

**FIRST ENGROSSMENT
with Conference Committee Amendments
ENGROSSED SENATE BILL NO. 2206**

Introduced by

Senators Bekkedahl, Burckhard, Cook

Representatives Dockter, Nathe, Weisz

1 A BILL for an Act to create and enact chapter 50-34 and a new section to chapter 57-20 of the
2 North Dakota Century Code, relating to the transition of funding responsibility for county social
3 services from the counties to the state and a credit against payments in lieu of taxes paid by
4 centrally assessed companies; to amend and reenact sections 11-23-01, 50-01.2-03.2,
5 50-06-05.8, 50-06-20.1, and 50-06.2-04, subsection 3 of section 57-15-01.1, section
6 57-15-06.7, and subdivision c of subsection 1 of section 57-20-07.1 of the North Dakota
7 Century Code, relating to county and multicounty social service board budgets, the human
8 service grant program, county general fund levy limitations, and property tax statements; to
9 suspend chapter 50-03 and sections 50-06-20.1 and 50-06.2-05 of the North Dakota Century
10 Code, relating to county human services funds, the human services grant program, and county
11 human services levy authority; to repeal section 57-20-07.2 of the North Dakota Century Code,
12 relating to the state-paid property tax relief credit; to provide for a report to the legislative
13 management; to provide for a legislative management study; to provide an appropriation; to
14 provide for a transfer; to provide an exemption; to provide an effective date; and to provide an
15 expiration date.

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

17 **SECTION 1. AMENDMENT.** Section 11-23-01 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **11-23-01. Officers required to furnish commissioners with departmental budget.**

20 4. Every officer in charge of any institution, office, or undertaking supported wholly or in
21 part by the county shall file with the board of county commissioners a departmental budget that
22 is prescribed by the state auditor. The departmental budget must include an itemized statement
23 of the estimated amount of money that will be required for the maintenance, operation, or

1 improvement of the institution, office, or undertaking for the ensuing year. The board of county
2 commissioners may require additional information to clarify the departmental budget.

3 2. a. ~~The departmental budget submitted by the county social service board in 2015-~~
4 ~~for the 2016 budget may not exceed an amount determined using the~~
5 ~~departmental budget submitted in 2014 by the county social service board as a~~
6 ~~starting point, subtracting the reduction in the county's social service funding~~
7 ~~responsibility for 2014 derived from transferring the county social service costs~~
8 ~~identified in this subdivision from the county social service board to the~~
9 ~~department of human services, and applying to the resulting amount the~~
10 ~~percentage salary and benefits increase provided by legislative appropriations for~~
11 ~~state employees for taxable year 2015. For purposes of this subdivision, the~~
12 ~~reduction in the county's social service funding responsibility derived from~~
13 ~~transferring the county social service costs identified in this subdivision from the~~
14 ~~county social service board to the department of human services includes the~~
15 ~~following:~~

16 (1) ~~Foster care and subsidized adoption costs that would have been paid by the~~
17 ~~county after December 31, 2015;~~

18 (2) ~~The county's share of grant costs for medical assistance in the form of~~
19 ~~payments for care furnished to recipients of therapeutic foster care services~~
20 ~~which would have been paid by the county after December 31, 2015;~~

21 (3) ~~The county's share of the costs for service payments to the elderly and~~
22 ~~disabled which would have been paid by the county after December 15,~~
23 ~~2015;~~

24 (4) ~~The county's share of salary and benefits for family preservation services~~
25 ~~pursuant to section 50-06-05.8 which would have been paid by the county~~
26 ~~after December 31, 2015;~~

27 (5) ~~The county's share of the cost of the electronic benefits transfers for the~~
28 ~~supplemental nutrition assistance program which would have been paid by~~
29 ~~the county after December 31, 2015; and~~

30 (6) ~~The computer processing costs which would have been paid by the county~~
31 ~~after December 31, 2015, which exceed the county's costs of operation of~~

1 the technical-eligibility computer system in calendar year 1995 increased by
2 the increase in the consumer price index for all urban consumers (all items,
3 United States city average) after January 1, 1996.

4 b. The departmental budget submitted by the county social service board in 2016
5 for the 2017 budget may not exceed an amount determined using the 2015
6 departmental budget as a starting point and applying to that amount the
7 percentage salary and benefits increase provided by legislative appropriations for
8 state employees for 2016.

9 e. The budget must include a statement identifying the total savings to the county
10 as shown by a reduction in the amounts that otherwise would have been paid by
11 the county to the department of human services for the costs identified in
12 subdivision a. The department of human services shall determine the appropriate
13 amount of what each county's costs would have been to help identify each
14 county's total savings.

15 The county share of the human service budget must be funded entirely from
16 the county's property tax levy for that purpose and the county may not use funds
17 from any other source to supplement the human services budget, with the
18 exception that the county may make use of the identifiable amount of other
19 sources the county has used to supplement its human services budget for 2015
20 and the county may use grant funds that may be available to the county under
21 section 50-06-20.1.

22 d. The department of human services shall develop a process to review a request
23 from a county social service board for any proposed increase in staff needed as a
24 result of significantly increased caseloads for state-funded human services
25 programs, if the increase in staff would result in the county exceeding the budget
26 limitation established under this subsection. As part of its review process, the
27 department shall review countywide caseload information and consider the option
28 of multicounty sharing of staff. If the department approves a request for a
29 proposed increase in staff, the county budget limitation established under
30 subdivision b may be increased by the amount determined necessary by the
31 department to fund the approved additional staff.

1 **SECTION 2. AMENDMENT.** Section 11-23-01 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **11-23-01. Officers required to furnish commissioners with departmental budget.**

4 1. Every officer in charge of any institution, office, or undertaking supported wholly or in
5 part by the county shall file with the board of county commissioners a departmental
6 budget that is prescribed by the state auditor. The departmental budget must include
7 an itemized statement of the estimated amount of money that will be required for the
8 maintenance, operation, or improvement of the institution, office, or undertaking for the
9 ensuing year. The board of county commissioners may require additional information
10 to clarify the departmental budget.

11 2. a. The departmental budget submitted by the county social service board in
12 ~~2015~~2019 for the ~~2016~~2020 budget may not exceed an amount determined using
13 the departmental budget submitted in ~~2014~~2016 by the county social service
14 board as a starting point, subtracting the reduction in the county's social service
15 funding responsibility for ~~2014~~2016 derived from transferring the county social
16 service costs identified in this subdivision from the county social service board to
17 the department of human services, and applying to the resulting amount the
18 percentage salary and benefits increase provided by legislative appropriations for
19 state employees for taxable year ~~2015~~2019. For purposes of this subdivision, the
20 reduction in the county's social service funding responsibility derived from
21 transferring the county social service costs identified in this subdivision from the
22 county social service board to the department of human services includes the
23 following:

24 (1) Foster care and subsidized adoption costs that would have been paid by the
25 county after December 31, 2015;

26 (2) The county's share of grant costs for medical assistance in the form of
27 payments for care furnished to recipients of therapeutic foster care services
28 which would have been paid by the county after December 31, 2015;

29 (3) The county's share of the costs for service payments to the elderly and
30 disabled which would have been paid by the county after December 15,
31 2015;

- 1 (4) The county's share of salary and benefits for family preservation services
2 pursuant to section 50-06-05.8 which would have been paid by the county
3 after December 31, 2015;
- 4 (5) The county's share of the cost of the electronic benefits transfers for the
5 supplemental nutrition assistance program which would have been paid by
6 the county after December 31, 2015; and
- 7 (6) The computer processing costs which would have been paid by the county
8 after December 31, 2015, which exceed the county's costs of operation of
9 the technical eligibility computer system in calendar year 1995 increased by
10 the increase in the consumer price index for all urban consumers (all items,
11 United States city average) after January 1, 1996.
- 12 ~~b. The departmental budget submitted by the county social service board in 2016-~~
13 ~~for the 2017 budget may not exceed an amount determined using the 2015-~~
14 ~~departmental budget as a starting point and applying to that amount the-~~
15 ~~percentage salary and benefits increase provided by legislative appropriations for-~~
16 ~~state employees for 2016.~~
- 17 ~~e. The budget must include a statement identifying the total savings to the county-~~
18 ~~as shown by a reduction in the amounts that otherwise would have been paid by-~~
19 ~~the county to the department of human services for the costs identified in-~~
20 ~~subdivision a. The department of human services shall determine the appropriate-~~
21 ~~amount of what each county's costs would have been to help identify each-~~
22 ~~county's total savings.~~
- 23 The county share of the human service budget must be funded entirely from the
24 county's property tax levy for that purpose and the county may not use funds
25 from any other source to supplement the human services budget, with the
26 exception that the county may make use of the identifiable amount of other
27 sources the county has used to supplement its human services budget for 2015
28 and the county may use grant funds that may be available to the county under
29 section 50-06-20.1.
- 30 ~~d.c.~~ The department of human services shall develop a process to review a request
31 from a county social service board for any proposed increase in staff needed as a

1 result of significantly increased caseloads for state-funded human services
2 programs, if the increase in staff would result in the county exceeding the budget
3 limitation established under this subsection. As part of its review process, the
4 department shall review countywide caseload information and consider the option
5 of multicounty sharing of staff. If the department approves a request for a
6 proposed increase in staff, the county budget limitation established under
7 subdivision b may be increased by the amount determined necessary by the
8 department to fund the approved additional staff.

9 **SECTION 3. AMENDMENT.** Section 50-01.2-03.2 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **50-01.2-03.2. County duties –~~Financing in exceptional circumstances.~~**

12 4. Each county social service board shall administer, under the direction and supervision of
13 the department:

- 14 ~~a.1.~~ Locally administered economic assistance and social service programs;
- 15 ~~b.2.~~ Replacement programs with substantially similar goals, benefits, or objectives; and
- 16 ~~e.3.~~ When necessary, experimental, pilot, or transitional programs with substantially similar
17 goals, benefits, or objectives.
- 18 2. ~~From the abstract of tax list prepared pursuant to section 57-20-04, each county shall~~
19 ~~annually provide the department of human services a report of the total mills levied for~~
20 ~~human service purposes pursuant to sections 50-03-01, 50-03-06, and 50-06.2-05,~~
21 ~~and the countywide value of a mill in each county. Upon receipt of reports from all~~
22 ~~counties, the department shall determine the statewide average of the mill levies and~~
23 ~~identify each county that levied ten mills more than that average. Each identified~~
24 ~~county is entitled to a share of funds appropriated for distribution under this~~
25 ~~subsection. Each identified county's share is determined by:~~
- 26 a. ~~Reducing its mill levy necessary to meet the costs of providing human services~~
27 ~~required under this title by the statewide average mill levy determined under this~~
28 ~~subsection plus ten mills;~~
- 29 b. ~~Determining the amount that could have been raised in that county and year~~
30 ~~through a mill levy in the amount calculated under subdivision a;~~

- 1 e. ~~Totaling the amounts determined under subdivision b for all counties entitled to a~~
2 ~~distribution;~~
- 3 d. ~~Calculating a decimal fraction equal to each identified county's proportionate~~
4 ~~share of the total determined under subdivision c; and~~
- 5 e. ~~Multiplying that decimal fraction times one-half of the biennial appropriation.~~
- 6 3. ~~Notwithstanding any other provisions of law, the department shall reimburse county~~
7 ~~social service boards for expenses of locally administered economic assistance~~
8 ~~programs in counties in which the percentage of that county's average total~~
9 ~~supplemental nutrition assistance program caseload for the previous fiscal year which~~
10 ~~reside on federally recognized Indian reservation lands is ten percent or more. The~~
11 ~~reimbursement must be such that:~~
- 12 a. ~~An affected county's actual direct costs and indirect costs allocated based on a~~
13 ~~percentage of each county's direct economic assistance and social services~~
14 ~~costs for locally administered economic assistance programs will be reimbursed~~
15 ~~at the percentage of that county's average total supplemental nutrition assistance~~
16 ~~program caseload for the previous state fiscal year which reside on federally~~
17 ~~recognized Indian reservation land not to exceed ninety percent;~~
- 18 b. ~~The affected counties will receive quarterly payments based on the actual county~~
19 ~~direct and indirect costs, as provided in subdivision a, for the previous state fiscal~~
20 ~~year;~~
- 21 e. ~~At the end of each fiscal year the actual quarterly payments paid must be~~
22 ~~reconciled to the current year of calculation of actual direct and indirect costs as~~
23 ~~provided in subdivision a and supplemental nutrition assistance program~~
24 ~~caseload and counties must be compensated accordingly in the first quarter of~~
25 ~~the new fiscal year; and~~
- 26 d. ~~The reimbursement will be calculated for each county and reported to the county~~
27 ~~social service board prior to September first.~~

28 **SECTION 4. AMENDMENT.** Section 50-06-05.8 of the North Dakota Century Code is
29 amended and reenacted as follows:

1 **50-06-05.8. Department to assume certain costs of certain economic assistance and**
2 **social service programs.**

3 ~~Notwithstanding section 50-06.2-05, or any other provision in title 50 to the contrary, and in~~
4 ~~addition to the programs identified in section 50-06-20, the~~The department of human services
5 shall pay the ~~local~~each service area's expenses of administration incurred by a county ~~for~~
6 administering economic assistance and social service programs for calendar years after
7 December 31, 2015, for family preservation programs; a county's share of the cost of the
8 electronic benefits transfers for the supplemental nutrition assistance program incurred after
9 December 31, 2015; and the computer processing costs incurred by the county after December
10 31, 2015, which exceed the county's costs of operation of the technical eligibility computer
11 system in calendar year 1995 increased by the increase in the consumer price index for all
12 urban consumers (all items, United States city average) after January 1, 19962017, based on
13 the formula payment amount calculated for each service area under chapter 50-34.

14 **SECTION 5. AMENDMENT.** Section 50-06-05.8 of the North Dakota Century Code is
15 amended and reenacted as follows:

16 **50-06-05.8. Department to assume certain costs of certain social service programs.**

17 Notwithstanding section 50-06.2-05, or any other provision in title 50 to the contrary, and in
18 addition to the programs identified in section 50-06-20, the department of human services shall
19 pay the local expenses of administration incurred by a county after December 31, 20152019, for
20 family preservation programs; a county's share of the cost of the electronic benefits transfers for
21 the supplemental nutrition assistance program incurred after December 31, 20152019; and the
22 computer processing costs incurred by the county after December 31, 20152019, which exceed
23 the county's costs of operation of the technical eligibility computer system in calendar year 1995
24 increased by the increase in the consumer price index for all urban consumers (all items, United
25 States city average) after January 1, 1996.

26 **SECTION 6. AMENDMENT.** Section 50-06-20.1 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **50-06-20.1. Human services grant program - Eligible counties - Reports.**

29 1. ~~If the authority for counties to use emergency expenditures to address an emergency~~
30 ~~created by unusual and unanticipated demands on the counties' human services fund~~
31 ~~under chapter 50-03 is eliminated, the~~The department shall establishadminister a

1 grant program to assist certain counties. An eligible county is one that historically has
2 utilized the emergency expenditures process set forth in chapter 50-03 and which is
3 adjacent to or part of an Indian reservation in this state, which contains Indian trust
4 lands within the service area of a federally recognized Indian tribe which are occupied
5 by enrolled members of that tribe, or which includes the state hospital created
6 pursuant to subsection 8 of section 12 of article IX of the Constitution of North Dakota.

- 7 2. The grant program established in this section must be implemented through
8 rulemaking under chapter 28-32. The department ~~may adopt emergency rules, without~~
9 ~~application of the grounds for emergency rulemaking otherwise required under section~~
10 ~~28-32-03, to set out the policies and procedures for the disbursement of grants and~~
11 may not award more than one million nine hundred thousand dollars during the first
12 year of a biennium, and no more than two million dollars during the second year of a
13 biennium. The department shall notify a county of its approved funding no later than
14 September first of each year of the biennium. The department shall issue an annual
15 payment to counties receiving funds under this chapter in January of each year of the
16 biennium.
- 17 3. The department shall report to the budget section annually and to the appropriations
18 committees of the ~~sixty-fifth~~sixty-seventh legislative assembly and each succeeding
19 legislative assembly on the funding approved under this section.

20 **SECTION 7. AMENDMENT.** Section 50-06.2-04 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **50-06.2-04. Powers and duties of county agencies.**

23 Each county agency has the following powers and duties under this chapter:

- 24 1. To administer comprehensive human services programs for individuals and families at
25 the county level in conformity with state and federal requirements under the direction
26 and supervision of the state agency.
- 27 2. To publish and provide to the state agency a county human services plan which must
28 include the following:
- 29 a. A statement of the goals of county human services programs in the county.
- 30 b. Methods used to identify persons in need of services and the social problems to
31 be addressed by the county human services programs.

- 1 c. A description of each county human service proposed and identification of the
2 agency or person proposed to provide the service.
3 d. The amount of money proposed to be allocated to each service.
4 e. An agreement to make available those human services required by state law and
5 by federal law or regulation as a condition for the receipt of federal financial
6 participation in programs administered by county agencies under the provisions
7 of this title.

8 The date of submission of the county human services plan to the state agency must
9 be determined so that the plan is coordinated with the proposed and final
10 comprehensive human services plan.

11 3. To make available the human services detailed in the comprehensive human services
12 plan which the county agency has included in the approved county plan and to provide
13 such other human services as the county agency determines essential in effectuating
14 the purposes of this chapter within the county. To the extent funding is available under
15 section 50-06.2-03 and chapter 50-24.1, the county plan must include the services
16 enumerated in those sections. The county agency shall make these services available
17 to any individual requesting service and determined eligible on the basis of a
18 functional assessment conducted in accordance with state and federal laws and
19 regulations. The individual shall pay for the services in accordance with a fee scale
20 based on family size and income. The county agency may contract with any qualified
21 service provider in its provision of those enumerated services.

22 4. To submit annually to the board of county commissioners a budget containing an
23 estimate and supporting data, setting forth the county funds needed to carry out the
24 provisions of this chapter.

25 **SECTION 8.** Chapter 50-34 of the North Dakota Century Code is created and enacted as
26 follows:

27 **50-34-01. State-paid economic assistance and social service pilot program -**

28 **Application - Report.**

29 1. The department of human services shall administer a state-wide pilot program for
30 state funding of staffing and administrative costs related to the administration of
31 economic assistance and social service programs.

- 1 2. Payments must be distributed to service areas pursuant to the formula in section
2 50-34-04 with the first formula payment distributions commencing in January 2018.
- 3 3. Services areas shall cooperate with the department of human service to adopt
4 administrative and operational cost savings methodologies and determine options for
5 consolidations.
- 6 4. The director shall appoint a committee to study the operation of the pilot program and
7 develop a plan for the permanent implementation of the formula established in section
8 50-34-04.
- 9 5. Before November 1, 2018, the department of human services shall report to the
10 legislative management on the status of the pilot program and the development of a
11 plan for permanent implementation of the formula established in section 50-34-04. The
12 implementation plan must include recommendations for caseloads and outcomes for
13 social services, designated child welfare services, and economic assistance;
14 considerations regarding the delivery of county social services to ensure appropriate
15 and adequate levels of service continue; options for efficiencies and aggregation;
16 analysis of the potential reduction in social service offices, organizations, and staff due
17 to consolidations; the feasibility and desirability of, and potential timeline for,
18 transitioning county social service staff to the department of human services; and
19 considerations for oversight and chain of command within social services and human
20 services. The implementation plan must be submitted to the sixty-sixth legislative
21 assembly as part of the department of human services budget request and identify the
22 estimated biennial cost of the plan.

23 **50-34-02. Definitions.**

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

- 25 1. "Base year" means calendar year 2015.
- 26 2. "Case-month" means the provision of economic assistance or social services to one
27 individual for the period of one month or the provision of energy assistance through
28 the low income home energy assistance program for the period beginning October first
29 of each year and ending May thirty-first of the following year.
- 30 3. "Director" means the executive director of the department of human services or the
31 executive director's designee.

1 4. "Service area" means a county or consolidated group of counties administering
2 economic assistance and social service programs within a designated area.

3 **50-34-03. Formula payments to service areas - Distributions by the director.**

4 1. The director shall calculate the total formula payment for each service area pursuant
5 to section 50-34-04 for each calendar year based on each service area's most recently
6 available case-month data. The director shall notify each service area of the amount of
7 its formula payment for calendar year 2018 on or before August 15, 2017, and for
8 calendar year 2019 on or before June 1, 2018.

9 2. The director shall distribute fifty percent of the amount of each service area's formula
10 payment determined under subsection 1, within the limits of legislative appropriation,
11 on or before January tenth.

12 3. a. By June first of each year, the director shall recalculate the total formula payment
13 for each service area pursuant to section 50-34-04 for the current calendar year
14 based on each service area's most recently available case-month data.

15 b. If the recalculated formula payment results in an increase of five percent or less
16 or a decrease of five percent or less as compared to the formula payment
17 determined under subsection 1, the director shall distribute fifty percent of the
18 amount of each service area's formula payment determined under subsection 1,
19 within the limits of legislative appropriation, on or before June fifteenth.

20 c. If the recalculated formula payment results in an increase of more than five
21 percent as compared to the formula payment determined under subsection 1,
22 the director shall calculate the remainder of each service area's formula payment
23 by subtracting one hundred five percent of the amount determined under
24 subsection 1 from the amount determined under subdivision a and add the
25 resulting amount to the amount distributed under subsection 2. The director shall
26 distribute the remainder of each service area's formula payment as determined
27 under this subdivision, within the limits of legislative appropriation, on or before
28 June fifteenth.

29 d. If the recalculated formula payment results in a decrease of more than five
30 percent as compared to the formula payment determined under subsection 1, the
31 director shall calculate the remainder of each service area's formula payment by

1 subtracting ninety-five percent of the amount determined under subsection 1 from
2 the amount determined under subdivision a and add the resulting amount to the
3 amount distributed under subsection 2. The director shall distribute the remainder
4 of each service area's formula payment as determined under this subdivision,
5 within the limits of legislative appropriation, on or before June fifteenth.

6 4. For payments disbursed after calendar year 2018, the director shall subtract from a
7 service area's June fifteenth disbursement any amount exceeding the limitation under
8 section 50-34-05.

9 **50-34-04. Baseline funding amounts - Calculation of formula payment.**

10 1. The director shall calculate each service area's base year case-month totals and direct
11 gross expenditures. A service area's direct gross expenditures include the actual
12 amount expended within a service area in the base year for staffing and administrative
13 costs related to the administration of economic assistance and social service
14 programs as well as eligible federally allowable indirect costs. For purposes of this
15 subsection, "eligible federally allowable indirect costs" means twenty-five percent of
16 the average of the federally allowable indirect costs allocated to each service area in
17 calendar years 2012, 2013, and 2014.

18 2. The director shall calculate each service area's base rate per economic assistance
19 case-month by dividing the service area's economic assistance net expenditures by
20 the economic assistance case-months reported for the service area in the base year.
21 For purposes of this subsection, "economic assistance net expenditures" means the
22 amount calculated by subtracting the amount paid to the service area in the base year
23 for services reimbursed by medical assistance from the service area's economic
24 assistance base year gross expenditures.

25 3. The director shall calculate each service area's base rate per social service
26 case-month by dividing the service area's social service net expenditures by the social
27 service case-months reported for the service area in the base year. For purposes of
28 this subsection, "social service net expenditures" means the amount calculated by
29 subtracting the amount paid to the service area in the base year for services
30 reimbursed by medical assistance from the service area's social service base year
31 gross expenditures.

- 1 4. The director shall calculate the total formula payment by summing the following:
2 a. The product of the service area's rate per economic assistance case-month and
3 the service area's most recently available economic assistance caseload data.
4 b. The product of the service area's rate per social service case-month and the
5 service area's most recently available social service caseload data.

6 **50-34-05. Service area human services fund - Establishment - Fund balance**
7 **limitations.**

8 Each service area in this state shall maintain a fund to be known as the service area human
9 services fund. All expenditures by the service area for the relief of the needy must be paid from
10 the service area human services fund. If, due to unforeseen or other extenuating
11 circumstances, a service area's formula distribution payment is not sufficient to meet the
12 expenses of that service area, the board of county commissioners may approve a transfer from
13 the county's general fund to the service area human services fund upon a majority vote of all
14 members. The balance of moneys in the fund on January first of each year may not exceed five
15 hundred thousand dollars for a service area that had annual expenditures of two million dollars
16 or greater in calendar year 2015 or one hundred thousand dollars for a service area that had
17 annual expenditures of less than two million dollars in calendar year 2015.

18 **50-34-06. Service area human services fund - Transfer.**

19 If on January 1, 2018, the balance of a service area human services fund exceeds the
20 limitations in section 50-34-05, the county treasurer shall transfer the amount exceeding the
21 limitations in section 50-34-05 to the designated county general fund within that service area. A
22 county receiving a transfer shall reduce its county general fund mill levy for taxable year 2018
23 by an equivalent amount. If the amount of a county's general fund mill levy is not sufficient to
24 account for the entire required reduction, the county shall reduce an additional county-wide mill
25 levy for taxable year 2018 to account for the remainder of the required reduction. If on
26 January 1, 2019, the balance of a service area human services fund exceeds the limitations in
27 section 50-34-05, the director shall reduce the service area's formula payment as directed in
28 subsection 4 of section 50-34-03.

29 **50-34-07. Authority to withhold funding.**

30 Notwithstanding subsection 2 of section 50-01.2-06, if a service area fails to perform duties
31 directed or assigned and supervised by the department of human services, the department of

1 human services may withhold funding from the service area. The amount withheld may not
2 exceed double the actual cost of the duty that was not performed, the per activity amount from
3 the formula, the cost to the department of human services, or the amount of a federal penalty
4 imposed as a result of the duty that was not performed.

5 **50-34-08. Social services finance fund.**

6 The social services finance fund is a special fund in the state treasury. Moneys in the fund
7 may be used, subject to legislative appropriation, for the provision of formula payments to
8 service areas pursuant to this chapter.

9 **SECTION 9. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota
10 Century Code is amended and reenacted as follows:

- 11 3. A taxing district may elect to levy the amount levied in dollars in the base year. Any
12 levy under this section must be specifically approved by a resolution approved by the
13 governing body of the taxing district. Before determining the levy limitation under this
14 section, the dollar amount levied in the base year must be:
- 15 a. Reduced by an amount equal to the sum determined by application of the base
16 year's calculated mill rate for that taxing district to the final base year taxable
17 valuation of any taxable property and property exempt by local discretion or
18 charitable status which is not included in the taxing district for the budget year but
19 was included in the taxing district for the base year.
 - 20 b. Increased by an amount equal to the sum determined by the application of the
21 base year's calculated mill rate for that taxing district to the final budget year
22 taxable valuation of any taxable property or property exempt by local discretion or
23 charitable status which was not included in the taxing district for the base year
24 but which is included in the taxing district for the budget year.
 - 25 c. Reduced to reflect expired temporary mill levy increases authorized by the
26 electors of the taxing district. For purposes of this subdivision, an expired
27 temporary mill levy increase does not include a school district general fund mill
28 rate exceeding one hundred ten mills which has expired or has not received
29 approval of electors for an extension under subsection 2 of section 57-64-03.

- 1 d. ~~If the base year is a taxable year before 2013, reduced~~Reduced by the amount of
2 state aid under chapter 15.1-27, which is determined by multiplying the budget
3 year taxable valuation of the school district by the lesser of:
4 (1) ~~The~~ the base year mill rate of the school district minus sixty mills; or
5 (2) ~~Fifty~~ fifty mills, if the base year is a taxable year before 2013.
6 e. ~~If~~Reduced by the base year human services county levy in dollars if the base
7 year is a taxable year before 2016,2017 ~~the base year human services county~~
8 levy in dollars must be reduced to the amount of the county social service board
9 budget levy for the budget year as determined under section ~~11-23-01.~~

10 **SECTION 10. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota
11 Century Code is amended and reenacted as follows:

- 12 3. A taxing district may elect to levy the amount levied in dollars in the base year. Any
13 levy under this section must be specifically approved by a resolution approved by the
14 governing body of the taxing district. Before determining the levy limitation under this
15 section, the dollar amount levied in the base year must be:
16 a. Reduced by an amount equal to the sum determined by application of the base
17 year's calculated mill rate for that taxing district to the final base year taxable
18 valuation of any taxable property and property exempt by local discretion or
19 charitable status which is not included in the taxing district for the budget year but
20 was included in the taxing district for the base year.
21 b. Increased by an amount equal to the sum determined by the application of the
22 base year's calculated mill rate for that taxing district to the final budget year
23 taxable valuation of any taxable property or property exempt by local discretion or
24 charitable status which was not included in the taxing district for the base year
25 but which is included in the taxing district for the budget year.
26 c. Reduced to reflect expired temporary mill levy increases authorized by the
27 electors of the taxing district. For purposes of this subdivision, an expired
28 temporary mill levy increase does not include a school district general fund mill
29 rate exceeding one hundred ten mills which has expired or has not received
30 approval of electors for an extension under subsection 2 of section 57-64-03.

- 1 d. ~~If the base year is a taxable year before 2013, reduced~~Reduced by the amount of
2 state aid under chapter 15.1-27, which is determined by multiplying the budget
3 year taxable valuation of the school district by the lesser of:
4 (1) ~~The~~the base year mill rate of the school district minus sixty mills; or
5 (2) ~~Fifty~~fifty mills, if the base year is a taxable year before 2013.
6 e. ~~If the base year is a taxable year before 2016, the base year human services-~~
7 ~~county levy in dollars must be reduced to the amount of the county social service-~~
8 ~~board budget levy for the budget year as determined under section-~~
9 ~~11-23-01~~Increased by the highest amount received by the taxing district in a
10 taxable year under chapter 50-34.

11 **SECTION 11. AMENDMENT.** Section 57-15-06.7 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **57-15-06.7. Additional levies - Exceptions to tax levy limitations in counties.**

14 The tax levy limitations specified in section 57-15-06 do not apply to the following mill
15 levies, which are expressed in mills per dollar of taxable valuation of property in the county:

- 16 1. A county supporting an airport or airport authority may levy a tax not exceeding four
17 mills in accordance with section 2-06-15.
18 2. A county levying a tax for extension work as provided in section 4-08-15 may levy a
19 tax not exceeding two mills and if a majority of the electors of the county have
20 approved additional levy authority under section 4-08-15, the county may levy a
21 voter-approved tax not exceeding an additional tax of two mills.
22 3. A county levying a tax for historical works in accordance with section 11-11-53 may
23 levy a tax not exceeding one-quarter of one mill, except that if sixty percent of the
24 qualified electors voting on the question of a levy limit increase as provided in section
25 11-11-53 shall approve, the tax levy limitation may be increased to not exceeding
26 three-quarters of one mill.
27 4. A county levying a tax for a county or community hospital association as provided in
28 section 23-18-01 may levy a tax for not more than five years not exceeding eight mills
29 in any one year or, in the alternative, for not more than ten years at a mill rate not
30 exceeding five mills.

- 1 5. A county levying a tax for county roads and bridges as provided in section 24-05-01
2 may levy a tax at a tax rate not exceeding ten mills. When authorized by a majority of
3 the qualified electors voting upon the question at a primary or general election in the
4 county, the county commissioners may levy and collect an additional tax for road and
5 bridge purposes as provided in section 24-05-01, not exceeding a combined additional
6 tax rate of twenty mills.
- 7 6. A county levying a tax to establish and maintain a public library service as provided in
8 section 40-38-02 may levy a tax not exceeding four mills.
- 9 7. A county levying a tax for a county veterans' service officer's salary, traveling, and
10 office expenses in accordance with section 57-15-06.4 may levy a tax not exceeding
11 two mills.
- 12 8. A county levying a tax for capital projects under section 57-15-06.6 may levy a tax not
13 exceeding ten mills. When authorized by a majority of the qualified electors voting
14 upon the question of a specific capital project or projects at a primary or general
15 election in the county, the county commissioners may levy and collect an additional
16 voter-approved tax for capital projects under section 57-15-06.6 not exceeding a tax
17 rate of ten mills per dollar of the taxable valuation of property in the county. After
18 January 1, 2015, approval or re-authorization by electors of increased levy authority
19 under this subsection may not be effective for more than ten taxable years. Any
20 voter-approved levy in excess of ten mills for the purposes specified in section
21 57-15-06.6 approved by the electors before January 1, 2015, remains effective
22 through 2024 or the period of time for which it was approved by the electors,
23 whichever is less, under the provisions of law in effect at the time it was approved.
- 24 9. A county levying a tax for emergency purposes as provided in section 57-15-28 may
25 levy a tax not exceeding two mills in a county with a population of thirty thousand or
26 more, four mills in a county with a population under thirty thousand but more than five
27 thousand, or six mills in a county with a population of five thousand or fewer.
- 28 10. A county levying a tax for county emergency medical service according to section
29 57-15-50 may levy a tax not exceeding ten mills.
- 30 11. A county levying a tax for weed control as provided in section 4.1-47-14 may levy a tax
31 not exceeding four mills.

- 1 12. A county levying a tax for programs and activities for senior citizens according to
2 section 57-15-56 may levy a tax not exceeding two mills.
- 3 13. Tax levies made for paying the principal and interest on any obligations of the county
4 evidenced by the issuance of bonds.
- 5 14. A county levying a tax for a job development authority as provided in section
6 11-11.1-04 may levy a tax not exceeding four mills on the taxable valuation of property
7 within the county. However, if any city within the county is levying a tax for support of a
8 job development authority and the total of the county and city levies exceeds four
9 mills, the county tax levy within the city levying under subsection 12 of section
10 57-15-10 must be reduced so the total levy in the city does not exceed four mills.
- 11 ~~15. A county levying an annual tax for human services purposes as provided in section~~
12 ~~50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the number of~~
13 ~~mills determined by dividing the county budget limitation in dollars as determined~~
14 ~~under section 11-23-01 by the taxable valuation of the county.~~
- 15 ~~16.~~ A levy for an extraordinary expenditure under section 11-11-24 approved by the
16 electors of the county before January 1, 2015, may continue to be levied and collected
17 under provisions of law in effect when the levy was approved and for the term it was
18 approved by the electors. When the levy authority for an extraordinary expenditure
19 ends under this subsection, the fund must be closed out and any unobligated balance
20 in the fund must be transferred to the county general fund.
- 21 ~~17.~~16. Levies dedicated under section 57-15-59 before January 1, 2015, for lease payments
22 may be continued to be levied and collected for the duration of the lease. When the
23 levy authority for lease payments ends under this subsection, the fund must be closed
24 out and any unobligated balance in the fund must be transferred to the county general
25 fund. A lease for county facilities effective after December 31, 2014, is subject to the
26 capital projects levy limitations of section 57-15-06.6.
- 27 Tax levy or mill levy limitations do not apply to any statute which expressly provides that taxes
28 authorized to be levied therein are not subject to mill levy limitations provided by law.
- 29 **SECTION 12. AMENDMENT.** Subdivision c of subsection 1 of section 57-20-07.1 of the
30 North Dakota Century Code is amended and reenacted as follows:

1 c. Provide information identifying the property tax savings provided by the state of
2 North Dakota. The tax statement must include a line item that is entitled
3 "legislative tax relief" and identifies the dollar amount of property tax savings
4 realized by the taxpayer under chapter 15.1-27 ~~and under~~ section 57-20-07.2 for
5 taxable years before 2017, and chapter 50-34 for taxable years after 2016.

6 (1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27
7 is determined by multiplying the taxable value for the taxable year for each
8 parcel shown on the tax statement by the number of mills of mill levy
9 reduction grant under chapter 57-64 for the 2012 taxable year plus the
10 number of mills determined by subtracting from the 2012 taxable year mill
11 rate of the school district in which the parcel is located the lesser of:

12 (1) (a) Fifty mills; or

13 (2) (b) The 2012 taxable year mill rate of the school district minus sixty mills.

14 (2) Legislative tax relief under chapter 50-34 is determined by multiplying the
15 taxable value for the taxable year for each parcel shown on the tax
16 statement by the number of mills determined by dividing the amount
17 calculated in subsection 1 of section 50-34-03 by the taxable value of
18 taxable property in the county for the taxable year.

19 **SECTION 13. AMENDMENT.** Subdivision c of subsection 1 of section 57-20-07.1 of the
20 North Dakota Century Code is amended and reenacted as follows:

21 c. Provide information identifying the property tax savings provided by the state of
22 North Dakota. The tax statement must include a line item that is entitled
23 "legislative tax relief" and identifies the dollar amount of property tax savings
24 realized by the taxpayer under chapter 50-34 for taxable years 2017 and 2018
25 and under chapter 15.1-27 ~~and under section 57-20-07.2~~. For purposes of this
26 subdivision, legislative tax relief under chapter 15.1-27 is determined by
27 multiplying the taxable value for the taxable year for each parcel shown on the
28 tax statement by the number of mills of mill levy reduction grant under chapter
29 57-64 for the 2012 taxable year plus the number of mills determined by
30 subtracting from the 2012 taxable year mill rate of the school district in which the
31 parcel is located the lesser of:

1 (1) Fifty mills; or

2 (2) The 2012 taxable year mill rate of the school district minus sixty mills.

3 **SECTION 14.** A new section to chapter 57-20 of the North Dakota Century Code is created
4 and enacted as follows:

5 **Centrally assessed company credit against payments in lieu of taxes.**

6 1. The owner, operator, or lessee of transmission lines, for which payments in lieu of
7 property taxes are assessed by the state board of equalization under section
8 57-06-17.3, is entitled to a credit against tax in the amount provided in subsection 3.

9 The credit for each transmission company must be allocated to the counties in the
10 same manner as the tax collected from that company is allocated.

11 2. The owner, operator, or lessee of electric transmission or distribution property, for
12 which payments in lieu of property taxes are assessed by the state board of
13 equalization under sections 57-33.2-02 or 57-33.2-03, is entitled to a credit against the
14 transmission or distribution tax in the amount provided in subsection 3. The credit for
15 each transmission or distribution company must be allocated and distributed to
16 counties in the same manner as the tax collected from that company is allocated.

17 3. The amount of credit is determined by multiplying the company's assessed tax by a
18 fraction, the numerator of which is the total of all formula payments calculated for the
19 subsequent calendar year under section 50-34-03 and the denominator of which is the
20 total statewide ad valorem property tax levied in the prior taxable year.

21 4. The tax commissioner shall annually calculate the amount of credit to which a
22 company is entitled under this section.

23 **SECTION 15. SUSPENSION.** Chapter 50-03 and section 50-06-20.1 of the North Dakota
24 Century Code are suspended.

25 **SECTION 16. SUSPENSION.** Section 50-06.2-05 of the North Dakota Century Code is
26 suspended.

27 **SECTION 17. REPEAL.** Section 57-20-07.2 of the North Dakota Century Code is repealed.

28 **SECTION 18. LEGISLATIVE MANAGEMENT STUDY - PROPERTY TAX SYSTEM.** During
29 the 2017-18 interim, the legislative management shall consider studying the property tax
30 system, with emphasis on the feasibility and desirability of providing property tax reform and
31 relief. The study must include consideration of all property classifications and taxing districts

1 and evaluate historical fluctuations in property values, the transparency of the property tax
2 system, the processes and procedures available to taxpayers to contest valuations and
3 assessments, the manner in which property tax information is provided to taxpayers, the
4 process of determining taxing district budgets, and taxpayer participation and input in the
5 property tax system. The legislative management shall report its findings and recommendations,
6 together with any legislation required to implement the recommendations, to the sixty-sixth
7 legislative assembly.

8 **SECTION 19. FUNDING FOR STATE-PAID ECONOMIC ASSISTANCE AND SOCIAL**
9 **SERVICES PILOT PROGRAM - APPROPRIATION - DEPARTMENT OF HUMAN SERVICES.**

10 A total of \$160,700,000 is available to the department of human services for the state-paid
11 economic assistance and social services pilot program for the biennium beginning July 1, 2017,
12 and ending June 30, 2019, as follows:

- 13 1. There is appropriated out of any moneys in the social services finance fund in the
14 state treasury, not otherwise appropriated, the sum of \$134,700,000, or so much of the
15 sum as may be necessary, to the department of human services for the purpose of
16 defraying the expenses of the state-paid economic assistance and social services pilot
17 program for the biennium beginning July 1, 2017, and ending June 30, 2019.
- 18 2. The department of human services shall also use \$26,000,000 from the department of
19 human services' general fund appropriation in House Bill No. 1012, as approved by
20 the sixty-fifth legislative assembly, for the purpose of defraying the expenses of the
21 state-paid economic assistance and social services pilot program for the biennium
22 beginning July 1, 2017, and ending June 30, 2019.

23 **SECTION 20. TRANSFER - TAX RELIEF FUND TO SOCIAL SERVICES FINANCE FUND.**

24 The office of management and budget shall transfer the sum of \$134,700,000 from the tax relief
25 fund to the social services finance fund during the biennium beginning July 1, 2017, and ending
26 June 30, 2019.

27 **SECTION 21. EXEMPTION - BUDGET ALLOTMENTS.** The sum of \$26,000,000
28 appropriated from the general fund to the department of human services for the state-paid
29 economic assistance and social services pilot program in House Bill No. 1012, as approved by
30 the sixty-fifth legislative assembly, is not subject to the provisions of section 54-44.1-12, and the
31 director of the office of management and budget may not include this amount in calculations

1 used to determine transfers from the budget stabilization fund under section 54-27.2-03 for the
2 biennium beginning July 1, 2017, and ending June 30, 2019.

3 **SECTION 22. EFFECTIVE DATE - EXPIRATION DATE.** Sections 9, 11, 12, and 16 of this
4 Act are effective for the first two taxable years beginning after December 31, 2016, and are
5 thereafter ineffective. Sections 14 and 17 of this Act are effective for taxable years beginning
6 after December 31, 2016. Sections 1, 3, 8, and 15 of this Act are effective August 1, 2017,
7 through July 31, 2019, and are thereafter ineffective. Sections 4 and 7 of this Act are effective
8 August 1, 2017, through December 31, 2019, and are thereafter ineffective. Sections 10 and 13
9 of this Act are effective for taxable years beginning after December 31, 2018. Sections 2 and 6
10 of this Act become effective on August 1, 2019. Section 5 of this Act becomes effective on
11 January 1, 2020.