

HOUSE BILL NO. 1015

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the various divisions
 2 under the supervision of the director of the office of management and budget; ~~and to provide an~~
 3 appropriation to the state treasurer; to amend and reenact sections 54-44.1-18, 54-44.4-07,
 4 54-44.4-08, 57-51.1-07.5, subsections 2 and 3 of section 57-51.1-07.7, and subsection 2 of
 5 section 57-51.1-07.8 of the North Dakota Century Code, relating to publishing political
 6 subdivision budgets, environmentally preferable products, the state share of oil and gas tax
 7 revenue allocations, the municipal infrastructure fund, and the county and township
 8 infrastructure fund; to repeal section 54-06-25 of the North Dakota Century Code, relating to the
 9 state employee compensation commission; to provide for a transfer; to provide for a claims
 10 payment; to provide compensation guidelines; to provide an exemption; to provide for a
 11 legislative management study; and to provide a report.

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

13 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
 14 as may be necessary, are appropriated out of any moneys in the general fund in the state
 15 treasury, not otherwise appropriated, and from special funds derived from federal funds and
 16 other income, to the office of management and budget for the purpose of defraying the
 17 expenses of the office of management and budget, for the biennium beginning July 1, 2021,
 18 and ending June 30, 2023, as follows:

	<u>Governor's</u>		
	<u>Base Level</u>	<u>Recommendation</u>	<u>Appropriation</u>
Salaries and wages	\$21,903,816	\$22,027,343	\$21,903,816
Operating expenses	14,937,426	16,764,730	14,937,426
Emergency commission contingency fund	500,000	0	500,000
Capital assets	767,125	143,534,619	767,125

Sixty-seventh
Legislative Assembly

1	Grants	54,000	0	54,000
2	Guardianship grants	1,950,000	1,950,000	1,950,000
3	Prairie public broadcasting	1,200,000	1,020,000	1,200,000
4	Community service supervision grants	350,000	297,500	350,000
5	State student internship program	0	200,000	0
6	Total all funds	\$41,662,367	\$185,794,192	\$41,662,367
7	Less estimated income	8,746,515	153,897,412	8,746,515
8	Total general fund	\$32,915,852	\$31,896,780	\$32,915,852
9	Full-time equivalent positions	112.00	108.00	112.00

		Adjustments or		
		Base Level	Enhancements	Appropriation
12	Salaries and wages	\$21,903,816	\$893,187	\$22,797,003
13	Operating expenses	14,937,426	492,702	15,430,128
14	Emergency commission contingency fund	500,000	(100,000)	400,000
15	Capital assets	767,125	4,767,494	5,534,619
16	Grants	54,000	(54,000)	0
17	Guardianship grants	1,950,000	100,000	2,050,000
18	Prairie public broadcasting	1,200,000	(400,000)	800,000
19	Community service supervision grants	350,000	(100,000)	250,000
20	State student internship program	0	100,000	100,000
21	Total all funds	\$41,662,367	\$5,699,383	\$47,361,750
22	Less estimated income	8,746,515	5,506,391	14,252,906
23	Total general fund	\$32,915,852	\$192,992	\$33,108,844
24	Full-time equivalent positions	112.00	0.00	112.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-EIGHTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-sixth legislative assembly for the 2019-21 biennium and the 2021-23 biennium one-time funding items included in the appropriation in section 1 of this Act:

	One-Time Funding Description	2019-21	2021-23
30	Extraordinary repairs	\$1,900,000	\$0
31	Capitol south entrance project	2,000,000	0

Sixty-seventh
Legislative Assembly

1	Special assessments on capitol grounds	320,000	0
2	Litigation funding pool	3,500,000	0
3	Assessment of state lands and facilities	500,000	0
4	Risk management technology project	170,000	0
5	State student internship program	250,000	0
6	Electronic procurement study	50,000	0
7	Total all funds	\$8,690,000	\$0
8	Less estimated income	8,390,000	0
9	Total general fund	\$300,000	\$0
10	Extraordinary repairs	\$1,900,000	\$500,000
11	Capitol south entrance project	2,000,000	0
12	Special assessments on capitol grounds	320,000	300,000
13	Litigation funding pool	3,500,000	0
14	Assessment of state lands and facilities	500,000	0
15	Risk management technology project	170,000	0
16	State student internship program	250,000	100,000
17	Electronic procurement study	50,000	0
18	Facility consolidation study	0	350,000
19	Building automation project	0	518,800
20	Interior and exterior signage projects	0	500,000
21	Procurement software	0	2,021,204
22	Statewide budget software	0	1,230,100
23	Total all funds	\$8,690,000	\$5,520,104
24	Less estimated income	8,390,000	5,420,104
25	Total general fund	\$300,000	\$100,000

26 The 2021-23 biennium one-time funding amounts are not a part of the entity's base budget
 27 for the 2023-25 biennium. The office of management and budget shall report to the
 28 appropriations committees of the sixty-eighth legislative assembly on the use of this one-time
 29 funding for the biennium beginning July 1, 2021, and ending June 30, 2023.

30 **SECTION 3. APPROPRIATION - COMMUNITY SERVICES SUPERVISION FUND.** Any
 31 moneys in the community service supervision fund under section 29-26-22 are appropriated to

1 the office of management and budget for distribution to community corrections association
2 regions on or before August first of each year during the biennium beginning July 1, 2021, and
3 ending June 30, 2023.

4 **SECTION 4. APPROPRIATION - STATE DISASTER RELIEF FUND - STATE**
5 **TREASURER - DISTRIBUTIONS TO NON-OIL-PRODUCING COUNTIES.** Due to
6 extraordinary flooding in 2020 in parts of the state and due to the excessive cost of road
7 maintenance, there is appropriated out of any moneys in the state disaster relief fund in the
8 state treasury, not otherwise appropriated, the sum of \$8,100,000, or so much of the sum as
9 may be necessary, to the state treasurer for the purpose of providing distributions to
10 non-oil-producing counties for the benefit of the organized and unorganized townships within
11 each non-oil-producing county, for the biennium beginning July 1, 2021, and ending June 30,
12 2023. In August 2021, the state treasurer shall distribute \$8,100,000, or so much of the sum as
13 may be necessary, to non-oil-producing counties for the benefit of the organized and
14 unorganized townships within each non-oil-producing county. The distribution to each
15 non-oil-producing county must provide for an allocation of \$5,000 to each organized and
16 unorganized township within the county. The amount allocated to organized townships under
17 this section must be paid by the county treasurer to each organized township. The amount
18 allocated to unorganized townships under this section must be credited by the county treasurer
19 to a special fund for unorganized township roads. The distributions under this section must be
20 used for the maintenance and improvement of township paved and unpaved roads and bridges.
21 A township is not eligible for an allocation of funds under this section if the township does not
22 maintain any township roads. For the purposes of this section, a "non-oil-producing county"
23 means a county that has received no allocation of funding or a total allocation of funding under
24 subsection 2 of section 57-51-15 of less than \$5,000,000 for the period beginning September 1,
25 2019, and ending August 31, 2020.

26 **SECTION 5. TRANSFER - TAX RELIEF FUND TO HUMAN SERVICE FINANCE FUND.**
27 The office of management and budget shall transfer the sum of \$187,385,888 from the tax relief
28 fund to the human service finance fund during the biennium beginning July 1, 2021, and ending
29 June 30, 2023.

30 **SECTION 6. TRANSFER - STATE STUDENT INTERNSHIP PROGRAM FUNDS TO**
31 **STATE AGENCIES.** The office of management and budget shall transfer funds from the state

1 student internship program line item appropriated in section 1 of this Act to eligible state
2 agencies for state student internships during the biennium beginning July 1, 2021, and ending
3 June 30, 2023.

4 **SECTION 7. ESTIMATED INCOME - ONE-TIME FUNDING - CAPITOL BUILDING FUND.**

5 The estimated income line item in section 1 of this Act includes \$2,268,800 of one-time funding
6 from the capitol building fund. Of the \$2,268,800, \$350,000 in the operating expenses line item
7 is for a facility consolidation study, \$300,000 in the operating expenses line item is for special
8 assessments associated with the capitol grounds, \$600,000 in the capital assets line item is for
9 extraordinary repairs, \$518,800 in the capital assets line item is for a building automation
10 project, and \$500,000 in the capital assets line item is for interior and exterior signage.

11 **SECTION 8. ESTIMATED INCOME - ONE-TIME FUNDING - STRATEGIC INVESTMENT
12 AND IMPROVEMENTS FUND.** The estimated income line item in section 1 of this Act includes
13 \$3,251,304 from the strategic investment and improvements fund. Of the \$3,251,304,
14 \$2,021,204 in the capital assets line item is for procurement software, and \$1,230,100 in the
15 capital assets line item is for budget software.

16 **SECTION 9. GRANTS AND SPECIAL ITEMS.** Section 1 of this Act includes appropriation
17 authority which may be used only for the following grants and special items:

18 Boys and girls club work	\$53,000
19 Unemployment insurance	\$2,000,000
20 Capitol grounds planning commission	\$25,000
21 Statewide memberships and related expenses	\$625,064

22 ~~**SECTION 6. PRAIRIE PUBLIC BROADCASTING GRANT - MATCHING FUNDS.** The~~
23 ~~prairie public broadcasting line item in the general fund appropriation in section 1 of this Act~~
24 ~~includes \$200,000 for a grant of up to \$200,000 to prairie public broadcasting for essential~~
25 ~~equipment needs. The \$200,000 may be awarded only to the extent prairie public broadcasting~~
26 ~~provides one dollar of matching funds from nonstate sources for each dollar provided by the~~
27 ~~office of management and budget.~~

28 **SECTION 10. RISK MANAGEMENT FUND - CLAIMS PAYMENT.** Pursuant to the
29 continuing appropriation authority under section 32-12.2-07, the director of the office of
30 management and budget may make payments from the risk management fund during the
31 biennium beginning July 1, 2021, and ending June 30, 2023, for reasonable and necessary

1 costs and attorney's fees incurred by a state employee as a result of a criminal investigation or
2 prosecution occurring after December 31, 2018, under circumstances in which there was an
3 absence of probable cause, as identified in a prosecutorial or judicial determination or as
4 determined by the director of the office of management and budget in the absence of a
5 prosecutorial or judicial determination, and in which the offense involves the discharge of a
6 public duty. The director of the office of management and budget shall consult with the attorney
7 general when reviewing claims under this section and shall obtain written approval from the
8 attorney general for any claim exceeding ten thousand dollars.

9 **SECTION 11. STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES.**

- 10 1. The 2021-23 biennium compensation adjustments for permanent state employees are
11 to average 1.5 percent with a minimum of \$100 per month and a maximum of \$250
12 per month per eligible employee for each fiscal year of the biennium. The increases for
13 the first year of the biennium are to be given beginning with the month of July 2021, to
14 be paid in August 2021, and for the second year of the biennium are to be given
15 beginning with the month of July 2022, to be paid in August 2022. Except for minimum
16 and maximum amounts, increases for eligible state employees are to be based on
17 documented performance and are not to be the same percentage increase for each
18 employee.
- 19 2. The office of management and budget shall develop guidelines for use by state
20 agencies for providing compensation adjustments for classified state employees. The
21 guidelines must follow the compensation philosophy statement under section
22 54-44.3-01.2.
- 23 3. Probationary employees are not entitled to the increases. However, at the discretion of
24 the appointing authority, probationary employees may be given all or a portion of the
25 increases effective in July, paid in August, or upon completion of probation. Employees
26 whose overall documented performance level does not meet standards are not eligible
27 for any salary increase.

28 **SECTION 12. AMENDMENT.** Section 54-44.1-18 of the North Dakota Century Code is
29 amended and reenacted as follows:

1 **54-44.1-18. Searchable database of expenditures.**

2 1. The director of the budget shall develop and make publicly available an aggregate and
3 searchable budget database website that includes the following information for the
4 biennium:

- 5 a. Each budget unit making expenditures.
- 6 b. The amount of funds expended.
- 7 c. The source of the funds expended.
- 8 d. The budget program of the expenditure.
- 9 e. Any other information determined relevant by the director of the budget.

10 2. The director of the budget shall include the name and city of the recipient of each
11 expenditure in the budget database website after the director has completed
12 implementation of a business intelligence component to the state's financial reporting
13 system.

14 3. The director of the budget may not include in the database any information that is
15 confidential or exempt under state or federal law.

16 4. The director of the budget may update the budget database website as new data
17 becomes available. Each state agency shall provide to the director of the budget any
18 data required to be included in the budget database website no later than thirty days
19 after the data becomes available to the agency.

20 5. By January first of each even-numbered year, the director of the budget shall add data
21 for the previous biennium to the budget database website. The director of the budget
22 shall ensure that all data added to the budget database website remains accessible to
23 the public for a minimum of ten years.

24 6. The budget database website may not redirect users to any other government
25 website, unless the website has information from all budget units and each category of
26 information required can be searched electronically by field in a single search.

27 ~~7. The governing body of each political subdivision may submit the annual budget~~
28 ~~adopted by the governing body to the director of the budget. The director of the budget~~
29 ~~shall include on the office of management and budget website any information~~
30 ~~submitted by a participating governing body of a political subdivision. The official who~~
31 ~~submits the annual budget to the director of the budget may not submit any~~

~~information that is confidential under state or federal law. In lieu of submitting the annual budget adopted by the governing body to the director, any participating governing body may provide to the director a publicly accessible internet link on which the annual budget adopted by the participating governing body is available.~~

SECTION 13. AMENDMENT. Section 54-44.4-07 of the North Dakota Century Code is amended and reenacted as follows:

54-44.4-07. Procurement of environmentally preferable products.

1. The office of management and budget, the institutions of higher education, and any other state agency or institution that has authority to purchase products are encouraged to purchase environmentally preferable products.

a. ~~Where~~When practicable, specifications for purchasing newsprint printing services should specify the use of soybean-based ink. The North Dakota soybean council and the agriculture commissioner shall assist the office of management and budget in locating suppliers of soybean-based inks and in collecting data on the purchase of soybean-based inks.

b. ~~In requesting bids for paper products, the office of management and budget must request information on the recycled content of such products.~~

~~c.~~When practicable, biobased products should be specified.

2. The office of management and budget, in coordination with the state board of higher education, shall develop guidelines for a biobased procurement program.

SECTION 14. AMENDMENT. Section 54-44.4-08 of the North Dakota Century Code is amended and reenacted as follows:

54-44.4-08. Purchase of recycled paper products.

~~The~~When practicable, the office of management and budget, and any state agency or institution that has authority to purchase products, shall ensure that at least twenty percent of the total volume of paper and paper products being purchased for state agencies and institutions contain, should specify at least twenty-five percent recycled material. ~~The office of management and budget shall implement a methodology to track compliance with this section.~~

SECTION 15. AMENDMENT. Section 57-51.1-07.5 of the North Dakota Century Code is amended and reenacted as follows:

1 **57-51.1-07.5. State share of oil and gas taxes - Deposits.**

2 From the revenues designated for deposit in the state general fund under chapters 57-51
3 and 57-51.1, the state treasurer shall deposit the revenues received each biennium in the
4 following order:

- 5 1. The first two hundred million dollars into the state general fund;
- 6 2. The next two hundred million dollars into the tax relief fund;
- 7 3. The next seventy-five million dollars into the budget stabilization fund, but not in an
8 amount that would bring the balance in the fund to more than the limit in section
9 54-27.2-01;
- 10 4. The next two hundred million dollars into the state general fund;
- 11 5. The next ten million dollars into the lignite research fund;
- 12 6. The next ~~fifteen~~twenty million dollars into the state disaster relief fund, but not in an
13 amount that would bring the unobligated balance in the fund to more than ~~fifteen~~twenty
14 million dollars;
- 15 7. ~~The next thirty million three hundred seventy-five thousand dollars, or the amount~~
16 ~~necessary to provide for the distributions under subsection 2 of section 57-51.1-07.7,~~
17 ~~into the municipal infrastructure fund;~~
- 18 ~~8.~~ The next four hundred million dollars into the strategic investment and improvements
19 fund;
- 20 ~~9.~~ ~~An amount equal to the deposit under subsection 7 into the county and township~~
21 ~~infrastructure fund;~~
- 22 8. The next fifty-nine million seven hundred fifty thousand dollars, or the amount
23 necessary to provide for twice the amount of the distributions under subsection 2 of
24 section 57-51.1-07.7, into the funds designated for infrastructure development in
25 non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty
26 percent deposited into the municipal infrastructure fund and fifty percent deposited into
27 the county and township infrastructure fund;
- 28 ~~10.9.~~ The next one hundred ~~sixty-nine~~seventy million two hundred fifty thousand dollars or
29 the amount necessary to provide a total of two hundred thirty million dollars into the
30 funds designated for infrastructure development in non-oil-producing counties under
31 sections 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal

1 infrastructure fund and fifty percent deposited into the county and township
2 infrastructure fund;

3 ~~41.10.~~ The next twenty million dollars into the airport infrastructure fund; and

4 ~~42.11.~~ Any additional revenues into the strategic investment and improvements fund.

5 **SECTION 16. AMENDMENT.** Subsection 2 of section 57-51.1-07.7 of the North Dakota
6 Century Code is amended and reenacted as follows:

7 2. Within forty days after the fund balance is greater than or equal to the amount needed
8 for the grants under this subsection or by September thirtieth of each odd-numbered
9 year, whichever is earlier, the state treasurer shall distribute moneys in the fund as
10 grants to cities for essential infrastructure projects. The state treasurer shall distribute
11 the grants only if the fund balance is at least ten percent of the amount needed for
12 distributions under this subsection based on the following:

13 a. Two million five hundred thousand dollars to each city with a population of at
14 least five thousand;

15 b. Five hundred thousand dollars to each city with a population of at least two
16 thousand but less than five thousand; and

17 c. One hundred twenty-five thousand dollars to each city with a population of at
18 least one thousand but less than two thousand.

19 d. If, at the time of the distributions, the moneys in the fund are less than the
20 amount needed for the grants under this subsection, the state treasurer shall
21 distribute the grants under this subsection on a pro rata basis.

22 e. For the purposes of determining the city's population under this subsection, the
23 state treasurer shall use the most recent actual or estimated census data
24 published by the United States census bureau.

25 **SECTION 17. AMENDMENT.** Subsection 3 of section 57-51.1-07.7 of the North Dakota
26 Century Code is amended and reenacted as follows:

27 3. Within sixty days after the fund receives its statutory limit of oil and gas tax allocations
28 under section 57-51.1-07.5 or by September thirtieth of each odd-numbered year,
29 whichever is earlier, the state treasurer shall distribute the moneys in the fund as
30 grants to cities for essential infrastructure projects. The state treasurer shall distribute

the grants only if the fund balance is at least ten percent of the amount needed for distributions under this subsection based on the following:

- a. One hundred fifty dollars per person of the city's population.
- b. In addition to the amounts in subdivision a, for a city with a positive average of the annual percentage increase in population from three years prior, a dollar amount equal to the product of the following:
 - (1) The amount calculated in subdivision a; and
 - (2) The average of the annual percentage increase in population from three years prior, multiplied by ten.
- c. In addition to the amounts in subdivisions a and b, for a city with a positive average of the annual percentage increase in taxable property values from three years prior, a dollar amount equal to the average of the annual property valuation percentage increase for the three most recent years, multiplied by twenty-five thousandths.
- d. Grants may be distributed under this subdivision only if the grant distributions under subsection 2 are completed. If the moneys in the fund are insufficient to provide for the grants, the state treasurer shall distribute the grants under this subsection on a pro rata basis. If any moneys remain in the fund after the distribution of grants under this subsection, the state treasurer shall distribute any remaining moneys in the fund in proportion to the combined total distributed to each city under this section relative to the combined total distributed to all the cities under this section.
- e. For the purposes of determining the city's population under this subsection, the state treasurer shall use the most recent actual or estimated census data published by the United States census bureau.
- f. For the purposes of determining taxable property values, the state treasurer shall use the most recent data published by the tax commissioner in the tax levy report.

SECTION 18. AMENDMENT. Subsection 2 of section 57-51.1-07.8 of the North Dakota Century Code is amended and reenacted as follows:

2. Within sixty days after the fund receives its statutory limit of oil and gas tax allocations under section 57-51.1-07.5 or by September thirtieth of each odd-numbered year, whichever is earlier, the state treasurer shall distribute moneys in the fund as grants to counties for road and bridge infrastructure projects. The state treasurer shall distribute the grants only if the fund balance is at least ten percent of the amount needed for distributions under this section.

SECTION 19. REPEAL. Section 54-06-25 of the North Dakota Century Code is repealed.

SECTION 20. EXEMPTION - FISCAL MANAGEMENT. The amount appropriated for the fiscal management division, as contained in section 1 of chapter 40 of the the 2019 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available for continued development and operating costs of the statewide systems, including accounting, management, and payroll, during the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 21. EXEMPTION - STATE STUDENT INTERNSHIP PROGRAM. The amount of \$250,000 appropriated in section 1, identified in section 2, and transferred in section 8 of chapter 40 of the 2019 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available to the office of management and budget for the state student internship program during the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 22. EXEMPTION - ASSESSMENT OF STATE LANDS AND FACILITIES. The amount of \$500,000 appropriated from the strategic investment and improvements fund in section 1 and identified in section 2 of chapter 40 of the 2019 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available to the office of management and budget to continue the assessment of state lands and facilities during the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 23. LEGISLATIVE MANAGEMENT STUDY - SPACE NEEDS AT STATE CAPITOL.

1. During the 2021-22 interim, the legislative management shall consider studying space needs of the executive, judicial, and legislative branches at the state capitol. The study must include:
 - a. A review of each branch's employee work location policies;

- 1 b. An assessment of the space needs of each branch to fulfill their constitutional
- 2 and statutory responsibilities;
- 3 c. An evaluation of state agency leases of space from private and other
- 4 governmental entities in Bismarck, amounts being paid for these leases, and
- 5 state agency rental payments being made to the office of management and
- 6 budget from special and federal funds;
- 7 d. Consideration of the feasibility and desirability of the office of management and
- 8 budget charging rent to agencies receiving funding from the general fund; and
- 9 e. The development of a space utilization plan for the capitol complex.
- 10 2. The legislative management shall report its findings and recommendations, together
- 11 with any legislation required to implement the recommendations, to the sixty-eighth
- 12 legislative assembly.