocated to the oil and gas impact grant fund.</li> </ul> <p><b>Distributions to political subdivisions</b></p> <ul style="list-style-type: none"> <li>The distributions to political subdivisions in North Dakota Century Code Sections 57-51-15(4) and 57-51-15(5) are based on the oil and gas tax allocations received by a county in fiscal year 2014.</li> <li>From the 4 percent of the 5 percent oil and gas gross production tax, 30 percent of all revenue above \$5 million is allocated to the county with the remaining 70 percent allocated to the state.</li> <li>The distributions to political subdivisions are as follows:</li> </ul>	<p><b>North Dakota outdoor heritage fund allocations</b></p> <ul style="list-style-type: none"> <li>Decreases the amount allocated to the North Dakota outdoor heritage fund by changing the limit from \$20 million per fiscal year to \$10 million per biennium only for the 2017-19 biennium.</li> </ul> <p><b>Abandoned oil and gas well plugging and site reclamation fund allocations</b></p> <ul style="list-style-type: none"> <li>Decreases the amount allocated to the abandoned oil and gas well plugging and site reclamation fund by changing the limit from \$7.5 million per fiscal year to \$4 million per fiscal year only for the 2017-19 biennium.</li> </ul> <p><b>Oil and gas impact grant fund allocations</b></p> <ul style="list-style-type: none"> <li>Decreases the allocation to the oil and gas impact grant fund from \$100 million per biennium to \$25 million per biennium for the 2017-19 biennium and provides an allocation of \$5 million per biennium to the oil and gas impact grant fund after the 2017-19 biennium.</li> </ul> <p><b>Distributions to political subdivisions</b></p> <ul style="list-style-type: none"> <li>Changes the basis for the distributions to political subdivisions in Sections 57-51-15(4) and 57-51-15(5) to reflect the oil and gas tax allocations received by a county in the most recently completed even-numbered fiscal year rather than fiscal year 2014.</li> <li>No change to current law.</li> <li>The proposed changes to the distributions to political subdivisions are as follows:</li> </ul>	<p><b>North Dakota outdoor heritage fund allocations</b></p> <ul style="list-style-type: none"> <li>Decreases the amount allocated to the North Dakota outdoor heritage fund by changing the limit from \$20 million per fiscal year to \$10 million per biennium only for the 2017-19 biennium. (Same as House)</li> </ul> <p><b>Abandoned oil and gas well plugging and site reclamation fund allocations</b></p> <ul style="list-style-type: none"> <li>Decreases the amount allocated to the abandoned oil and gas well plugging and site reclamation fund by changing the limit from \$7.5 million per fiscal year to \$4 million per fiscal year only for the 2017-19 biennium. (Same as House)</li> </ul> <p><b>Oil and gas impact grant fund allocations</b></p> <ul style="list-style-type: none"> <li>Decreases the allocation to the oil and gas impact grant fund from \$100 million per biennium to \$25 million per biennium for the 2017-19 biennium and provides an allocation of \$5 million per biennium to the oil and gas impact grant fund after the 2017-19 biennium. (Same as House)</li> </ul> <p><b>Distributions to political subdivisions</b></p> <ul style="list-style-type: none"> <li>Changes the basis for the distributions to political subdivisions in Sections 57-51-15(4) and 57-51-15(5) to reflect the oil and gas tax allocations received by a county in the most recently completed even-numbered fiscal year rather than fiscal year 2014. (Same as House)</li> <li>From the first \$5 million allocated to the county related to counties that received \$5 million or more in the most recently completed even-numbered fiscal year, a total of \$2 million per fiscal year is allocated to a newly created energy impact fund with the remainder allocated to the counties. This allocation change is only for the 2017-19 biennium.</li> <li>No change to current law.</li> </ul>																																																			
<table border="1"> <thead> <tr> <th></th> <th>Counties - Less Than \$5 Million</th> <th>Counties - \$5 Million or More</th> </tr> </thead> <tbody> <tr> <td>County</td> <td>45%</td> <td>60%</td> </tr> <tr> <td>Cities</td> <td>20%</td> <td>20%</td> </tr> <tr> <td>Schools</td> <td>35%</td> <td>5%</td> </tr> <tr> <td>Townships</td> <td></td> <td></td> </tr> <tr> <td>Equal</td> <td></td> <td>3%</td> </tr> <tr> <td>Road miles</td> <td></td> <td>3%</td> </tr> <tr> <td>Hub cities</td> <td></td> <td>9%</td> </tr> </tbody> </table>		Counties - Less Than \$5 Million	Counties - \$5 Million or More	County	45%	60%	Cities	20%	20%	Schools	35%	5%	Townships			Equal		3%	Road miles		3%	Hub cities		9%	<table border="1"> <thead> <tr> <th></th> <th>Counties - Less Than \$5 Million</th> <th>Counties - \$5 Million or More</th> </tr> </thead> <tbody> <tr> <td>County</td> <td>45%</td> <td>60%</td> </tr> <tr> <td>Cities</td> <td>20%</td> <td>20%</td> </tr> <tr> <td>Schools</td> <td>35%</td> <td>5%</td> </tr> <tr> <td>Townships</td> <td></td> <td></td> </tr> <tr> <td>Equal</td> <td></td> <td>1%</td> </tr> <tr> <td>Road miles</td> <td></td> <td>1%</td> </tr> <tr> <td>Non-oil</td> <td></td> <td>4%</td> </tr> <tr> <td>Hub cities</td> <td></td> <td>9%</td> </tr> </tbody> </table>		Counties - Less Than \$5 Million	Counties - \$5 Million or More	County	45%	60%	Cities	20%	20%	Schools	35%	5%	Townships			Equal		1%	Road miles		1%	Non-oil		4%	Hub cities		9%	
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<ul style="list-style-type: none"> <li>From the counties' share in counties that received \$5 million or more of oil and gas tax allocations, 9 percent is distributed to the 3 hub cities with the highest percentage of mining employment.</li> </ul> <p><b>Political subdivision allocation fund</b></p> <ul style="list-style-type: none"> <li>Allocations to the political subdivision allocation fund expire at the end of the the 2015-17 biennium. Distributions from the fund are made in March and August of odd-numbered fiscal years</li> </ul>	<ul style="list-style-type: none"> <li>Clarifies the distribution to hub cities to exclude hub cities that are located in non-oil-producing counties and to provide proportional allocations if less than 3 hub cities qualify for the distributions.</li> </ul> <p><b>Political subdivision allocation fund</b></p> <ul style="list-style-type: none"> <li>No change to current law.</li> </ul>	<ul style="list-style-type: none"> <li>Clarifies the distribution to hub cities to exclude hub cities that are located in non-oil-producing counties and to provide proportional allocations if less than 3 hub cities qualify for the distributions. (Same as House)</li> </ul> <p><b>Political subdivision allocation fund</b></p> <ul style="list-style-type: none"> <li>Removes the distributions to political subdivisions and repeals the fund on September 1, 2017.</li> </ul>																																																			
		<p><b>Energy impact fund</b></p> <ul style="list-style-type: none"> <li>Creates a new section to Chapter 57-51 to establish the energy impact fund.</li> </ul>																																																			

Engrossed SB 2013 was placed on the Seventh order of business on the calendar.

**REPORT OF CONFERENCE COMMITTEE**

**SB 2014, as engrossed:** Your conference committee (Sens. Sorvaag, Hogue, Mathern and Reps. Brandenburg, Kempenich, Delmore) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1215-1222, adopt amendments as follows, and place SB 2014 on the Seventh order:

That the House recede from its amendments as printed on pages 1215-1222 of the Senate Journal and pages 1335-1342 of the House Journal and that Engrossed Senate Bill No.

2014 be amended as follows:

Page 1, line 3, remove the third "to"

Page 1, remove lines 4 through 7

Page 1, line 8, remove "tax credits;"

Page 1, line 8, after the third comma insert "54-18-19,"

Page 1, line 9, after "Code" insert "and section 26 of chapter 14 of the 2015 Session Laws"

Page 1, line 9, remove "occupational or"

Page 1, line 10, replace "professional" with "recreational"

Page 1, line 10, replace "and" with "North Dakota mill and elevator profits,"

Page 1, line 10, after "allocations" insert ", and a financial center project"

Page 1, line 12, after the second semicolon insert "to provide for reports;"

Page 1, line 12, remove "to provide an effective"

Page 1, line 13, remove "date; and"

Page 1, line 13, after the second "date" insert "; and to declare an emergency"

Page 2, replace lines 1 through 8 with:

"Salaries and wages	\$22,132,229	(\$118,145)	\$22,014,084
Operating expenses	4,779,135	1,526,753	6,305,888
Grants - bond payments	15,040,829	(1,830,345)	13,210,484
Contingencies	<u>0</u>	<u>221,737</u>	<u>221,737</u>
Total all funds	\$41,952,193	(\$200,000)	\$41,752,193
Less estimated income	<u>16,994,447</u>	<u>(651,241)</u>	<u>16,343,206</u>
Total general fund	\$24,957,746	\$451,241	\$25,408,987
Full-time equivalent positions	116.75	(6.50)	110.25"

Page 2, replace lines 13 through 15 with:

"Bank of North Dakota operations	\$58,542,301	(\$53,097)	\$58,489,204
Capital assets	<u>745,000</u>	<u>65,000</u>	<u>810,000</u>
Total special funds	\$59,287,301	\$11,903	\$59,299,204"

Page 2, replace lines 21 through 25 with:

"Salaries and wages	\$36,278,898	\$3,029,621	\$39,308,519
Operating expenses	27,327,000	868,000	28,195,000
Contingencies	500,000	0	500,000
Agriculture promotion	<u>210,000</u>	<u>0</u>	<u>210,000</u>
Total from mill and elevator fund	\$64,315,898	\$3,897,621	\$68,213,519"

Page 2, remove line 31

Page 3, replace lines 1 through 5 with:

"Salaries and wages	\$7,745,034	\$147,022	\$7,892,056
Operating expenses	3,744,275	999,080	4,743,355
Grants	25,930,780	5,864,048	31,794,828
Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total special funds	\$37,520,089	\$7,010,150	\$44,530,239
Full-time equivalent positions	46.00	(2.00)	44.00"

Page 3, replace lines 10 through 12 with:

"Grand total general fund	\$24,957,746	\$451,241	\$25,408,987
Grand total special funds	<u>178,117,735</u>	<u>10,268,433</u>	<u>188,386,168</u>
Grand total all funds	\$203,075,481	\$10,719,674	\$213,795,155

**SECTION 2. HEALTH INSURANCE INCREASE.** Section 1 of this Act includes the sum of \$1,319,354, of which \$292,009 is from the general fund, for increases in employee health insurance premiums from \$1,130 to \$1,241 per month."

Page 5, line 5, replace "\$1,254,462" with "\$221,737"

Page 5, line 5, replace "six" with "two"

Page 5, line 9, remove "the thresholds identified in this section. Of the \$1,254,462 and the six full-time"

Page 5, replace lines 10 through 18 with:

"eighteen thousand two hundred. Subject to budget section approval, the industrial commission may spend \$221,737 from the contingencies line item and may hire two full-time equivalent positions if the total number of wells capable of production and injection exceeds eighteen thousand two hundred."

Page 5, line 20, replace "\$1,103,986" with "\$1,103,779"

Page 7, line 11, replace "thirteen" with "eighteen"

Page 7, line 20, remove the overstrike over "~~Suspension of~~"

Page 7, line 21, after "~~license~~" insert "recreational licenses"

Page 7, line 21, remove the overstrike over "~~for nonpayment of defaulted state guaranteed student loans~~"

Page 7, line 22, remove the overstrike over "4:"

Page 7, line 29, remove the overstrike over "2:"

Page 8, line 15, after the overstruck period insert "The court may withhold or suspend any certificate, permit, or license issued by lottery, tag, electronically, or over the counter by the director of the game and fish department which the judgment debtor is required to obtain before engaging in a recreational activity. Following a decision to withhold or suspend a judgment debtor's certificate, permit, or license for failure to repay a state guaranteed student loan, the court shall notify the judgment debtor that the decision becomes final thirty days after the notification unless the judgment debtor satisfies or makes arrangements to pay the entire outstanding payment due or makes regular payment on the judgment in a manner and at times satisfactory to the court. The court shall notify the director of the game and fish department of the court's decision to withhold or suspend a debtor's certificate, permit, or license. A certificate, permit, or license withheld or suspended by an order issued under this section may be reissued only by order of the court. An appeal by a debtor who has had a certificate, permit, or license suspended or withheld under this section is an appeal from the court's order and may not be appealed to the director of the game and fish department."

Page 8, remove lines 16 through 21

Page 10, remove lines 30 and 31

Page 11, remove lines 1 through 30

Page 12, remove lines 1 through 30

Page 13, remove lines 1 through 31

Page 14, replace lines 1 through 22 with:

**"SECTION 20. AMENDMENT.** Section 54-18-19 of the North Dakota Century Code is amended and reenacted as follows:

**54-18-19. Transfer of North Dakota mill and elevator profits to general fund.**

The industrial commission shall transfer to the state general fund ~~forty~~fifty~~seven~~seventy-five percent of the annual earnings and undivided profits of the North Dakota mill and elevator association after any transfers to other state agricultural-related programs. The moneys must be transferred on an annual basis in the amounts and at the times requested by the director of the office of management and budget."

Page 19, after line 2 insert:

**"SECTION 22. AMENDMENT.** Section 26 of chapter 14 of the 2015 Session Laws is amended and reenacted as follows:

**SECTION 26. CONTINGENT FUNDING - BANK OF NORTH DAKOTA - NORTH DAKOTA FINANCIAL CENTER - EXEMPTION - LEGISLATIVE MANAGEMENT REPORT.** The capital assets line item in subdivision 2 of section 1 of this Act includes \$17,000,000 from the assets of the Bank of North Dakota for the purpose of constructing a North Dakota financial center on a site adjacent to the existing building in which the Bank is located. The Bank may spend the funding only if the Bank's net income, reported in accordance with financial accounting standards board accounting standards, for calendar year 2015 exceeds \$125,000,000. The funding appropriated for this purpose is not subject to section 54-44.1-11 and any unexpended funds are available ~~during the biennium beginning July 1, 2017, and ending June 30, 2019~~through June 30, 2021. The Bank of North Dakota shall report to the legislative management and to the appropriations committees of the sixty-fifth legislative assembly on the use of the funding provided for the North Dakota financial center, including the amounts spent to date and the amounts anticipated to be continued into the 2017-19 biennium, and on the progress of the project."

Page 19, remove lines 21 through 26

Page 20, replace lines 13 through 15 with:

**"SECTION 28. PROHIBITION - NORTH DAKOTA FINANCIAL CENTER - BANK OF NORTH DAKOTA.** The Bank of North Dakota may not construct a North Dakota financial center on a site adjacent to the existing building on which the Bank of North Dakota is located related to the funding provided in section 1 of chapter 14 of the 2015 Session Laws and identified in sections 2 and 26 of chapter 14 of the 2015 Session Laws until after June 30, 2019.

**SECTION 29. LAKE BED SEDIMENTATION STUDY - REPORT TO THE LEGISLATIVE MANAGEMENT.** During the 2017-18 interim, the industrial commission shall conduct a study in consultation with the game and fish department, the state department of health, the state water commission, and any other state agencies as necessary, regarding the feasibility of and appropriate jurisdiction for regulation of sediment studies and dredging operations from the beds of reservoirs that retain more than fifty acre-feet of surface water. The study must include consideration of best practices in other states, an outline of any proposed regulations, and a plan to implement a uniform permitting process. The industrial commission shall report to the legislative management by September 30, 2018, regarding the results and recommendations of the study.

**SECTION 30. GAIN-SHARING PROGRAM STUDY - REPORT TO LEGISLATIVE MANAGEMENT.** During the 2017-18 interim, the industrial commission shall conduct a study in consultation with the North Dakota mill and



elevator association regarding the gain-sharing program. The study must include consideration of the costs and benefits of the gain-sharing program, best practices in other milling operations, and the estimated fiscal impact of repealing or modifying the gain-sharing program. The industrial commission shall report to the legislative management by July 1, 2018, regarding the results and recommendations of the study.

**SECTION 31. BANK OF NORTH DAKOTA EFFICIENCY STUDY - REPORT.** During the 2017-18 interim, the Bank of North Dakota shall conduct a study regarding potential efficiencies in operations. The Bank of North Dakota shall report to the appropriations committees of the sixty-sixth legislative assembly regarding the results and recommendations of the study.

**SECTION 32. EXPIRATION DATE.** Section 20 of this Act is effective through June 30, 2019, and after that date is ineffective.

**SECTION 33. EMERGENCY.** Section 28 of this Act is declared to be an emergency measure."

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

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

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Industrial Commission						
Total all funds	\$41,952,193	\$42,809,180	(\$1,056,987)	\$41,752,193	\$41,752,193	\$0
Less estimated income	16,994,447	16,344,658	(1,452)	16,343,206	16,343,206	0
General fund	\$24,957,746	\$26,464,522	(\$1,055,535)	\$25,408,987	\$25,408,987	\$0
Bank of North Dakota						
Total all funds	\$59,287,301	\$59,336,944	(\$37,740)	\$59,299,204	\$59,099,204	\$200,000
Less estimated income	59,287,301	59,336,944	(37,740)	59,299,204	59,099,204	200,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Housing Finance Agency						
Total all funds	\$37,520,089	\$44,539,570	(\$9,331)	\$44,530,239	\$44,275,562	\$254,677
Less estimated income	37,520,089	44,539,570	(9,331)	44,530,239	44,275,562	254,677
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Mill and Elevator						
Total all funds	\$64,315,898	\$68,245,245	(\$31,726)	\$68,213,519	\$68,213,519	\$0
Less estimated income	64,315,898	68,245,245	(31,726)	68,213,519	68,213,519	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Bill total						
Total all funds	\$203,075,481	\$214,930,939	(\$1,135,784)	\$213,795,155	\$213,340,478	\$454,677
Less estimated income	178,117,735	188,466,417	(80,249)	188,386,168	187,931,491	454,677
General fund	\$24,957,746	\$26,464,522	(\$1,055,535)	\$25,408,987	\$25,408,987	\$0

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

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$22,132,229	\$22,038,346	(\$24,262)	\$22,014,084	\$22,014,084	
Operating expenses	4,779,135	6,305,888		6,305,888	6,305,888	
Grants - Bond payments	15,040,829	13,210,484		13,210,484	13,210,484	
Contingencies		1,254,462	(1,032,725)	221,737	221,737	
Total all funds	\$41,952,193	\$42,809,180	(\$1,056,987)	\$41,752,193	\$41,752,193	\$0
Less estimated income	16,994,447	16,344,658	(1,452)	16,343,206	16,343,206	0
General fund	\$24,957,746	\$26,464,522	(\$1,055,535)	\$25,408,987	\$25,408,987	\$0
FTE	116.75	114.25	(4.00)	110.25	110.25	0.00

#### Department No. 405 - Industrial Commission - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance Increases <sup>1</sup>	Adjusts Contingent FTE Positions <sup>2</sup>	Total Conference Committee Changes
Salaries and wages	(\$24,262)		(\$24,262)
Operating expenses			
Grants - Bond payments			
Contingencies		(1,032,725)	(1,032,725)
Total all funds	(\$24,262)	(\$1,032,725)	(\$1,056,987)
Less estimated income	(1,452)	0	(1,452)
General fund	(\$22,810)	(\$1,032,725)	(\$1,055,535)
FTE	0.00	(4.00)	(4.00)

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

<sup>2</sup> Contingent funding and authorization for FTE positions are adjusted to provide \$221,737 from the general fund and 2 FTE positions. The funding and FTE positions are authorized, subject to Budget Section approval, if the total number of wells capable of production and injection exceeds 18,200 wells as identified in Section 7 of the bill. The Senate provided \$1,254,462 for 6 FTE positions. The House provided \$221,737 and 2 FTE positions.

This amendment also includes the following changes related to the Industrial Commission:

- Identifies the funding increase for health insurance premium increases included in the agency's appropriation.
- Identifies \$221,737 from the general fund and 2 FTE positions included in the appropriation as contingent funding and contingent FTE position authorization. The funding and FTE positions are authorized, subject to Budget Section approval, if the total number of wells capable of production and injection exceeds 18,200 wells. The House provided that one position may be hired after May 31, 2018, and another position may be hired after November 30, 2018. The Senate provided \$1,254,462 from the general fund and 6 FTE positions.
- Allows the Industrial Commission to transfer up to \$1,103,779 from special funds from the entities under the control of the Industrial Commission for administrative services, the same as the House. The transfer was adjusted for the health insurance adjustment compared to the transfer of \$1,103,986 provided by the Senate.
- Adds a section requiring the Industrial Commission, in consultation with the Game and Fish Department, the State Department of Health, the State Water Commission, and any other state agencies as necessary, to study lake bed sedimentation and to report the results to the Legislative Management. The House also included the study.

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

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Capital assets	\$745,000	\$810,000		\$810,000	\$810,000	
Bank of North Dakota operations	58,542,301	58,526,944	(37,740)	58,489,204	58,289,204	200,000
Total all funds	\$59,287,301	\$59,336,944	(\$37,740)	\$59,299,204	\$59,099,204	\$200,000
Less estimated income	59,287,301	59,336,944	(37,740)	59,299,204	59,099,204	200,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	181.50	181.50	0.00	181.50	181.50	0.00

**Department No. 471 - Bank of North Dakota - Detail of Conference Committee Changes**

Adjusts Funding for	Total Conference
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	Health Insurance Increases <sup>1</sup>	Committee Changes
Capital assets		
Bank of North Dakota operations	(37,740)	(37,740)
Total all funds	(\$37,740)	(\$37,740)
Less estimated income	(37,740)	(37,740)
General fund	\$0	\$0
FTE	0.00	0.00

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

This amendment also includes the following changes related to the Bank of North Dakota:

- Identifies the funding increase for health insurance premium increases included in the agency's appropriation.
- Authorizes the Bank of North Dakota to charge up to 18 percent of accumulated principal and interest on defaulted student loans. The Senate provided authorization to charge up to 13 percent, and the House provided authorization to charge up to 30 percent.
- Provides the authority to suspend a recreational license when the licensee's student loans are in default, the same as the House. The Senate removed the authority to suspend an occupational or professional license.
- Amends a reference to the North Dakota financial center, which was included in 2015 House Bill No. 1014, to extend the authorization for the project through the 2019-21 biennium. The House repealed the references to the financial center project.
- Prohibits the Bank of North Dakota from constructing a financial center until after June 30, 2019, and provides an emergency clause related to the prohibition. The House also included the prohibition.
- Requires the Bank of North Dakota to study potential efficiencies in operations and to report to the 66<sup>th</sup> Legislative Assembly.

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

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$7,745,034	\$7,901,387	(\$9,331)	\$7,892,056	\$7,637,379	\$254,677
Operating expenses	3,744,275	4,743,355		4,743,355	4,743,355	
Grants	25,930,780	31,794,828		31,794,828	31,794,828	
HFA contingencies	100,000	100,000		100,000	100,000	
Total all funds	\$37,520,089	\$44,539,570	(\$9,331)	\$44,530,239	\$44,275,562	\$254,677
Less estimated income	37,520,089	44,539,570	(9,331)	44,530,239	44,275,562	254,677
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	46.00	46.00	(2.00)	44.00	42.00	2.00

#### Department No. 473 - Housing Finance Agency - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance Increases <sup>1</sup>	Removes FTE Positions <sup>2</sup>	Total Conference Committee Changes
Salaries and wages	(\$9,331)		(\$9,331)
Operating expenses			
Grants			
HFA contingencies			
	(\$9,331)	\$0	(\$9,331)

Total all funds			
Less estimated income	(9,331)	0	(9,331)
General fund	\$0	\$0	\$0
FTE	0.00	(2.00)	(2.00)

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

<sup>2</sup> Authorization for 2 FTE positions is removed, the same as the House. Funding for a housing program administrator and a housing program representative was removed by the Senate; however, the Senate did not remove the FTE authorization for these positions.

This amendment also includes the following changes related to the Housing Finance Agency:

- Continues the housing incentive fund, the same as the Senate. The House continued the housing incentive fund through December 31, 2018, after which all references to the housing incentive fund were to be repealed.
- Removes a section added by the Senate to provide up to \$5 million of income tax credits for contributions to the housing incentive fund which would have reduced general fund revenues by \$2.5 million for individual income tax collections and \$2.5 million for corporate income tax collections. The House also removed this section.
- Removes a section added by the Senate to establish the essential service worker home ownership incentive fund and to identify the uses of the fund, the same as the House.
- Removes a section added by the Senate to provide up to \$500,000 of income tax credits for contributions to the essential service worker home ownership incentive fund which would have reduced general fund revenues by \$250,000 for individual income tax collections and \$250,000 for corporate income tax collections. The House also removed this section.
- Removes a section added by the Senate to identify 50 percent of the contributions to the essential service worker home ownership fund for planning regions 1 and 8 and the remaining contributions for the other planning areas. The House also removed this section.
- Removes a section added by the Senate to provide an effective date and expiration date related to the housing incentive fund and the essential service worker home ownership incentive fund tax credits, the same as the House.

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

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$36,278,898	\$39,340,245	(\$31,726)	\$39,308,519	\$39,308,519	
Operating expenses	27,327,000	28,195,000		28,195,000	28,195,000	
Contingencies	500,000	500,000		500,000	500,000	
Agriculture promotion	210,000	210,000		210,000	210,000	
Total all funds	\$64,315,898	\$68,245,245	(\$31,726)	\$68,213,519	\$68,213,519	\$0
Less estimated income	64,315,898	68,245,245	(31,726)	68,213,519	68,213,519	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	147.00	153.00	0.00	153.00	153.00	0.00

**Department No. 475 - Mill and Elevator - Detail of Conference Committee Changes**

Adjusts Funding for Health Insurance	Total Conference Committee Changes
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	Increases <sup>1</sup>	
Salaries and wages	(\$31,726)	(\$31,726)
Operating expenses		
Contingencies		
Agriculture promotion		
Total all funds	(\$31,726)	(\$31,726)
Less estimated income	(31,726)	(31,726)
General fund	\$0	\$0
FTE	0.00	0.00

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

This amendment also includes the following changes related to the Mill and Elevator Association:

- Identifies the funding increase for health insurance premium increases included in the agency's appropriation.
- Amends North Dakota Century Code Section 54-18-19 to increase the annual transfer of Mill and Elevator profits to the general fund from 50 to 75 percent for the 2017-19 biennium resulting in an increase of \$6,188,868 to 2017-19 biennium estimated general fund revenue, from \$12,377,736 to \$18,566,604. The House also included these provisions.
- Removes a section added by the House to repeal Section 54-18-20, which authorizes a gain-sharing program, allowing the gain-sharing program to continue.
- Adds a section requiring the Industrial Commission, in consultation with the Mill and Elevator Association, to study the gain-sharing program and to report to the Legislative Management.

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

#### ANNOUNCEMENT

**SPEAKER BELLEW ANNOUNCED** that the House will stand in recess until 1:00 p.m.

**THE HOUSE RECONVENED** pursuant to recess taken, with Speaker Bellew presiding.

#### CORRECTION AND REVISION OF THE JOURNAL

**MR. SPEAKER:** Your **Committee on Correction and Revision of the Journal (Rep. Klemin, Chairman)** has carefully examined the Journal of the Twenty-third, Twenty-fifth, Fifty-ninth, Seventieth, and Seventy-first Days and recommends that it be corrected as follows and when so corrected, recommends that it be approved:

Page 379, line 2, remove "."

Page 415, line 7, replace "Doure" with "Dovre"

Page 415, line 21, remove "."

Page 1241, line 42, replace "bill" with "amended bill" and remove "and has committee recommendation of DO PASS,"

Page 1242, lines 18 and 43, replace "bill" with "amended bill" and remove "and has a committee recommendation of DO PASS,"

Page 1243, lines 21 and 49, replace "bill" with "amended bill" and remove "and has a committee recommendation of DO PASS,"

Page 1244, line 26, replace "bill" with "amended bill" and remove "and has a committee recommendation of DO PASS,"

Page 1245, lines 3 and 30, replace "bill" with "amended bill" and remove "and has a committee recommendation of DO PASS,"

Page 1251, line 23, insert "and amended" after "engrossed"

Page 1252, line 35, remove "and amended"

Page 1756, line 13, replace "Vetter" with "K. Koppelman"

Page 1788, line 15, replace "SEAKER BELLEW MOVED" with "SPEAKER BELLEW ANNOUNCED" and insert "will" after "House"

Page 1791, line 23, replace "Davison" with "Dever"

**REP. KLEMIN MOVED** that the report be adopted, which motion prevailed on a voice vote.

#### VETO MEASURE

April 25, 2017

Honorable Larry Bellew  
Speaker of the House  
North Dakota House of Representatives  
State Capitol  
Bismarck, ND 58505

Dear Speaker Bellew:

Pursuant to Article V, Section 9 of the North Dakota Constitution, I have vetoed House Bill 1004 and return it to the House unsigned.

HB 1004 was amended in conference committee. The critical details of the amendment, as shown in the Statement of Purpose of Amendment, eliminate a position held by an identifiable, classified employee (position number 00000510-1) in the State Auditor's office.

We support HB 1004's appropriation and FTE levels and we support the State Auditor's rights and responsibilities to manage personnel and performance in his office. We ask that the Auditor's appropriations be passed at the identical levels of dollars and FTEs but without reference in the Statement of Purpose of Amendment to an employee-specific position number.

The responsibility for execution and administration of state business lies within the executive branch. Each state agency, through its elected or appointed executive officer, is charged with administering the business of that agency. This responsibility includes the administration of personnel decisions, including filling vacant positions, coaching employees, administering discipline appropriately and, as necessary, terminating employees. An agency with classified employees must handle personnel issues pursuant to NDCC Chapter 54-44.3 and NDAC Article 4-07.

The elimination of an identified employee in the Auditor's office, on the Statement of Purpose of Amendment, violates the separation of powers and the fundamental due process rights afforded to all classified employees in the State of North Dakota.

Sincerely,

Doug Burgum  
Governor

#### MOTION

**REP. VIGESAA MOVED** that enrolled HB 1004 be placed on the 11th order of business on the calendar for the purpose of overriding the Governor's veto pursuant to Article V, Section 9, of the Constitution of North Dakota, which motion prevailed on a voice vote.

**CONSIDERATION OF MESSAGE FROM THE SENATE**

**REP. DELZER MOVED** that the House do concur in the Senate amendments to Engrossed HB 1152 as printed on HJ page 1907, which motion prevailed on a voice vote.

Engrossed HB 1152, as amended, was placed on the Eleventh order of business.

**SECOND READING OF HOUSE BILL**

**HB 1152:** A BILL for an Act to amend and reenact sections 57-51.1-07.3 and 57-51.1-07.5 of the North Dakota Century Code, relating to the state share of oil and gas tax allocations; to provide an effective date; and to declare an emergency.

**ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 77 YEAS, 12 NAYS, 0 EXCUSED, 5 ABSENT AND NOT VOTING.

**YEAS:** Anderson, B.; Anderson, D.; Anderson, P.; Beadle; Becker, Rich S.; Becker, Rick C.; Blum; Boehning; Bosch; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Devlin; Dockter; Hatlestad; Headland; Heinert; Howe; Johnson, C.; Johnson, D.; Johnson, M.; Johnston; Jones; Kading; Karls; Kasper; Keiser; Kiefert; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Laning; Lefor; Longmuir; Louser; Magrum; Maragos; Martinson; McWilliams; Meier; Monson; Nathe; Nelson, J.; O'Brien; Oliver; Olson; Owens; Pollert; Porter; Pyle; Roers Jones; Rohr; Ruby, D.; Ruby, M.; Sanford; Satrom; Schatz; Schmidt; Schobinger; Schreiber-Beck; Seibel; Simons; Skroch; Steiner; Streyle; Sukut; Toman; Trottier; Vetter; Vigesaa; Weisz; Westlind; Zubke

**NAYS:** Boschee; Dobervich; Ertelt; Guggisberg; Hanson; Hogan; Holman; Mitskog; Mock; Nelson, M.; Schneider; Speaker Bellew

**ABSENT AND NOT VOTING:** Boe; Grueneich; Kempenich; Marschall; Paur

Reengrossed HB 1152 passed and the emergency clause was declared carried.

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**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**REP. DELZER MOVED** that the conference committee report on Engrossed SB 2013 be adopted, which motion prevailed on a voice vote.

Engrossed SB 2013, as amended, was placed on the Fourteenth order of business.

**SECOND READING OF SENATE BILL**

**SB 2013:** A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; to provide an appropriation to the state treasurer; to provide for transfers; to provide for distributions from permanent funds; to create and enact a new section to chapter 57-51 of the North Dakota Century Code, relating to the energy impact fund; to amend and reenact subsection 5 of section 57-51-01 and sections 57-51-15 and 57-51.1-07.6 of the North Dakota Century Code, relating to oil and gas gross production tax definitions and allocations and the political subdivision allocation fund; to repeal section 57-51.1-07.6 of the North Dakota Century Code, relating to the political subdivision allocation fund; to provide exemptions; to provide for reports; to provide statements of legislative intent; to provide for a legislative management study; and to provide an effective date.

**ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 58 YEAS, 32 NAYS, 0 EXCUSED, 4 ABSENT AND NOT VOTING.

**YEAS:** Anderson, B.; Anderson, D.; Beadle; Blum; Boehning; Bosch; Brabandt; Brandenburg; Carlson; Damschen; Delzer; Devlin; Dockter; Hatlestad; Headland; Heinert; Howe; Johnson, C.; Johnson, D.; Johnson, M.; Jones; Kasper; Kiefert; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Laning; Lefor; Longmuir; Louser; Magrum; Mitskog; Monson; Nathe; Nelson, J.; O'Brien; Oliver; Olson; Pollert; Pyle;

Roers Jones; Ruby, D.; Ruby, M.; Sanford; Satrom; Schatz; Schobinger; Schreiber-Beck; Seibel; Steiner; Streyle; Sukut; Trottier; Vigasaa; Weisz; Westlind; Zubke

**NAYS:** Anderson, P.; Becker, Rich S.; Becker, Rick C.; Boschee; Delmore; Dobervich; Ertelt; Guggisberg; Hanson; Hogan; Holman; Johnston; Kading; Karls; Keiser; Maragos; Martinson; McWilliams; Meier; Mock; Nelson, M.; Owens; Paur; Porter; Rohr; Schmidt; Schneider; Simons; Skroch; Toman; Vetter; Speaker Bellew

**ABSENT AND NOT VOTING:** Boe; Grueneich; Kempenich; Marschall

Engrossed SB 2013, as amended, passed.

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#### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

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

Engrossed SB 2014, as amended, was placed on the Fourteenth order of business.

#### SECOND READING OF SENATE BILL

**SB 2014:** A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under the management of the industrial commission; to provide a continuing appropriation; to provide a contingent appropriation; to provide for transfers; to amend and reenact sections 15-62.1-07, 28-25-11, 54-17-40, 54-18-19, and 57-62-02 of the North Dakota Century Code and section 26 of chapter 14 of the 2015 Session Laws, relating to loan guarantee fees, suspension of recreational licenses, the housing incentive fund, North Dakota mill and elevator profits, coal development trust fund allocations, and a financial center project; to repeal section 54-17-41 of the North Dakota Century Code, relating to housing incentive fund reports; to provide statements of legislative intent; to provide for reports; to provide exemptions; to provide an expiration date; and to declare an emergency.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 66 YEAS, 24 NAYS, 0 EXCUSED, 4 ABSENT AND NOT VOTING.

**YEAS:** Anderson, B.; Anderson, D.; Beadle; Becker, Rich S.; Blum; Bosch; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Dockter; Hatlestad; Headland; Heinert; Hogan; Holman; Howe; Johnson, C.; Johnson, D.; Johnson, M.; Jones; Karls; Kasper; Keiser; Kiefert; Klemin; Koppelman, K.; Kreidt; Laning; Lefor; Longmuir; Magrum; Maragos; Martinson; Meier; Mitskog; Mock; Monson; Nathe; Nelson, J.; Nelson, M.; O'Brien; Oliver; Olson; Owens; Paur; Pollert; Pyle; Roers Jones; Rohr; Sanford; Satrom; Schmidt; Schobinger; Schreiber-Beck; Steiner; Streyle; Sukut; Trottier; Vetter; Vigasaa; Weisz; Westlind; Zubke

**NAYS:** Anderson, P.; Becker, Rick C.; Boehning; Delzer; Devlin; Dobervich; Ertelt; Guggisberg; Hanson; Johnston; Kading; Koppelman, B.; Louser; McWilliams; Porter; Ruby, D.; Ruby, M.; Schatz; Schneider; Seibel; Simons; Skroch; Toman; Speaker Bellew

**ABSENT AND NOT VOTING:** Boe; Grueneich; Kempenich; Marschall

Engrossed SB 2014, as amended, passed and the emergency clause was declared carried.

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#### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

**REP. DELZER MOVED** that the conference committee report on Engrossed HB 1024 be adopted, which motion prevailed on a voice vote.

Engrossed HB 1024, as amended, was placed on the Eleventh order of business.



**SECOND READING OF HOUSE BILL**

**HB 1024:** A BILL for an Act to provide appropriations for defraying the expenses of various state departments and institutions; to provide a contingent appropriation; to amend and reenact section 4 of chapter 552 of the 2015 Session Laws, relating to Bank of North Dakota transfers to the state general fund; to provide for borrowing authority; to provide for transfers; to provide statements of legislative intent; and to declare an emergency.

**ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 85 YEAS, 5 NAYS, 0 EXCUSED, 4 ABSENT AND NOT VOTING.

**YEAS:** Anderson, B.; Anderson, D.; Anderson, P.; Beadle; Becker, Rich S.; Becker, Rick C.; Blum; Boehning; Bosch; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Devlin; Dobervich; Dockter; Guggisberg; Hanson; Hatlestad; Headland; Heinert; Hogan; Holman; Howe; Johnson, C.; Johnson, D.; Johnson, M.; Johnston; Jones; Kading; Karls; Kasper; Keiser; Kiefert; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Laning; Lefor; Longmuir; Louser; Maragos; Martinson; Meier; Mitskog; Mock; Monson; Nathe; Nelson, J.; Nelson, M.; O'Brien; Oliver; Olson; Owens; Paur; Pollert; Porter; Pyle; Roers Jones; Rohr; Ruby, D.; Ruby, M.; Sanford; Satrom; Schatz; Schmidt; Schneider; Schobinger; Schreiber-Beck; Seibel; Skroch; Steiner; Streyle; Sukut; Toman; Trottier; Vetter; Vigesaa; Weisz; Westlind; Zubke

**NAYS:** Ertelt; Magrum; McWilliams; Simons; Speaker Bellew

**ABSENT AND NOT VOTING:** Boe; Grueneich; Kempenich; Marschall

Reengrossed HB 1024 passed and the emergency clause was declared carried.

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**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has concurred in the Senate amendments and subsequently passed: HB 1152.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: SB 2013.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1024.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

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

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**

**MR. SPEAKER:** The President has signed: HB 1003.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has signed: HB 1003.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**

**MR. SPEAKER:** The Senate has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1024.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**

**MR. SPEAKER:** The Senate has amended and subsequently passed: HB 1015.

**SENATE AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1015**

In lieu of the amendments adopted by the Senate as printed on pages 1618-1625 of the Senate Journal, Reengrossed House Bill No. 1015 is amended as follows:

Page 1, line 3, after the semicolon insert "to provide an appropriation for defraying the expenses of the state auditor; to create and enact a new subsection to the new section to chapter 40-05 of the North Dakota Century Code as created by section 1 of Senate Bill No. 2166, as approved by the sixty-fifth legislative assembly, relating to property tax incentives granted by a city;"

Page 1, line 3, after "section" insert "6-09-15.1, section 43-26.1-05.1 as created by section 2 of Senate Bill No. 2131, as approved by the sixty-fifth legislative assembly, and sections"

Page 1, line 3, after "54-06-04.3" insert "and 57-20-04"

Page 1, line 4, after the first "to" insert "temporary loans to the general fund, criminal history record checks,"

Page 1, line 4, after "fees" insert ", and property tax increase reports; to repeal section 57-20-05 of the North Dakota Century Code, relating to tax certifications"

Page 1, line 4, replace "an exemption" with "exemptions"

Page 1, line 5, replace "and" with "to provide for a legislative management study; to provide for a legislative management tribal taxation issues committee; to provide for a report to the legislative management;"

Page 1, line 5, after "report" insert "; and to provide an effective date"

Page 1, remove lines 15 through 24

Page 2, replace lines 1 through 3 with:

"Salaries and wages	\$19,798,254	\$2,242,970	\$22,041,224
Operating expenses	13,855,260	213,178	14,068,438
Emergency commission contingency fund	500,000	(150,000)	350,000
Capital assets	200,000	1,573,477	1,773,477
Grants	555,000	(501,000)	54,000
Guardianship grants	1,328,600	200,000	1,528,600
Prairie public broadcasting	1,600,000	(200,000)	1,400,000
State student internship program	200,000	(200,000)	0
Cybersecurity remediation pool	0	1,000,000	1,000,000
Total all funds	\$38,037,114	\$4,178,625	\$42,215,739
Less estimated income	<u>7,210,390</u>	<u>4,023,697</u>	<u>11,234,087</u>
Total general fund	\$30,826,724	\$154,928	\$30,981,652
Full-time equivalent positions	122.50	(4.50)	118.00"

Page 2, line 5, replace "\$340,576" with "\$315,900"

Page 2, line 5, replace "\$279,990" with "\$259,704"

Page 2, line 6, replace "\$1,249" with "\$1,241"

Page 2, replace lines 12 through 24 with:

"Student internship	\$50,000	\$0
Facilities projects	205,000	0
Signage on the capitol grounds	1,400,000	0
West parking lot repair	50,000	0
Affordable Care Act health insurance pool	3,350,000	0
Facilities projects	1,475,303	0
Legislative electrical	310,000	0
Energy pool	7,965,000	0
Environmental impact committee - HB 1432	1,500,000	0
Surplus property building	0	800,000
Cybersecurity remediation pool	0	<u>1,000,000</u>
Total all funds	\$16,305,303	\$1,800,000

Less estimated income	9,775,000	1,800,000
Total general fund	\$6,530,303	\$0"

Page 2, remove lines 29 and 30

Page 3, replace lines 1 and 2 with:

**"SECTION 4. APPROPRIATION - STATE AUDITOR.** The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the state auditor for the purpose of defraying the expenses of the state auditor, for the biennium beginning July 1, 2017, and ending June 30, 2019, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$11,655,646	\$111,666	\$11,767,312
Operating expenses	1,176,806	(34,023)	1,142,783
North Dakota university system information technology security audits	200,000	(200,000)	0
Information technology consultants	<u>250,000</u>	<u>(250,000)</u>	<u>0</u>
Total all funds	\$13,282,452	(\$372,357)	\$12,910,095
Less estimated income	<u>3,505,870</u>	<u>(94,383)</u>	<u>3,411,487</u>
Total general fund	\$9,776,582	(\$277,974)	\$9,498,608
Full-time equivalent positions	59.80	(3.80)	56.00

**SECTION 5. HEALTH INSURANCE INCREASE - STATE AUDITOR.** The salaries and wages line item in section 4 of this Act includes the sum of \$140,696, of which \$104,201 is from the general fund, for increases in employee health insurance premiums from \$1,130 to \$1,241 per month."

Page 3, line 10, after "**EXEMPTION**" insert "**- FISCAL MANAGEMENT**"

Page 3, replace lines 15 through 17 with:

**"SECTION 8. EXEMPTION - CAPITOL BUILDING FUND.** The amount of \$1,400,000 appropriated from the capitol building fund for capitol building entrance and signage projects, as contained in section 1 of chapter 49 of the 2015 Session Laws, is not subject to the provisions of section 54-44.1-11, and any unexpended funds from this appropriation are available during the biennium beginning July 1, 2017, and ending June 30, 2019. Of the \$1,400,000, up to \$1,000,000 is available for extraordinary repairs, and the remaining amount is available for capitol building entrance and signage projects."

Page 3, after line 22, insert:

"Statewide memberships and related expenses \$531,450

**SECTION 10. AMENDMENT.** Section 6-09-15.1 of the North Dakota Century Code is amended and reenacted as follows:

**6-09-15.1. Loans to general fund authorized - Continuing appropriation.**

The state treasurer and the director of the office of management and budget may, when the balance in the state general fund is insufficient to meet legislative appropriations, execute and issue on behalf of the state evidences of indebtedness on the state general fund which at no time exceed the total principal amount of ~~ten one hundred~~ million dollars with principal maturity of not more than twelve months. As a condition precedent to the issuance and sale of the evidences of indebtedness, the state treasurer must request and obtain a statement from the director of the office of management and budget and state tax commissioner certifying that anticipated general fund revenues for the balance of the fiscal year in which the evidences of indebtedness are to be issued will exceed the principal amount and interest on the evidences of indebtedness to be issued. The state

industrial commission may in turn direct the Bank of North Dakota to make loans to the state general fund by the purchase of the evidences of indebtedness at such rates of interest as the industrial commission may prescribe. After evidences of indebtedness have been issued and sold pursuant to this section, the state treasurer shall establish a fund for the repayment of the principal upon maturity and the interest when due. The state treasurer shall place all available general fund revenues into this fund until the fund contains a sufficient balance for the repayment of the principal at maturity and interest when due, which moneys are hereby appropriated for this purpose.

**SECTION 11.** A new subsection to the new section to chapter 40-05 of the North Dakota Century Code as created by section 1 of Senate Bill No. 2166, as approved by the sixty-fifth legislative assembly, is created and enacted as follows:

Property subject to a development agreement entered pursuant to section 40-58-20.1 before August 1, 2017, and all amendments to the development agreement, is not subject to the requirements under this section.

**SECTION 12. AMENDMENT.** Section 43-26.1-05.1 of the North Dakota Century Code as created by section 2 of Senate Bill No. 2131, as approved by the sixty-fifth legislative assembly, is amended and reenacted as follows:

**43-26.1-05.1. Use of criminal history record checks.**

The board may require a physical therapy or physical therapy assistant applicant, or a licensee under investigation, to submit to a statewide and nationwide criminal history record check, including a fingerprint-based criminal history background check. The criminal history record check must be conducted in the manner provided by section 12-60-24. The criminal history record check is an exempt record but may not be disseminated by the board to the physical therapy compact commission or a similar entity. All costs associated with a criminal history record check performed under this section are the responsibility of the applicant or licensee."

Page 4, replace lines 3 through 15 with:

**"SECTION 14. AMENDMENT.** Section 57-20-04 of the North Dakota Century Code is amended and reenacted as follows:

**57-20-04. Abstract of tax list to be sent to tax commissioner - Reports.**

1. The county auditor, on or before December thirty-first following the levy of the taxes, shall ~~make~~prepare and transmit to the state tax commissioner, ~~in such form as the tax commissioner may prescribe,~~ a complete abstract of the tax list of the auditor's county.
2. In addition to the tax list required in subsection 1, the county auditor, on or before December thirty-first following the levy of the taxes, shall prepare and transmit to the tax commissioner a report providing each taxing district's property valuation and property tax levy and any other information the tax commissioner deems necessary to prepare the report required in subsection 3. For taxing districts with property in more than one county, information must be collected and transmitted by the county auditor of the county in which the main office of that taxing district is located.
3. The tax commissioner shall compile information received from the county auditors in subsection 2 and prepare a statewide report of property tax increase. The report must include the annual increase in property taxes levied by each taxing district of the state after adjusting for property that was not taxable in the preceding year and property that is no longer taxable which was taxable in the preceding year. The report must be provided to the legislative management by April first of each year.

4. The tax commissioner shall prescribe the form and manner of providing the reports and certifications required under this section.
5. On or before December 31, 2017, the county auditor shall provide a report to the tax commissioner providing the information identified in subsection 2 for the 2015 and 2016 tax years.

**SECTION 15. REPEAL.** Section 57-20-05 of the North Dakota Century Code is repealed.

**SECTION 16. TRIBAL TAXATION ISSUES - LEGISLATIVE MANAGEMENT COMMITTEE.**

1. During the 2017-18 interim, the tribal taxation issues committee is created and is composed of ten members as follows:
  - a. The governor;
  - b. The lieutenant governor;
  - c. The tax commissioner;
  - d. The executive director of the Indian affairs commission;
  - e. The majority leader of the house of representatives and the majority leader of the senate;
  - f. The minority leader of the house of representatives and the minority leader of the senate; and
  - g. The chairmen of the finance and taxation standing committees of the house of representatives and the senate.
2. The nonlegislative members shall serve as nonvoting members of the committee.
3. The legislative management shall designate the chairman of the committee. The committee shall operate according to the statutes and procedures governing the operation of other legislative management interim committees.
4. The committee shall study tribal taxation issues, including the tax collection agreements that exist between the tribes and the state, the interaction between tribal sovereignty and state law, consideration of how statutory changes may affect provisions in existing agreements, the amount and manner of revenue sharing under the agreements, the costs and benefits to the state and the tribes if tax compacts are implemented, implementation models used in other states for tax compacts, best practices for negotiating and ratifying tax compacts, and the procedure for withdrawal from an agreement and how to handle disputed funds. As the agenda demands, the chairman of the committee shall invite the tribal chairman and other appropriate tribal members to actively participate in a committee meeting.
5. At the conclusion of its meetings, the committee shall report on its findings and recommendations, together with any legislation required to implement those recommendations, to the legislative management.

**SECTION 17. LEGISLATIVE MANAGEMENT STUDY - INTERNET SERVICE PROVIDERS.** During the 2017-18 interim, the legislative management shall consider studying the privacy policies of telecommunications service providers and internet service providers, and identifying potential issues for legislation. The study must include an evaluation of the process, procedure, and practice by telecommunications service providers and internet service providers in the collection of personal information from a customer resulting from the customer's use of the

telecommunications service provider or internet service provider, and an evaluation of the sale, distribution, or use of the personal information collected by the telecommunications service provider or internet service provider. The study must include consideration of rules relating to the privacy rights of telecommunications and internet customers and the enforcement of any such rules by the public service commission. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-sixth legislative assembly.

**SECTION 18. LEGISLATIVE MANAGEMENT STUDY - WIND ENERGY TAXATION AND REVENUE DISTRIBUTION.** During the 2017-18 interim, the legislative management shall consider studying the taxation of wind energy and the distribution of tax collections related to wind energy. The study must include consideration of the various methods of taxing wind energy, the parity of wind energy taxation in comparison to the taxation of other energy sources, and the current and historical distribution formulas related to wind energy taxes; the appropriate level of distributions to the taxing districts and the state; the estimated fiscal impact of any proposed changes to the distributions; and other local revenue sources, including local tax revenue and state funding provided to the local taxing districts. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-sixth legislative assembly.

**SECTION 19. EFFECTIVE DATE.** Section 11 of this Act is effective for property tax incentives approved after July 31, 2017."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1015 - Summary of Senate Action**

	Base Budget	House Version	Senate Changes	Senate Version
Office of Management and Budget				
Total all funds	\$38,037,114	\$38,593,573	\$3,622,166	\$42,215,739
Less estimated income	7,210,390	10,438,477	795,610	11,234,087
General fund	\$30,826,724	\$28,155,096	\$2,826,556	\$30,981,652
State Auditor				
Total all funds	\$0	\$0	\$12,910,095	\$12,910,095
Less estimated income	0	0	3,411,487	3,411,487
General fund	\$0	\$0	\$9,498,608	\$9,498,608
Bill total				
Total all funds	\$38,037,114	\$38,593,573	\$16,532,261	\$55,125,834
Less estimated income	7,210,390	10,438,477	4,207,097	14,645,574
General fund	\$30,826,724	\$28,155,096	\$12,325,164	\$40,480,260

**House Bill No. 1015 - Office of Management and Budget - Senate Action**

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$19,798,254	\$21,177,508	\$863,716	\$22,041,224
Operating expenses	13,855,260	12,909,988	1,158,450	14,068,438
Capital assets	200,000	973,477	800,000	1,773,477
Grants	555,000	54,000		54,000
Emergency commission contingency fund	500,000	350,000		350,000
Guardianship grants	1,328,600	1,328,600	200,000	1,528,600
Prairie public broadcasting	1,600,000	800,000	600,000	1,400,000
State student internship program	200,000			
Cybersecurity remediation pool		1,000,000		1,000,000
Total all funds	\$38,037,114	\$38,593,573	\$3,622,166	\$42,215,739
Less estimated income	7,210,390	10,438,477	795,610	11,234,087
General fund	\$30,826,724	\$28,155,096	\$2,826,556	\$30,981,652
FTE	122.50	115.00	3.00	118.00

**Department No. 110 - Office of Management and Budget - Detail of Senate Changes**

	Adjusts Funding for Health Insurance Increases <sup>1</sup>	Adds Funding for FTE Positions <sup>2</sup>	Adds Funding for Utility Rate Increases <sup>3</sup>	Restores Funding for 90 Percent of Statewide Memberships <sup>4</sup>	Add Funding for Revenue Forecasting <sup>5</sup>	Adds Funding for Grants <sup>6</sup>
Salaries and wages	(\$24,676)	\$888,392				
Operating expenses			550,000	531,450	77,000	
Capital assets						
Grants						
Emergency commission contingency fund						
Guardianship grants						200,000
Prairie public broadcasting						600,000
State student internship program						
Cybersecurity remediation pool						
<b>Total all funds</b>	<b>(\$24,676)</b>	<b>\$888,392</b>	<b>\$550,000</b>	<b>\$531,450</b>	<b>\$77,000</b>	<b>\$800,000</b>
Less estimated income	(4,390)	0	0	0	0	0
<b>General fund</b>	<b>(\$20,286)</b>	<b>\$888,392</b>	<b>\$550,000</b>	<b>\$531,450</b>	<b>\$77,000</b>	<b>\$800,000</b>
FTE	0.00	3.00	0.00	0.00	0.00	0.00

	Adds Funding for Surplus Property Building <sup>7</sup>	Total Senate Changes
Salaries and wages		\$863,716
Operating expenses		1,158,450
Capital assets	800,000	800,000
Grants		
Emergency commission contingency fund		
Guardianship grants		200,000
Prairie public broadcasting		600,000
State student internship program		
Cybersecurity remediation pool		
<b>Total all funds</b>	<b>\$800,000</b>	<b>\$3,622,166</b>
Less estimated income	800,000	795,610
<b>General fund</b>	<b>\$0</b>	<b>\$2,826,556</b>
FTE	0.00	3.00

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

<sup>2</sup> Funding for FTE positions and other salaries and wages changes are added as follows:

	General Fund	Other Funds	Total
Adds funding for an FTE position (unspecified)	\$70,000		\$70,000
Adds 1 FTE state architect position	232,709		232,709
Adds 1 FTE human resource officer position	174,380		174,380
Adds 1 FTE position (unspecified)	374,303		374,303
Reduces funding for salaries and wages	37,000		37,000
<b>Total</b>	<b>\$888,392</b>	<b>\$0</b>	<b>\$888,392</b>

<sup>3</sup> Funding of \$550,000 is added for utility rate increases.

<sup>4</sup> Funding is added to provide for 90 percent of the statewide membership dues and related expenses.

<sup>5</sup> Funding is added for revenue forecasting contract and travel expenses.

<sup>6</sup> Funding of \$200,000 is added for guardianship grants to provide total funding of \$1,532,000, and funding of \$600,000 is added for Prairie Public Broadcasting to provide \$1,400,000.

<sup>7</sup> One-time funding is added from surplus property special funds to purchase or construct a

new surplus property building.

This amendment also includes the following changes related to the Office of Management and Budget:

- Removes a section added by the House to provide for a transfer of \$100 million from the strategic investment and improvements fund to the general fund during the 2015-17 biennium and provide an emergency clause for this transfer.
- Removes a section added by the House to prohibit the purchase or construction of a new building for surplus property.
- Provides an exemption allowing up to \$1.4 million of unspent 2015-17 biennium appropriation authority from the Capitol building fund to continue in the 2017-19 biennium for extraordinary repairs (\$1 million) and Capitol building entrance and signage projects (\$400,000).
- Identifies the funding for statewide memberships and related expenses (\$531,450) that is included in Section 1 of the bill.
- Adds a section to amend North Dakota Century Code Section 6-09-15.1 to increase temporary borrowing authority for general fund cash flow purposes, from \$10 million to \$100 million.
- Adds a section to create a new subsection to a newly created section of Chapter 40-05 relating to property tax incentives granted by a city and provides an effective date related to the subsection.
- Adds a section to amend newly created Section 43-26.1-05.1 relating to criminal history record checks and physical therapy compact commission.
- Adds a section to amend Section 57-20-04 relating to property tax increase reports by counties.
- Adds a section to repeal Section 57-20-05 relating to certification of taxes levied by taxing districts.
- Removes a section added by the House to restrict state agencies and institutions from spending salaries and wages savings resulting from vacant positions and employee turnover.
- Adds a section to create a Legislative Management committee to study tribal taxation issues.
- Adds a section to provide for a Legislative Management study regarding Internet service providers and the collection of personal information.
- Adds a section to provide for a Legislative Management study regarding taxation and distributions of tax collections related to wind energy.

**House Bill No. 1015 - State Auditor - Senate Action**

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages			\$11,767,312	\$11,767,312
Operating expenses			1,142,783	1,142,783
Total all funds	\$0	\$0	\$12,910,095	\$12,910,095
Less estimated income	0	0	3,411,487	3,411,487
General fund	\$0	\$0	\$9,498,608	\$9,498,608
FTE	0.00	0.00	56.00	56.00

**Department No. 117 - State Auditor - Detail of Senate Changes**

	Adds Funding for the State Auditor <sup>1</sup>	Total Senate Changes
Salaries and wages	\$11,767,312	\$11,767,312
Operating expenses	1,142,783	1,142,783
Total all funds	\$12,910,095	\$12,910,095
Less estimated income	3,411,487	3,411,487
	\$9,498,608	\$9,498,608



General fund		
FTE	56.00	56.00

<sup>1</sup> This amendment adds a section to provide funding for the State Auditor. House Bill No. 1004, which provided funding for the State Auditor, was vetoed by the Governor.

This amendment also adds a section to identify additional funding provided for health insurance increases provided for the State Auditor's office, the same as the House and Senate versions of House Bill No. 1004.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** Your signature is respectfully requested on: HB 1020, HB 1152.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**  
**MR. SPEAKER:** Your signature is respectfully requested on: SB 2001, SB 2016, SB 2119.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** The Speaker has signed: SB 2001, SB 2016, SB 2119.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**  
**MR. SPEAKER:** Your signature is respectfully requested on: SB 2013, SB 2014.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** The Speaker has signed: SB 2013, SB 2014.

#### **DELIVERY OF ENROLLED BILLS AND RESOLUTIONS**

The following bills were delivered to the Governor for approval on April 26, 2017: HB 1003, HB 1403.

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

**HB 1012, as engrossed:** Your conference committee (Sens. Kilzer, Erbele, Mathern and Reps. Pollert, J. Nelson, Holman) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1625-1633, adopt amendments as follows, and place HB 1012 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1625-1633 of the House Journal and pages 1372-1380 of the Senate Journal and that Engrossed House Bill No. 1012 be amended as follows:

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

Page 1, line 3, after "reenact" insert "subsection 1 of section 23-09.3-01.1, subsection 1 of section 23-16-01.1,"

Page 1, line 3, after "50-24.1-37" insert ", and subsection 1 of section 54-27-25"

Page 1, line 3, after the second "to" insert "the moratorium on basic care, nursing facility bed capacity,"

Page 1, line 4, after "expansion" insert ", and tobacco settlement trust fund transfers"

Page 1, line 6, replace "a report" with "for reports"

Page 1, line 6, remove the second "a"

Page 1, line 7, replace "study" with "studies"

Page 1, line 7, replace "provide appropriations" with "authorize transfers"

Page 1, remove lines 20 through 24

Page 2, replace lines 1 and 2 with:

"Salaries and wages	\$28,049,386	(\$1,769,247)	\$26,280,139
Operating expenses	87,542,966	72,572,860	160,115,826
Capital assets	26,000	(26,000)	0
Grants	0	<u>204,000</u>	<u>204,000</u>
Total all funds	\$115,618,352	\$70,981,613	\$186,599,965
Less estimated income	<u>71,324,758</u>	<u>58,154,800</u>	<u>129,479,558</u>
Total general fund	\$44,293,594	\$12,826,813	\$57,120,407"

Page 2, replace lines 6 through 13 with:

"Salaries and wages	\$58,102,898	\$3,667,008	\$61,769,906
Operating expenses	107,383,843	17,338,098	124,721,941
Capital assets	0	10,000	10,000
Grants	457,953,280	(24,485,621)	433,467,659
Grants - medical assistance	<u>2,384,560,568</u>	<u>213,559,361</u>	<u>2,598,119,929</u>
Total all funds	\$3,008,000,589	\$210,088,846	\$3,218,089,435
Less estimated income	<u>1,995,024,801</u>	<u>165,841,615</u>	<u>2,160,866,416</u>
Total general fund	\$1,012,975,788	\$44,247,231	\$1,057,223,019"

Page 2, replace lines 18 through 22 with:

"Human service centers	\$198,888,443	(\$2,838,954)	\$196,049,489
Institutions	<u>139,587,498</u>	<u>833,726</u>	<u>140,421,224</u>
Total all funds	\$338,475,941	(\$2,005,228)	\$336,470,713
Less estimated income	<u>132,820,302</u>	<u>5,723,403</u>	<u>138,543,705</u>
Total general fund	\$205,655,639	(\$7,728,631)	\$197,927,008

Subdivision 4.

#### COUNTY SOCIAL SERVICE FINANCING

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
County social service financing	\$0	<u>\$26,000,000</u>	<u>\$26,000,000</u>
Total all funds	\$0	\$26,000,000	\$26,000,000
Less estimated income	0	0	0
Total general fund	\$0	\$26,000,000	\$26,000,000"

Page 2, line 23, replace "4." with "5."

Page 2, replace lines 27 through 30 with:

"Grand total general fund	\$1,262,925,021	\$75,345,413	\$1,338,270,434
Grand total special funds	<u>2,199,169,861</u>	<u>229,719,818</u>	<u>2,428,889,679</u>
Grand total all funds	\$3,462,094,882	\$305,065,231	\$3,767,160,113
Full-time equivalent positions	2,211.08	(54.85)	2,156.23"

Page 3, line 2, replace "\$6,376,445" with "\$5,914,453"

Page 3, line 2, replace "\$5,350,004" with "\$4,962,381"

Page 3, line 3, replace "\$1,249" with "\$1,241"

Page 3, after line 20, insert:

"Medicaid expansion - fee schedule enhancement	0	226,000,000
County social services pilot program	0	26,000,000"

Page 3, replace lines 23 through 25 with:

"Total all funds	\$64,962,269	\$295,800,000
Less estimated income	<u>46,870,102</u>	<u>269,800,000</u>
Total general fund	\$18,092,167	\$26,000,000"

Page 4, line 29, replace "\$16,000,000" with "\$37,779,159"

Page 4, line 30, replace "in the medical services division" with "of the department of human services"

Page 5, line 2, replace "\$686,191" with "\$1,686,191"

Page 5, after line 3, insert:

**"SECTION 10. ESTIMATED INCOME.** Of funds appropriated in section 1 of this Act, \$18,000,000 is from the community health trust fund for the purpose of defraying expenses in the medical services division, for the biennium beginning July 1, 2017, and ending June 30, 2019."

Page 5, line 9, replace "**AND**" with a boldfaced comma

Page 5, line 10, after "**MARGINS**" insert ", **AND INCENTIVES**"

Page 5, line 11, replace "\$329,636" with "\$417,010"

Page 5, line 12, replace "\$329,636" with "\$417,010"

Page 5, line 14, replace "and" with a comma

Page 5, line 14, after "margins" insert ", and incentives"

Page 5, after line 15, insert:

**"SECTION 13. APPROPRIATION - 2015-17 BIENNIUM - SUBSTANCE USE DISORDER VOUCHER PROGRAM.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$200,000, or so much of the sum as may be necessary, to the department of human services for the purpose of defraying the expenses of the substance use disorder voucher program, for the period beginning with the effective date of this Act, and ending June 30, 2017.

**SECTION 14. LEGISLATIVE INTENT - SUBSTANCE USE DISORDER VOUCHER PROGRAM - MEDICATION ASSISTED TREATMENT.** It is the intent of the sixty-fifth legislative assembly that the department of human services include medication assisted treatment as an allowable service under the substance use disorder voucher program. It is also the intent that payments for medication dispensed as part of the treatment be established quarterly, based on the Medicaid allowed amount, plus a weekly dispensing and administration fee of no more than the dispensing fee established under the state's medical assistance program.

**SECTION 15. LEGISLATIVE INTENT - RESTORATION FUNDING FOR BASIC CARE.** It is the intent of the sixty-fifth legislative assembly that the funding appropriated to the department of human services for the restoration of basic care provider rates be prioritized in the following order:

1. Operating margin;
2. Medical leave days; and then
3. Increase to limits.

**SECTION 16. LEGISLATIVE INTENT - MEDICAID EXPANSION - FEE SCHEDULE.** It is the intent of the sixty-fifth legislative assembly that the one-time funding of \$226,000,000, of which \$13,300,000 is from the tobacco prevention and control trust fund, provided for defraying a portion of the expenses of the Medicaid expansion program be used for establishing the provider fee schedule at the

maximum level possible without exceeding the current levels of reimbursement for the Medicaid expansion contracted providers."

Page 5, after line 27, insert:

**"SECTION 18. LEGISLATIVE INTENT - CARE COORDINATION AGREEMENTS.** It is the intent of the sixty-fifth legislative assembly that the department of human services establish requisite agreements with tribal health care organizations that will result in one hundred percent federal funding for eligible medical assistance provided to American Indians through care coordination agreements for the biennium beginning July 1, 2017, and ending July 30, 2019.

**SECTION 19. CARE COORDINATION AGREEMENTS - HEALTH CARE TRUST FUND DEPOSITS.** The department of human services shall deposit any federal funding received in excess of the state's regular federal medical assistance percentage resulting from the department establishing requisite agreements with tribal health care organizations in the health care trust fund for the biennium beginning July 1, 2017, and ending June 30, 2019. The department shall maintain a separate account within the health care trust fund for this funding."

Page 5, line 28, remove **"TRAUMATIC"**

Page 5, line 30, replace "apply for a" with "include services for individuals with a brain injury as part of the comprehensive assessment for a Medicaid"

Page 5, line 30, remove "for traumatic brain injury services"

Page 6, line 1, remove "an"

Page 6, line 1, remove "0.5 full-time equivalent position and"

Page 6, line 2, replace "this purpose" with "enhancing services through a Medicaid 1915(i) state plan amendment for individuals with a brain injury for the biennium beginning July 1, 2017, and ending June 30, 2019"

Page 7, after line 4, insert:

**"SECTION 26. LEGISLATIVE INTENT - DEVELOPMENTAL DISABILITIES - VARIANCE.** It is the intent of the sixty-fifth legislative assembly that during the 2017-19 biennium, the department of human services may authorize a treatment or care center's variance request relating to the treatment or care center's bedrooms or bathrooms, if the department determines the variance does not pose a health or safety risk. It is also the intent that the department of human services adopt rules to establish a variance process that allows the department to grant a variance if the variance will not pose a danger to the health or safety of an individual served by the treatment or care center.

**SECTION 27. LEGISLATIVE INTENT - PROCESS AND OUTCOME MEASURES.** It is the intent of the sixty-fifth legislative assembly that behavioral health service providers that receive funding from the department of human services submit process and outcome measures to the department for programs and services supported by state funding.

**SECTION 28. LEGISLATIVE INTENT - TELEPHONE SUPPORT AND DIRECTORY SERVICES.** It is the intent of the sixty-fifth legislative assembly that the vendor of telephone and directory services, under contract with the department of human services, include private behavioral health service providers in the vendor's directory at no cost to the private behavioral health service providers.

**SECTION 29. REPORTING REQUIREMENTS - YOUTH ACCESS TO TOBACCO.** The operating expenses line item in subdivision 2 of section 1 of this Act includes \$75,000 from the tobacco prevention and control trust fund for costs of complying with youth access to tobacco reporting requirements under title 45, Code of Federal Regulations, part 96, section 130, for the biennium beginning July 1, 2017, and ending June 30, 2019. The state department of health and local public

health units shall collect and disclose all required data reporting elements to the department of human services.

**SECTION 30. ROBINSON RECOVERY CENTER FUNDING.**

Notwithstanding the designation of funding for the Robinson recovery center in the appropriation for the department of human services in section 1 of this Act, the department of human services may utilize other providers for substance use disorder treatment services if the current contractor is unable to provide the full capacity of services anticipated under the current contract for the biennium beginning July 1, 2017, and ending June 30, 2019.

**SECTION 31. LEGISLATIVE INTENT - OPERATING EXPENSES.** It is the intent of the sixty-fifth legislative assembly that the department of human services analyze its budgetary needs and allocate up to \$650,000 from the general fund included in the operating expenses line item in subdivision 1 of section 1 of this Act to other line items in subdivisions 1, 2, and 3 within section 1 of this Act based on the department's priorities resulting from its analysis."

Page 7, after line 25, insert:

**"SECTION 33. LEGISLATIVE MANAGEMENT STUDY - BEHAVIORAL HEALTH AND DEVELOPMENTAL DISABILITIES SERVICES.** During the 2017-18 interim, the legislative management shall consider studying state and federal laws and regulations relating to the care and treatment of individuals with developmental disabilities or behavioral health needs.

1. The study must include a review of the following:
  - a. The state's services and delivery systems, including whether changes are necessary to maintain compliance with state and federal laws and regulations;
  - b. Efforts by other states to comply with the 1999 Olmstead v. L.C. case, including the planning and implementation process for any new programs;
  - c. Community- and non-community-based services, including the costs and effectiveness of services;
  - d. Noncompliance with state and federal laws and regulations, including a review of the fees and penalties for noncompliance;
  - e. A comparison of voluntary and involuntary compliance with state and federal laws and regulations, including a review of long-term costs and effectiveness;
  - f. The impact of implementation and expansion of selected programs that were added to address unmet needs, including the impact on costs and effectiveness of new programs;
  - g. Needed changes to address noncompliance and a timeline for completing changes;
  - h. Data on the number of individuals who would be impacted by voluntary compliance efforts, and data on the type of services that may need changing, including housing, peer counseling, outpatient treatment, crisis line access, and transportation services; and
  - i. An evaluation of the funding, mission, and caseload at the life skills and transition center, including the center's transition plan and number of clients eligible for community placement.
2. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement those recommendations, to the sixty-sixth legislative assembly.

**SECTION 34. LEGISLATIVE MANAGEMENT STUDY - DEPARTMENT OF HUMAN SERVICES DELIVERY SYSTEM.** During the 2017-18 interim, the legislative management shall consider conducting a comprehensive study of the department of human services.

1. The study must include:
  - a. A review of the continuum of services for each population served, the delivery methods for those services, and the efficiency and effectiveness of the services.
  - b. The involvement of federal, state, and local governments and for-profit and nonprofit entities in the provision and funding of services.
  - c. An analysis of the funding levels for the programs and services included in the delivery system.
  - d. Consideration of the appropriate role for each of the entities involved in the delivery system.
  - e. The development of a comprehensive master structure for the system.
2. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-sixth legislative assembly.

**SECTION 35. LEGISLATIVE MANAGEMENT STUDY - NURSING FACILITY RATES.** During the 2017-18 interim, the legislative management shall consider studying the nursing facility rate components to determine the adequacy of reimbursement and evaluate the efficiency of nursing facility operations. The study must identify and review potential quality measures relating to nursing facilities and consider the feasibility and desirability of using quality measures as a component of reimbursement. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-sixth legislative assembly.

**SECTION 36. AMENDMENT.** Subsection 1 of section 23-09.3-01.1 of the North Dakota Century Code is amended and reenacted as follows:

1. Basic care beds may not be added to the state's licensed bed capacity during the period between August 1, ~~2015~~2017, and July 31, ~~2017~~2019, except when:
  - a. A nursing facility converts nursing facility beds to basic care;
  - b. An entity licenses bed capacity transferred as basic care bed capacity under section 23-16-01.1;
  - c. An entity demonstrates to the state department of health and the department of human services that basic care services are not readily available within a designated area of the state or that existing basic care beds within a fifty-mile [80.47-kilometer] radius have been occupied at ninety percent or more for the previous twelve months. In determining whether basic care services will be readily available if an additional license is issued, preference may be given to an entity that agrees to any participation program established by the department of human services for individuals eligible for services under the medical assistance program under title XIX of the Social Security Act [42 U.S.C. 1396 et seq.]; or
  - d. The state department of health and the department of human services grant approval of new basic care beds to an entity. The approved entity shall license the beds within forty-eight months from the date of approval.

**SECTION 37. AMENDMENT.** Subsection 1 of section 23-16-01.1 of the North Dakota Century Code is amended and reenacted as follows:

1. Notwithstanding sections 23-16-06 and 23-16-10, except when a facility reverts basic care beds to nursing facility beds or relicenses nursing facility beds delicensed after July 31, 2011, nursing facility beds may not be added to the state's licensed bed capacity during the period between August 1, ~~2015~~2017, and July 31, ~~2017~~2019. A nursing facility may not delicense nursing facility bed capacity, relicense nursing facility bed capacity, convert licensed nursing bed capacity to basic care bed capacity, revert licensed basic care bed capacity back to nursing facility bed capacity, or otherwise reconfigure licensed nursing facility bed capacity more than one time in a twelve-month period."

Page 8, line 8, remove "Effective January 1, 2018, medical assistance expansion program applicants and"

Page 8, remove lines 9 and 10

Page 8, line 11, remove "4."

Page 8, line 13, replace "5." with "4."

Page 8, line 24, after "service" insert "and must allow for all contracted pharmacy providers to dispense any and all drugs included in the benefit plan and allowed under the pharmacy provider's license"

Page 9, line 2, replace "6." with "5."

Page 9, line 9, replace "7." with "6."

Page 9, after line 14, insert:

**"SECTION 39. AMENDMENT.** Subsection 1 of section 54-27-25 of the North Dakota Century Code is amended and reenacted as follows:

1. There is created in the state treasury a tobacco settlement trust fund. The fund consists of the tobacco settlement dollars obtained by the state under subsection IX(c)(1) of the master settlement agreement and consent agreement adopted by the east central judicial district court in its judgment entered December 28, 1998 [Civil No. 98-3778] in State of North Dakota, ex rel. Heidi Heitkamp v. Philip Morris, Inc. Except as provided in subsection 2, moneys received by the state under subsection IX(c)(1) must be deposited in the fund. Interest earned on the fund must be credited to the fund and deposited in the fund. The principal and interest of the fund may be appropriated to the attorney general for the purpose of enforcing the master settlement agreement and any disputes with the agreement. All remaining principal and interest of the fund must be allocated as follows:
  - a. Transfers to a community health trust fund to be administered by the state department of health. The state department of health may use funds as appropriated for community-based public health programs and other public health programs, including programs with emphasis on preventing or reducing tobacco usage in this state. Transfers under this subsection must equal ~~ten~~fifty-five percent of total annual transfers from the tobacco settlement trust fund of which a minimum of eighty percent must be used for tobacco prevention and control.
  - b. ~~Transfers to the common schools trust fund to become a part of the principal of that fund. Transfers under this subsection must equal forty five percent of total annual transfers from the tobacco settlement trust fund.~~

- e. Transfers to the water development trust fund to be used to address the long-term water development and management needs of the state. Transfers under this subsection must equal forty-five percent of the total annual transfers from the tobacco settlement trust fund."

Page 9, line 16, replace "21" with "40"

Page 9, after line 19, insert:

**"SECTION 42. EXPIRATION DATE.** Section 39 of this Act is effective through June 30, 2019, and after that date is ineffective."

Page 9, line 20, remove "10,"

Page 9, line 20, after the second comma insert "12, 13,"

Page 9, line 20, replace "15" with "22"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

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

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
<b>DHS - Management</b>						
Total all funds	\$115,618,352	\$183,107,141	\$3,492,824	\$186,599,965	\$188,965,972	(\$2,366,007)
Less estimated income	71,324,758	128,092,518	1,387,040	129,479,558	130,363,310	(883,752)
General fund	\$44,293,594	\$55,014,623	\$2,105,784	\$57,120,407	\$58,602,662	(\$1,482,255)
<b>DHS - Program/Policy</b>						
Total all funds	\$3,008,000,589	\$3,003,441,602	\$214,647,833	\$3,218,089,435	\$3,256,351,303	(\$38,261,868)
Less estimated income	1,995,024,801	1,904,175,061	256,691,355	2,160,866,416	2,151,061,337	9,805,079
General fund	\$1,012,975,788	\$1,099,266,541	(\$42,043,522)	\$1,057,223,019	\$1,105,289,966	(\$48,066,947)
<b>DHS - Field Services</b>						
Total all funds	\$338,475,941	\$335,651,282	\$819,431	\$336,470,713	\$337,852,305	(\$1,381,592)
Less estimated income	132,820,302	138,122,012	421,693	138,543,705	139,114,251	(570,546)
General fund	\$205,655,639	\$197,529,270	\$397,738	\$197,927,008	\$198,738,054	(\$811,046)
<b>DHS - County Social Services Financing</b>						
Total all funds	\$0	\$0	\$26,000,000	\$26,000,000	\$0	\$26,000,000
Less estimated income	0	0	0	0	0	0
General fund	\$0	\$0	\$26,000,000	\$26,000,000	\$0	\$26,000,000
<b>Bill total</b>						
Total all funds	\$3,462,094,882	\$3,522,200,025	\$244,960,088	\$3,767,160,113	\$3,783,169,580	(\$16,009,467)
Less estimated income	2,199,169,861	2,170,389,591	258,500,088	2,428,889,679	2,420,538,898	8,350,781
General fund	\$1,262,925,021	\$1,351,810,434	(\$13,540,000)	\$1,338,270,434	\$1,362,630,682	(\$24,360,248)

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

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$28,049,386	\$23,437,315	\$2,842,824	\$26,280,139	\$28,193,528	(\$1,913,389)
Operating expenses	87,542,966	159,465,826	650,000	160,115,826	160,568,444	(452,618)
Capital assets	26,000					
Grants		204,000		204,000	204,000	
Total all funds	\$115,618,352	\$183,107,141	\$3,492,824	\$186,599,965	\$188,965,972	(\$2,366,007)
Less estimated income	71,324,758	128,092,518	1,387,040	129,479,558	130,363,310	(883,752)
General fund	\$44,293,594	\$55,014,623	\$2,105,784	\$57,120,407	\$58,602,662	(\$1,482,255)
FTE	147.10	122.45	18.00	140.45	150.45	(10.00)

**Department No. 326 - DHS - Management - Detail of Conference Committee Changes**

Management <sup>1</sup>	Total Conference
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		<b>Committee Changes</b>
Salaries and wages	\$2,842,824	\$2,842,824
Operating expenses	650,000	650,000
Capital assets		
Grants		
<b>Total all funds</b>	<b>\$3,492,824</b>	<b>\$3,492,824</b>
Less estimated income	1,387,040	1,387,040
<b>General fund</b>	<b>\$2,105,784</b>	<b>\$2,105,784</b>
FTE	18.00	18.00

1

**Management - Conference Committee Changes:**

	FTE Positions	General Fund	Other Funds	Total
Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month		(26,664)	(12,933)	(39,597)
Adds funding for paying employees' accumulated annual and sick leave for eligible employees leaving state service		84,610	43,811	128,421
Adds funding for departmentwide operating expenses		650,000	0	650,000
Restores departmentwide FTE positions	18.00	1,397,838	1,356,162	2,754,000
<b>Total Changes - Management</b>	<b>18.00</b>	<b>\$2,105,784</b>	<b>\$1,387,040</b>	<b>\$3,492,824</b>

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

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$58,102,898	\$60,987,433	\$782,473	\$61,769,906	\$61,721,028	\$48,878
Operating expenses	107,383,843	124,591,049	130,892	124,721,941	124,923,941	(202,000)
Capital assets		10,000		10,000	10,000	
Grants	457,953,280	463,874,768	(30,407,109)	433,467,659	465,059,768	(31,592,109)
Grants - Medical assistance	2,384,560,568	2,353,978,352	244,141,577	2,598,119,929	2,604,636,566	(6,516,637)
<b>Total all funds</b>	<b>\$3,008,000,589</b>	<b>\$3,003,441,602</b>	<b>\$214,647,833</b>	<b>\$3,218,089,435</b>	<b>\$3,256,351,303</b>	<b>(\$38,261,868)</b>
Less estimated income	1,995,024,801	1,904,175,061	256,691,355	2,160,866,416	2,151,061,337	9,805,079
<b>General fund</b>	<b>\$1,012,975,788</b>	<b>\$1,099,266,541</b>	<b>(\$42,043,522)</b>	<b>\$1,057,223,019</b>	<b>\$1,105,289,966</b>	<b>(\$48,066,947)</b>
FTE	348.50	358.50	2.00	360.50	359.50	1.00

**Department No. 328 - DHS - Program/Policy - Detail of Conference Committee Changes**

	Program and Policy <sup>1</sup>	Total Conference Committee Changes
Salaries and wages	\$782,473	\$782,473
Operating expenses	130,892	130,892
Capital assets		
Grants	(30,407,109)	(30,407,109)
Grants - Medical assistance	244,141,577	244,141,577
<b>Total all funds</b>	<b>\$214,647,833</b>	<b>\$214,647,833</b>
Less estimated income	256,691,355	256,691,355
<b>General fund</b>	<b>(\$42,043,522)</b>	<b>(\$42,043,522)</b>
FTE	2.00	2.00

1

**Program and Policy - Conference Committee Changes:**

	FTE Positions	General Fund	Other Funds	Total
Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month		(43,940)	(32,239)	(76,179)
Adds funding for paying employees' accumulated annual and sick leave for eligible employees leaving state service		169,458	340,113	509,571

**Economic Assistance**

Adjusts funding for county social services financing	(5,020,286)	0	(5,020,286)
Moves funding added by the House for alternatives to abortion services from children and family services	0	100,000	100,000

**Medical Services**

Adjusts funding for county social services financing	(10,416,499)	10,416,499	0
Removes funding of \$1,779,159 from the tobacco prevention and control trust fund and related federal funding for opioid treatment	0	(3,558,318)	(3,558,318)
Adds funding for physical, occupational, and speech therapy service provider rate increases to 75 percent	56,485	56,485	112,970
Adds funding to continue Medicaid Expansion for 19 and 20 year olds as managed care	1,653,008	1,652,962	3,305,970
	0	226,000,000	226,000,000
Adds \$13.3 million of one-time funding from the tobacco prevention and control trust fund and related federal funding to continue the Medicaid Expansion program as managed care at commercial rates	1.00	76,500	76,500
			153,000
Adds 1 FTE position for administering tribal health care agreements			
Replaces general fund support with funding from the community health trust fund	(18,000,000)	18,000,000	0
Replaces general fund support with funding from the tobacco prevention and control trust fund	(7,175,000)	7,175,000	0

**Long-Term Care**

	1,152,003	1,152,003	2,304,006
Adjusts funding for nursing home incentives			
Adds funding, of which \$1 million is from the health care trust fund to increase nursing facility operating margin, effective January 1, 2018	0	2,000,000	2,000,000
Adds funding from the tobacco prevention and control trust fund for basic care services	0	450,000	450,000
Adds funding for the Fair Labor Standards Act - Home Care Rule funding for qualified service providers	2,871,613	1,937,248	4,808,861

**Children and Family Services**

Adjusts funding for county social services financing	(10,563,215)	(17,358,767)	(27,921,982)
Moves funding added by the House for alternatives to abortion services to economic assistance	0	(100,000)	(100,000)

**Behavioral Health Division**

Restores a portion of the funding removed by the House for Parent's LEAD program	100,000	0	100,000
Adds funding for the substance use disorder voucher program, of which \$1,779,159 is from the tobacco prevention and control trust fund to provide \$2,779,159	625,000	1,779,159	2,404,159
Adds funding from the tobacco prevention and control trust fund for tobacco prevention related activities	0	75,000	75,000
	0	4,000,000	4,000,000
Adds federal funds for opioid treatment programs			

**Developmental Disabilities**

Restores funding removed by the House for rate adjustments	6,109,044	6,109,045	12,218,089
Adjusts funding for cost and caseload	(4,000,000)	(4,000,001)	(8,000,001)
Adds 1 FTE position and related funding for specialized services for individuals with developmental disabilities	1.00	250,307	260,666
Adds federal funding for the Experienced Parent program to provide a total of \$260,000	0	160,000	160,000
Adds funding for corporate guardianship services for individuals with developmental disabilities		112,000	0
			112,000
Total changes - Program and policy	2.00	(\$42,043,522)	\$256,691,355
			\$214,647,833

**House Bill No. 1012 - DHS - Field Services - Conference Committee Action**

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Human service centers	\$198,888,443	\$195,804,854	\$244,635	\$196,049,489	\$197,096,856	(\$1,047,367)
Institutions	139,587,498	139,846,428	574,796	140,421,224	140,755,449	(334,225)
Total all funds	\$338,475,941	\$335,651,282	\$819,431	\$336,470,713	\$337,852,305	(\$1,381,592)
Less estimated income	132,820,302	138,122,012	421,693	138,543,705	139,114,251	(570,546)
General fund	\$205,655,639	\$197,529,270	\$397,738	\$197,927,008	\$198,738,054	(\$811,046)
FTE	1715.48	1655.28	0.00	1655.28	1655.28	0.00

**Department No. 349 - DHS - Field Services - Detail of Conference Committee Changes**

	Field Services <sup>1</sup>	Total Conference Committee Changes
Human service centers	\$244,635	\$244,635
Institutions	574,796	574,796
Total all funds	\$819,431	\$819,431
Less estimated income	421,693	421,693
General fund	\$397,738	\$397,738
FTE	0.00	0.00

1

**Field Services - Conference Committee Changes:**

	FTE Positions	General Fund	Other Funds	Total
Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month		(317,019)	(29,197)	(346,216)
Adds funding for paying employees' accumulated annual and sick leave for eligible employees leaving state services		714,757	450,890	1,165,647
Total changes - Field services	0.00	\$397,738	\$421,693	\$819,431

**House Bill No. 1012 - DHS - County Social Services Financing - Conference Committee Action**

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
County social services financing			\$26,000,000	\$26,000,000		\$26,000,000
Total all funds	\$0	\$0	\$26,000,000	\$26,000,000	\$0	\$26,000,000
Less estimated income	0	0	0	0	0	0
General fund	\$0	\$0	\$26,000,000	\$26,000,000	\$0	\$26,000,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department No. 333 - DHS - County Social Services Financing - Detail of Conference Committee Changes**

	County Social Services Financing <sup>1</sup>	Total Conference Committee Changes
County social services financing	\$26,000,000	\$26,000,000
Total all funds	\$26,000,000	\$26,000,000
Less estimated income	0	0
General fund	\$26,000,000	\$26,000,000
FTE	0.00	0.00

1

**County Social Services Financing - Conference Committee Changes:**

	FTE Positions	General Fund	Other Funds	Total
County social services financing pilot program		\$26,000,000	\$0	\$26,000,000
Total changes - County Social Services Financing	0.00	\$26,000,000	\$0	\$26,000,000

**This amendment also:**

- 1 Adjusts a section to provide a deficiency appropriation of \$417,010 from the general fund and \$417,010 from other funds for rebasing, operating margins, and incentives for long-term care facilities, the same as the Senate version. The House version provided \$329,636 from the general fund and \$329,636 from other funds, for rebasing and operating margins only.
- 2 Adds a section to provide estimated income of \$18 million from the community health trust fund.

- 3 Adjusts a section to provide estimated income of \$37,779,159 from the tobacco prevention and control trust fund, the same as the Senate. The House provided \$16 million.
- 4 Adds a section to provide \$200,000 from the general fund as an emergency measure for the Substance Use Disorder Voucher (SUD) program for the 2015-17 biennium, the same as the Senate version.
- 5 Adds a section of legislative intent that the Department of Human Services include medication assisted treatment as an allowable service under the substance use disorder voucher program. Neither the Senate nor the House included this section.
- 6 Adds a section providing for the prioritization of funding restored for basic care provider rates, the same as the Senate version.
- 7 Adds a section of legislative intent relating to the Medicaid Expansion program fee schedule. Neither the Senate nor the House included this section.
- 8 Adds a section of legislative intent that the Department of Human Services establish requisite agreements with tribal health care organizations that will result in 100 percent federal funding for eligible medical assistance provided to American Indians. The same as the Senate version.
- 9 Adds a section to provide that any federal funding received in excess of the state's regular federal medical assistance percentage resulting from the department establishing requisite agreements with tribal health care organizations be deposited and separately accounted for in the health care trust fund.
- 10 Adds a section of legislative intent that the Department of Human Services include services for individuals with a brain injury as part of the comprehensive assessment for a Medicaid 1915(i) state plan amendment. The same as the Senate version.
- 11 Adds a section of legislative intent allowing the department to authorize treatment or care center's variance request relating to the treatment or care center's bedrooms or bathrooms, the same as the Senate version.
- 12 Adds a section of legislative intent that behavioral health service providers that receive funding from the Department of Human Services to submit process and outcome measures, the same as the Senate version.
- 13 Adds a section of legislative intent that the vendor of telephone and directory services under contract with the Department of Human Services include private behavioral health service providers in the vendor's directory at no cost to the private behavioral health service providers, the same as the Senate version.
- 14 Adds a section that identifies \$75,000 from the tobacco prevention and control trust fund for costs of complying with youth access to tobacco reporting requirements under Title 45, Code of Federal Regulations, Part 96, Section 130, the same as the Senate version.
- 15 Adds a section to provide that the Department of Human Services may utilize other providers for substance use disorder treatment services if the current contractor is unable to provide the full capacity of services anticipated under the current contract, the same as the Senate version.
- 16 Adds a section of legislative intent for the Department of Human Services to analyze its budgetary needs and allocate up to \$650,000 from the general fund included in the operating expenses line item in subdivision 1 of section 1 to other subdivisions based on the department's priorities resulting from its analysis. The Senate version provided for allocating up to \$1,102,618.
- 17 Adds a section to provide for a Legislative Management study of state and federal laws and regulations relating to the care and treatment of individuals with developmental disabilities or behavioral health needs. In addition, this section provides for an evaluation of the funding, mission, and caseload at the Life Skills and Transition Center. The Senate version did not include providing for an evaluation of the funding, mission, and caseload at the Life Skills and Transition Center.
- 18 Adds a section to provide for a Legislative Management study of the Department of Human Services delivery system. Neither the Senate nor the House included this section.
- 19 Adds a section to provide for a Legislative Management study of nursing facility rate components. Neither the Senate nor the House included this section.
- 20 Adds a section to amend North Dakota Century Code Section 23-09.3-01.1(1) to extend the moratorium on basic care beds to July 31, 2019, the same as the Senate.
- 21 Adds a section to amend Section 23-16-01.1(1) to extend the moratorium on nursing facility beds to July 31, 2019, the same as the Senate.
- 22 Adjusts a section relating to Medicaid Expansion, to require the Medicaid Expansion contract to allow pharmacy providers to dispense any and all drugs included in the benefit plan and allowed under the pharmacy provider's license. In addition, this section removes language that would provide for applicants and recipients at least 19 but less than 21 years of age to receive coverage through traditional medical assistance. The Senate version did not include language to require the Medicaid Expansion contract to allow pharmacy providers to dispense any and all drugs. The House version provided for applicants and recipients at least 19 but less than 21 years of age to receive coverage through traditional medical assistance.
- 23 Adds a section to amend Section 54-27-25(1) to increase the tobacco settlement proceeds deposited in the community health trust fund from 10 to 55 percent for the 2017-19 biennium, and eliminate the 45 percent allocation from the tobacco settlement proceeds deposited in the common schools trust fund for the 2017-19 biennium. Neither the Senate nor the House included this section.
- 24 Adjusts a section to provide estimated income of \$1,686,191 from the health care trust fund. The House and Senate versions included \$686,191 from the health care trust fund.

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

#### **ANNOUNCEMENT**

**SPEAKER BELLEW ANNOUNCED** that the will House stand in recess until 5:00 p.m.

**THE HOUSE RECONVENED** pursuant to recess taken, with Speaker Bellew presiding.

#### **ANNOUNCEMENT**

**SPEAKER BELLEW ANNOUNCED** that Rep. Kempenich will replace Rep. Vigessaa on the Conference Committee on HB 1001.

#### **COMMUNICATION FROM GOVERNOR DOUG BURGUM**

This is to inform you that on April 26, 2017, I have signed the following: HB 1006, HB 1008, HB 1010, HB 1014, HB 1018, and HB 1040.

#### **VETO MEASURE**

April 26, 2017

The Honorable Larry Bellew  
 Speaker of the House  
 House Chambers  
 State Capitol  
 Bismarck, ND 58505

Re: Veto of HB 1201

Dear Speaker Bellew:

Pursuant to Article V, Section 9 of the North Dakota Constitution, I have vetoed House Bill 1201 and return it to the House of Representatives unsigned.

An important principal of America's success as a nation is the principal of individual responsibility.

While carbon monoxide represents a very small, yet measurable life safety risk in residential rental property, this risk can and should be managed by local building codes, property owners and renters themselves, rather than more burdensome statewide regulations.

There are simple, low-cost non-governmental solutions to this risk, including the use of carbon monoxide monitors available at local retail stores.

For these reasons, I have vetoed House Bill 1201.

Sincerely,

Doug Burgum  
Governor

#### VETO MEASURE

April 25, 2017

The Honorable Lawrence Bellew  
Speaker of the House  
House Chambers  
State Capitol  
Bismarck, ND 58505

Re: Item Veto of HB 1019

Dear Speaker Bellew:

Pursuant to Article V, Section 9 of the North Dakota Constitution, I have vetoed Section 13 and the second sentence in Section 17 of House Bill 1019.

Section 13:

The rules anticipated under Section 13 would create an exception applicable to a limited number of individuals who rent boat slips in a state-owned marina. Additionally, these rules would conflict with existing and long-standing public safety rules governing boat traffic in designated swimming areas.

The parks and recreation department director is authorized to "adopt rules relating to the protection, care, and use of state parks, state campgrounds, state recreational areas, or reserves, and any other real or personal property administered by the director." NDCC 55-08-01.3 (7). In an appropriate exercise of this authority, rules governing state park swimming areas, boat ramps and marinas were first promulgated in 1987 and amended in 1992, 1996, 2006 and 2011. NDAC § 58-02-08-18. These regulations prohibit swimming in state parks except in designated areas and prohibit any boat, canoe or raft from entering a designated swimming area. NDAC § 58-2-08-18 (1) and (2)(c).

We have instructed our new director of parks and recreation to meet with the individual park customers renting marina slips and work toward developing local practices that balance the enjoyment of marina users, their families and guests with the interest of managing liability risk and providing safe recreational areas for all citizens of North Dakota.

Section 17:

The second sentence under Section 17 is vetoed. We have asked the President of Bismarck

State College to work in collaboration with the parks and recreation department director, the state historical society and other stakeholders to develop a plan for the optimum use or sale of the Dakota institute property as identified in Section 17.

For the reasons explained above, I have vetoed Section 13 and the second sentence in Section 17 in House Bill 1019.

Sincerely,

Doug Burgum  
Governor

#### MOTION

**REP. VIGESAA MOVED** that enrolled HB 1201 be placed on the 11th order of business on the calendar for the purpose of overriding the Governor's veto pursuant to Article V, Section 9, of the Constitution of North Dakota, which motion prevailed on a voice vote.

#### MOTION

**REP. VIGESAA MOVED** that Section 13 and the 2nd sentence of Section 17 of enrolled HB 1019 be placed on the 11th order of business on the calendar for the purpose of overriding the Governor's veto pursuant to Article V, Section 9, of the Constitution of North Dakota, which motion prevailed on a voice vote.

#### CONSIDERATION OF VETOED MEASURE

**HB 1004:** AN ACT to provide an appropriation for defraying the expenses of the state auditor.

#### ROLL CALL

The question being on the final passage of the enrolled bill, over the Governor's veto, which has been read, the roll was called and there were 74 YEAS, 16 NAYS, 0 EXCUSED, 4 ABSENT AND NOT VOTING.

**YEAS:** Anderson, B.; Anderson, D.; Beadle; Becker, Rich S.; Blum; Boehning; Bosch; Brabandt; Brandenburg; Carlson; Damschen; Delzer; Devlin; Dockter; Ertelt; Hatlestad; Headland; Heinert; Howe; Johnson, C.; Johnson, M.; Johnston; Jones; Kading; Karls; Kasper; Keiser; Kempenich; Kiefert; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Laning; Lefor; Longmuir; Louser; Maragos; Martinson; McWilliams; Meier; Monson; Nathe; Nelson, J.; O'Brien; Oliver; Olson; Owens; Paur; Pollert; Porter; Pyle; Roers Jones; Rohr; Ruby, D.; Ruby, M.; Sanford; Satrom; Schatz; Schmidt; Schobinger; Schreiber-Beck; Seibel; Skroch; Steiner; Streyle; Sukut; Toman; Vetter; Vigesaa; Weisz; Westlind; Zubke; Speaker Bellew

**NAYS:** Anderson, P.; Boe; Boschee; Delmore; Dobervich; Guggisberg; Hanson; Hogan; Holman; Magrum; Mitskog; Mock; Nelson, M.; Schneider; Simons; Trottier

**ABSENT AND NOT VOTING:** Becker, Rick C.; Grueneich; Johnson, D.; Marschall

The House overrode the Governor's veto of HB 1004, as enrolled.

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#### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

**REP. POLLERT MOVED** that the conference committee report on Engrossed HB 1012 be adopted, which motion prevailed on a voice vote.

Engrossed HB 1012, as amended, was placed on the Eleventh order of business.

#### SECOND READING OF HOUSE BILL

**HB 1012:** A BILL for an Act to provide appropriations for defraying the expenses of the department of human services; to authorize the department of human services to convey land in Walsh County; to amend and reenact subsection 1 of section 23-09.3-01.1, subsection 1 of section 23-16-01.1, section 50-24.1-37, and subsection 1 of section 54-27-25 of the North Dakota Century Code, relating to the

moratorium on basic care, nursing facility bed capacity, Medicaid expansion, and tobacco settlement trust fund transfers; to repeal section 50-24.1-37 of the North Dakota Century Code, relating to the Medicaid expansion program; to provide for exemptions; to provide statements of legislative intent; to provide for reports to the legislative management; to provide for legislative management studies; to authorize transfers; to provide an expiration date; to provide a contingent effective date; and to declare an emergency.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 75 YEAS, 15 NAYS, 0 EXCUSED, 4 ABSENT AND NOT VOTING.

**YEAS:** Anderson, B.; Anderson, D.; Anderson, P.; Beadle; Becker, Rich S.; Blum; Boe; Boehning; Bosch; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Devlin; Dobervich; Dockter; Guggisberg; Hanson; Hatlestad; Headland; Heinert; Hogan; Holman; Howe; Johnson, C.; Johnson, M.; Jones; Karls; Kasper; Kempenich; Kiefert; Klemin; Koppelman, K.; Kreidt; Laning; Lefor; Longmuir; Magrum; Maragos; Martinson; McWilliams; Meier; Mitskog; Mock; Monson; Nathe; Nelson, J.; Nelson, M.; O'Brien; Oliver; Owens; Pollert; Porter; Pyle; Roers Jones; Rohr; Sanford; Satrom; Schmidt; Schneider; Schobinger; Schreiber-Beck; Seibel; Skroch; Steiner; Streyle; Sukut; Trotter; Vetter; Vigasaa; Weisz; Westlind; Zubke

**NAYS:** Delzer; Ertelt; Johnston; Kading; Keiser; Koppelman, B.; Louser; Olson; Paur; Ruby, D.; Ruby, M.; Schatz; Simons; Toman; Speaker Bellew

**ABSENT AND NOT VOTING:** Becker, Rick C.; Grueneich; Johnson, D.; Marschall

Reengrossed HB 1012 passed and the emergency clause was declared carried.

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#### MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

**MR. PRESIDENT:** The Speaker has appointed Rep. Kempenich to replace Rep. Vigasaa on the Conference Committee on HB 1001.

#### MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

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

#### MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)

**MR. SPEAKER:** The Senate has adopted the conference committee report, subsequently passed, and the emergency clause carried: SB 2018.

#### MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

**MR. PRESIDENT:** Your signature is respectfully requested on: HB 1024.

#### MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)

**MR. SPEAKER:** The President has signed: HB 1020, HB 1152.

#### MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

**MR. PRESIDENT:** The Speaker has signed: HB 1020, HB 1152.

#### MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)

**MR. SPEAKER:** The President has signed: SB 2001, SB 2016, SB 2119.

#### MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)

**MR. SPEAKER:** The President has signed: SB 2013, SB 2014.

#### MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

**MR. PRESIDENT:** The House has overridden the Governor's veto on HB 1004. The vote was 74 YEAS, 16 NAYS, 4 ABSENT AND NOT VOTING, and your favorable consideration is requested.

**REPORT OF CONFERENCE COMMITTEE**

**SB 2018, as engrossed:** Your conference committee (Sens. Holmberg, Oehlke, Robinson and Reps. Streyle, Martinson, Schatz) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1263-1266, adopt amendments as follows, and place SB 2018 on the Seventh order:

That the House recede from its amendments as printed on pages 1263-1266 of the Senate Journal and pages 1407-1411 of the House Journal and that Engrossed Senate Bill No. 2018 be amended as follows:

Page 1, line 2, after the third semicolon insert "to provide for a report;"

Page 1, replace lines 12 through 22 with:

"Salaries and wages	\$13,015,999	(\$20,211)	\$12,995,788
Operating expenses	16,384,623	(907,001)	15,477,622
Grants	48,134,795	6,375,621	54,510,416
Discretionary funds	784,152	1,415,848	2,200,000
Flood impact grants/loans	0	5,201,752	5,201,752
Agricultural products utilization commission	3,118,611	34,304	3,152,915
North Dakota trade office	2,556,694	(556,694)	2,000,000
Partner programs	2,173,829	(233,984)	1,939,845
Entrepreneurship grants and vouchers	<u>1,500,000</u>	<u>750,000</u>	<u>2,250,000</u>
Total all funds	\$87,668,703	\$12,059,635	\$99,728,338
Less estimated income	<u>53,809,604</u>	<u>14,576,054</u>	<u>68,385,658</u>
Total general fund	\$33,859,099	(\$2,516,419)	\$31,342,680"

Page 1, after line 23, insert:

**"SECTION 2. HEALTH INSURANCE INCREASE.** The salaries line item in section 1 of this Act includes the sum of \$172,554, of which \$135,102 is from the general fund, for increases in employee health insurance premiums from \$1,130 to \$1,241 per month."

Page 2, replace line 6 with:

"Flood impact grants/loans	12,859,869	5,201,752"
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Page 2, replace line 9 with:

"Base retention grants	1,500,000	600,000"
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Page 2, replace lines 20 through 22 with:

"Total all funds	\$40,023,129	\$10,801,752
Less estimated income	<u>21,359,869</u>	<u>9,801,752</u>
Total general fund	\$18,663,260	\$1,000,000"

Page 3, line 5, replace "The" with "Of the"

Page 3, line 6, after "Laws" insert "up to \$1,000,000"

Page 3, line 7, remove "any"

Page 3, line 7, replace "program" with "amount"

Page 3, line 7, after "available" insert "and may be spent"

Page 3, remove lines 9 through 12

Page 3, line 14, replace "\$1,275,000" with "\$950,000"

Page 3, line 19, replace "\$1,000,000" with "\$600,000"



- Page 3, line 22, after the period insert "The department may award grants of \$200,000 to each community with an air force base or air national guard facilities."
- Page 3, line 27, after the period insert "The department of commerce shall consult with the aeronautics commission regarding test site operational costs and support services and best practices related to the unmanned aircraft systems test site."
- Page 3, line 30, after "\$3,000,000" insert ", of which \$1,000,000 is from the general fund and \$2,000,000 is"
- Page 3, line 31, remove "for the operations of the"
- Page 4, line 1, remove "unmanned aircraft systems test site"
- Page 4, line 8, remove "total"
- Page 4, line 10, replace "\$2,281,498" with "\$2,000,000"
- Page 4, line 11, replace "seventy" with "sixty"
- Page 4, line 18, after "**PROGRAM**" insert "**- EXEMPTION**"
- Page 4, line 19, replace "\$1,500,000" with "\$2,250,000"
- Page 4, line 19, replace "\$1,350,000" with "\$600,000"
- Page 4, line 20, replace "\$150,000" with "\$1,650,000 is"
- Page 4, line 22, after the period insert "Of the amount appropriated, \$900,000 is to be distributed equally to entrepreneurial centers located in Bismarck, Fargo, and Grand Forks, \$300,000 to an organization that provides workplace safety, and \$300,000 for biotechnology grants."
- Page 4, after line 28, insert:

**"SECTION 13. ENERGY AND ENVIRONMENTAL RESEARCH CENTER GRANT - MATCHING REQUIREMENT.** The grants line item in section 1 of this Act includes \$500,000 from the research North Dakota fund which the department of commerce shall provide as a grant to the energy and environmental research center at the university of North Dakota. The grant must be utilized for economic development and diversification of the North Dakota economy and may be provided only to the extent the energy and environmental research center provides one dollar of matching funds from private or other public sources for each one dollar provided by the department for the biennium beginning July 1, 2017, and ending June 30, 2019.

**SECTION 14. ESTIMATED INCOME - RESEARCH NORTH DAKOTA FUND.** Notwithstanding section 54-65-08, the estimated income line item in section 1 of this Act includes \$3,500,000 from the research North Dakota fund to the department of commerce for department programs. Of this amount, \$500,000 is for the North Dakota tourism program, \$1,000,000 is for discretionary funds, \$1,500,000 is for entrepreneurship grants and vouchers, and \$500,000 is for providing a grant to the energy and environmental research center at the university of North Dakota.

**SECTION 15. TRANSFER - RESEARCH NORTH DAKOTA FUND TO THE GENERAL FUND.** Notwithstanding section 54-65-08, the office of management and budget shall transfer \$4,000,000 from the research North Dakota fund to the general fund, during the biennium beginning July 1, 2017, and ending June 30, 2019."

- Page 4, line 29, replace "\$1,275,000" with "\$950,000"
- Page 4, line 30, replace "section" with "sections"
- ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Department of Commerce - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$13,015,999	\$13,008,851	(\$13,063)	\$12,995,788	\$12,995,788	
Operating expenses	16,384,623	14,987,622	490,000	15,477,622	15,277,622	200,000
Grants	48,134,795	60,427,212	(5,916,796)	54,510,416	52,310,416	2,200,000
Discretionary funds	784,152	814,840	1,385,160	2,200,000	1,500,000	700,000
Ag. Products Utilization Commission	3,118,611	3,153,330	(415)	3,152,915	3,152,915	
North Dakota Trade Office	2,556,694	2,281,498	(281,498)	2,000,000	1,781,498	218,502
Entrepreneurship grants and vouchers	1,500,000	1,500,000	750,000	2,250,000	750,000	1,500,000
Partner programs	2,173,829	1,939,845		1,939,845	1,939,845	
Flood impact grants/loans			5,201,752	5,201,752	5,201,752	
Total all funds	\$87,668,703	\$98,113,198	\$1,615,140	\$99,728,338	\$94,909,836	\$4,818,502
Less estimated income	53,809,604	66,288,583	2,097,075	68,385,658	64,985,658	3,400,000
General fund	\$33,859,099	\$31,824,615	(\$481,935)	\$31,342,680	\$29,924,178	\$1,418,502
FTE	69.40	66.40	0.00	66.40	66.40	0.00

Department No. 601 - Department of Commerce - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance Increases <sup>1</sup>	Adjusts Funding for Grants <sup>2</sup>	Adds Funding for North Dakota Tourism <sup>3</sup>	Reduces Funding for Operation Intern <sup>4</sup>	Reduces Funding for Prekindergarten Community Grants <sup>5</sup>	Reduces Funding for the North Dakota Trade Office <sup>6</sup>
Salaries and wages	(\$13,063)					
Operating expenses			815,000	(325,000)		
Grants		(129,970)			(185,074)	
Discretionary funds		1,385,160				
Ag. Products Utilization Commission	(415)					
North Dakota Trade Office						(281,498)
Entrepreneurship grants and vouchers						
Partner programs						
Flood impact grants/loans						
Total all funds	(\$13,478)	\$1,255,190	\$815,000	(\$325,000)	(\$185,074)	(\$281,498)
Less estimated income	(2,925)	1,500,000	500,000	0	0	0
General fund	(\$10,553)	(\$244,810)	\$315,000	(\$325,000)	(\$185,074)	(\$281,498)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adjusts Funding for Entrepreneurship Grants <sup>7</sup>	Transfers One-Time Funding for Flood Impact Grants <sup>8</sup>	Reduces One-Time Funding for Base Retention Grants <sup>9</sup>	Adjusts One-Time Funding for Enhanced Use Lease Grants <sup>10</sup>	Total Conference Committee Changes
Salaries and wages					(\$13,063)
Operating expenses					490,000
Grants		(5,201,752)	(400,000)		(5,916,796)
Discretionary funds					1,385,160
Ag. Products Utilization Commission					(415)
North Dakota Trade Office					(281,498)
Entrepreneurship grants and vouchers	750,000				750,000
Partner programs					
Flood impact grants/loans		5,201,752			5,201,752
Total all funds	\$750,000	\$0	(\$400,000)	\$0	\$1,615,140
Less estimated income	1,500,000	0	(400,000)	(1,000,000)	2,097,075
General fund	(\$750,000)	\$0	\$0	\$1,000,000	(\$481,935)
FTE	0.00	0.00	0.00	0.00	0.00

<sup>1</sup> Funding for employee health insurance is adjusted to reflect the updated premium amount

of \$1,241 per month. Section 2 of the bill is added to reflect the revised premium rate, the same as the House.

<sup>2</sup> Funding of \$629,970 from the general fund is removed for the grant programs listed below and \$385,160 from the general fund is added to the discretionary funds line item.

- Area health education centers grants - (\$200,000)
- Continuum of care grants - (\$75,301)
- Emergency solutions grants - (\$244,669)
- Self sufficiency grants - (\$110,000)

The House approved a reduction of \$929,970 from the general fund for the grant programs above, including a reduction of \$300,000 for homeless shelter grants, and an increase of \$685,160 from the general fund to the discretionary funds line item. The conference committee approved \$300,000 for homeless shelter grants in the grants line item, the same as the Senate version.

In addition, the conference committee approved a \$1,500,000 appropriation from the Research North Dakota fund to the Department of Commerce, of which \$1,000,000 is added to the discretionary funds line item and \$500,000 is for providing a grant to the Energy and Environmental Research Center at the University of North Dakota. The grant must be utilized for economic development and diversification of the North Dakota economy and may be spent only to the extent the Energy and Environmental Research Center provides \$1 of matching funds from other sources for each \$1 provided by the department. These items are also reflected in Sections 13 and 14 of the bill.

The conference committee actions result in a net decrease of \$129,970 in the grants line item, of which \$629,970 is removed from the general fund and \$500,000 is added from the Research North Dakota fund. The result in the discretionary funds line item is an increase of \$1,385,160, of which \$385,160 is from the general fund and \$1,000,000 is from the Research North Dakota fund.

<sup>3</sup> Funding of \$815,000 is added for North Dakota tourism, of which \$315,000 is from the general fund and \$500,000 is from the Research North Dakota fund, the same as the House version. Section 14 of the bill also identifies the \$500,000 appropriation from the Research North Dakota fund.

<sup>4</sup> Funding for the Operation Intern program is reduced by \$325,000 to provide a total appropriation of \$950,000, an increase of \$200,000 compared to the House version. The Senate approved an appropriation of \$1,275,000. Sections 7 and 16 of the bill are also adjusted to reflect the revised appropriation.

<sup>5</sup> Funding for prekindergarten community grants is reduced by \$185,074 to provide \$1,500,000 from the general fund, the same as the House. The Senate approved an appropriation of \$1,685,074.

<sup>6</sup> Funding for the North Dakota Trade Office is reduced by \$281,498 from the general fund, to provide a total of \$2,000,000 from the general fund. The House provided a total of \$1,781,498 and the Senate provided \$2,281,498. The Conference Committee also reduced the amount of funding that can be spent without requiring a match to 60 percent, compared to the Senate version of 70 percent and the House version of 50 percent. This is also reflected in Section 11 of the bill.

<sup>7</sup> Funding for entrepreneurship grants and vouchers, also known as Innovate North Dakota, is reduced by \$750,000 from the general fund and increased by \$1.5 million from the Research North Dakota fund to provide a total appropriation of \$2.25 million, of which \$600,000 is from the general fund. The Senate approved an appropriation of \$1.5 million, of which \$1.35 million is from the general fund. The House approved an appropriation of \$750,000, of which \$600,000 is from the general fund. Sections 12 and 14 of the bill are also adjusted to reflect the revised appropriation.

<sup>8</sup> Federal funds of \$5,201,752 is transferred from the grants line item to a flood impact

grants/loans line item, the same as the House version. This funding is considered one-time funding.

<sup>9</sup> One-time funding from the strategic investment and improvements fund for base retention grants is reduced from \$1,000,000 to \$600,000, a \$400,000 decrease from the Senate version and a \$400,000 increase from the House version of \$200,000. Section 8 of the bill is also adjusted to reflect the revised appropriation.

<sup>10</sup> Funding for enhanced use lease grants is reduced by \$1 million from the strategic investment and improvements fund and increased by \$1 million from the general fund to provide a total one-time appropriation of \$3 million for the 2017-19 biennium, compared to \$2 million of one-time funding from the strategic investment and improvements fund approved by the House. The Senate approved a one-time appropriation of \$3 million from the strategic investment and improvements fund. Section 10 of the bill is also adjusted to reflect the revised appropriation.

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This amendment also:

- Removes a section approved by the Senate allowing the Department of Commerce to continue unexpended 2015-17 funding for prekindergarten community grants into the 2017-19 biennium, the same as the House. This change will result in an estimated \$315,000 of general fund appropriation authority being canceled at the end of the 2015-17 biennium and being added to the estimated 2017-19 beginning general fund balance. This funding is appropriated from the general fund to the Department of Commerce for North Dakota tourism in the 2017-19 biennium.
- Amends Section 6 to allow the Department of Commerce to continue only \$1 million of unexpended 2015-17 biennium funds for the unmanned aircraft systems (UAS) program, resulting in a total of approximately \$1 million of 2015-17 biennium funds available for UAS. This change will result in an estimated \$1 million of general fund appropriation authority being canceled at the end of the 2015-17 biennium and being added to the estimated 2015-17 beginning general fund balance. This funding is appropriated to the Department of Commerce for enhanced use lease grants in the 2017-19 biennium.
- Requires the Department of Commerce to consult with the Aeronautics Commission regarding the unmanned aircraft systems test site.
- Adds Section 15, which directs the Office of Management and Budget to transfer \$4 million from the Research North Dakota fund to the general fund during the 2017-19 biennium. The House also included this transfer.

Engrossed SB 2018 was placed on the Seventh order of business on the calendar.

#### **ANNOUNCEMENT**

**SPEAKER BELLEW ANNOUNCED** that the House will stand in recess until 7:00 p.m.

**THE HOUSE RECONVENED** pursuant to recess taken, with Speaker Bellew presiding.

#### **CONSIDERATION OF MESSAGE FROM THE SENATE**

**REP. VIGESAA MOVED** that the House do not concur in the Senate amendments to Engrossed HB 1015 and that a conference committee be appointed to meet with a like committee from the Senate, which motion prevailed on a voice vote.

#### **APPOINTMENT OF CONFERENCE COMMITTEE**

**THE SPEAKER APPOINTED** as a Conference Committee on:  
**Engrossed HB 1015:** Reps. Delzer, Carlson, Mock.

#### **CONSIDERATION OF VETOED MEASURE**

**HB 1201:** AN ACT to create and enact a new subsection to section 47-16-13.1 of the North Dakota Century Code, relating to landlord responsibilities regarding carbon monoxide detection devices; to amend and reenact section 23-13-15 and subsection 4 of section 54-21.3-03 of the North Dakota Century Code, relating to the installation of carbon monoxide and smoke detection alarms; to provide a penalty;

and to provide an effective date.

#### ROLL CALL

The question being on the final passage of the enrolled bill, over the Governor's veto, which has been read, the roll was called and there were 49 YEAS, 39 NAYS, 0 EXCUSED, 6 ABSENT AND NOT VOTING.

**YEAS:** Anderson, B.; Anderson, D.; Anderson, P.; Beadle; Becker, Rich S.; Boe; Boehning; Boschee; Brabandt; Brandenburg; Damschen; Delmore; Delzer; Dobervich; Guggisberg; Hanson; Hatlestad; Hogan; Holman; Johnson, C.; Johnson, M.; Jones; Karls; Kasper; Kiefert; Lefor; Longmuir; Louser; Martinson; Mitskog; Mock; Monson; Nelson, M.; O'Brien; Oliver; Owens; Pyle; Roers Jones; Rohr; Sanford; Satrom; Schneider; Schobinger; Seibel; Steiner; Sukut; Trottier; Vigasaa; Westlind

**NAYS:** Blum; Bosch; Carlson; Devlin; Dockter; Ertelt; Headland; Heinert; Howe; Johnston; Kading; Kempenich; Koppelman, B.; Koppelman, K.; Kreidt; Laning; Magrum; Maragos; McWilliams; Meier; Nathe; Nelson, J.; Olson; Paur; Pollert; Porter; Ruby, D.; Ruby, M.; Schatz; Schmidt; Schreiber-Beck; Simons; Skroch; Streyle; Toman; Vetter; Weisz; Zubke; Speaker Bellew

**ABSENT AND NOT VOTING:** Becker, Rick C.; Grueneich; Johnson, D.; Keiser; Klemin; Marschall

The House sustained the Governor's veto of HB 1201, as enrolled.

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#### CONSIDERATION OF VETOED MEASURE

**HB 1019:** AN ACT to provide an appropriation for defraying the expenses of the parks and recreation department; to amend and reenact sections 55-08-06 and 55-08-07.1 of the North Dakota Century Code, relating to permits for motor vehicles and parks and the recreation concession revolving fund; to provide a grant to the international peace garden; to authorize the transfer of Dakota institute inventory; to provide exemptions; to provide a statement of legislative intent; and to declare an emergency.

#### ROLL CALL

The question being on the final passage of the enrolled bill, over the Governor's veto, which has been read, the roll was called and there were 80 YEAS, 8 NAYS, 0 EXCUSED, 6 ABSENT AND NOT VOTING.

**YEAS:** Anderson, B.; Anderson, D.; Beadle; Becker, Rich S.; Blum; Boe; Boehning; Bosch; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Devlin; Dockter; Ertelt; Hatlestad; Headland; Heinert; Holman; Howe; Johnson, C.; Johnson, M.; Johnston; Jones; Kading; Karls; Kasper; Kempenich; Kiefert; Koppelman, B.; Koppelman, K.; Kreidt; Laning; Lefor; Longmuir; Louser; Maragos; Martinson; McWilliams; Meier; Mitskog; Mock; Monson; Nathe; Nelson, J.; Nelson, M.; Oliver; Olson; Owens; Paur; Pollert; Porter; Pyle; Roers Jones; Rohr; Ruby, D.; Ruby, M.; Sanford; Satrom; Schatz; Schmidt; Schobinger; Schreiber-Beck; Seibel; Simons; Skroch; Steiner; Streyle; Sukut; Toman; Trottier; Vetter; Vigasaa; Weisz; Westlind; Zubke; Speaker Bellew

**NAYS:** Anderson, P.; Dobervich; Guggisberg; Hanson; Hogan; Magrum; O'Brien; Schneider

**ABSENT AND NOT VOTING:** Becker, Rick C.; Grueneich; Johnson, D.; Keiser; Klemin; Marschall

The House overrode the Governor's veto of HB 1019, as enrolled.

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#### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

**REP. STREYLE MOVED** that the conference committee report on Engrossed SB 2018 be adopted, which motion prevailed on a voice vote.

Engrossed SB 2018, as amended, was placed on the Fourteenth order of business.

**SECOND READING OF SENATE BILL**

**SB 2018:** A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce; to provide exemptions; to provide for transfers; to provide for a report; and to declare an emergency.

**ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 63 YEAS, 25 NAYS, 0 EXCUSED, 6 ABSENT AND NOT VOTING.

**YEAS:** Anderson, B.; Anderson, D.; Anderson, P.; Beadle; Becker, Rich S.; Blum; Boehning; Bosch; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Dockter; Hanson; Hatlestad; Headland; Heinert; Hogan; Holman; Howe; Johnson, C.; Johnson, M.; Jones; Karls; Kempenich; Kiefert; Kreidt; Lefor; Longmuir; Maragos; Martinson; Meier; Mitskog; Mock; Monson; Nathe; Nelson, J.; O'Brien; Oliver; Owens; Pollert; Porter; Pyle; Roers Jones; Rohr; Sanford; Satrom; Schatz; Schmidt; Schneider; Schobinger; Schreiber-Beck; Seibel; Steiner; Streyle; Sukut; Trottier; Vetter; Vigesaa; Westlind; Zubke

**NAYS:** Boe; Delzer; Devlin; Dobervich; Ertelt; Guggisberg; Johnston; Kading; Kasper; Koppelman, B.; Koppelman, K.; Laning; Louser; Magrum; McWilliams; Nelson, M.; Olson; Paur; Ruby, D.; Ruby, M.; Simons; Skroch; Toman; Weisz; Speaker Bellew

**ABSENT AND NOT VOTING:** Becker, Rick C.; Grueneich; Johnson, D.; Keiser; Klemin; Marschall

Engrossed SB 2018, as amended, passed and the emergency clause was declared carried.

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**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House does not concur in the Senate amendments to HB 1015, and the Speaker has appointed as a new conference committee to act with a like committee from the Senate on:

**HB 1015:** Reps. Delzer; Carlson; Mock

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report, subsequently passed, and the emergency clause carried: SB 2018.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has overridden the Governor's veto on HB 1019. The vote was 80 YEAS, 8 NAYS, 6 ABSENT AND NOT VOTING, and your favorable consideration is requested.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has sustained the Governor's veto on HB 1201. The vote was 49 YEAS, 39 NAYS, 6 ABSENT AND NOT VOTING.

**MOTION**

**REP. VIGESAA MOVED** that the absent members be excused, which motion prevailed on a voice vote.

**MOTION**

**REP. VIGESAA MOVED** that the House be on the Fourth, Fifth, Ninth, and Thirteenth orders of business and at the conclusion of those orders, the House stand adjourned until 8:00 a.m., Thursday, April 27, 2017, which motion prevailed on a voice vote.

The House stood adjourned pursuant to Representative Vigesaa's motion.

**Buell J. Reich, Chief Clerk**