

**Office of Management and Budget
Budget No. 110
House Bill No. 1015 and Senate Bill No. 2224**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	117.00	\$31,220,260	\$11,234,087	\$42,454,347
2017-19 base budget	122.50	30,826,724	7,210,390	38,037,114
Legislative increase (decrease) to base budget	(5.50)	\$393,536	\$4,023,697	\$4,417,233

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$30,720,260	\$500,000	\$31,220,260
2015-17 adjusted legislative appropriations	30,826,724	6,530,303	37,357,027
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$106,464)	(\$6,030,303)	(\$6,136,767)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(0.3%)	(92.3%)	(16.4%)

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

	Changes to Base Budget		Total
	FTE Positions	General Fund	
The legislative action:			
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$202,890	\$343,892
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		259,704	315,900
Adjusted funding for FTE positions and for salaries and wages, including the removal of 1.5 FTE administrative assistant positions, 1 FTE maintenance position, 1 FTE computer and networking specialist position, 1 FTE facility construction engineer position, and 1 FTE human resource officer position.	(5.50)	(862,713)	(861,214)
Added funding for unemployment claims payments.			2,000,000

Adjusted funding for operating expenses to provide \$550,000 for utility rate increases, \$531,450 for 90 percent of the statewide membership dues, \$60,000 for revenue forecasting, and other operating expenses.	171,178	25,000	196,178
Added funding for Emergency Commission adjustments for contingencies to provide total funding of \$600,000.	100,000		100,000
Added funding for extraordinary repairs (\$108,066) and bond payments (\$665,411).	773,477		773,477
Removed funding for community service supervision grants (\$500,000) and reduced funding for other grants (\$1,000).	(501,000)		(501,000)
Reduced funding for Prairie Public Broadcasting, from \$1.6 million to \$1.2 million.	(400,000)		(400,000)
Removed funding for the state internship program.	(200,000)		(200,000)
Added one-time funding for a grant to the Theodore Roosevelt Center at Dickinson State University.	500,000		500,000
Added one-time funding from surplus property special funds for a new surplus property building.		800,000	800,000
Added one-time funding from other funds authority for a cybersecurity remediation pool.		1,000,000	1,000,000
Added funding for community service supervision grants (SB 2224).	350,000		350,000
Total	<u>(5.50)</u>	<u>\$393,536</u>	<u>\$4,023,697</u>
			<u>\$4,417,233</u>

FTE Changes

The Legislative Assembly approved 117 FTE positions for the Office of Management and Budget for the 2017-19 biennium, a decrease of 5.5 FTE positions from the 2015-17 biennium authorized level of 122.5 FTE positions. The Legislative Assembly removed 1.5 FTE administrative assistant positions, 1 FTE maintenance position, 1 FTE computer and networking specialist position, 1 FTE facility construction engineer position, and 1 FTE human resource officer position.

One-Time Funding

One-time appropriations for the 2017-19 biennium for the Office of Management and Budget include \$500,000 from the general fund for a grant to the Theodore Roosevelt Center at Dickinson State University, \$800,000 from surplus property special funds for a new surplus property building, and \$1,000,000 of other funds authority for a cybersecurity remediation pool.

Capital Improvements

The Legislative Assembly provided \$108,066 from the general fund for extraordinary repairs and \$800,000 from surplus property special funds to purchase or construct a new surplus property building. Section 17 of House Bill No. 1015 provides an exemption allowing up to \$1,400,000 of unspent 2015-17 biennium appropriation authority from the Capitol building fund to continue in the 2017-19 biennium for extraordinary repairs (\$1,000,000) and for Capitol entrance and signage projects (\$400,000).

Statewide Memberships

The Legislative Assembly provided \$531,450 from the general fund for state dues and memberships, a decrease of \$109,550 from the 2015-17 biennium. The schedule below provides information on statewide dues and memberships for the 2015-17 and 2017-19 bienniums.

	2015-17 Biennium	2017-19 Biennium
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$145,000	\$117,450
Council of State Governments	188,000	169,200
Governmental Accounting Standards Board	6,000	0
Western Governors' Association	74,300	66,870
National Governors Association	81,500	73,350
National Lieutenant Governors Association	1,200	1,080
Education Commission of the States	115,000	103,500
Western Interstate Commission for Higher Education ¹	30,000	0
Total dues and memberships	\$641,000	\$531,450

¹Funding for the Western Intrastate Commission for Higher Education is included in the higher education budget. The 2017-19 biennium budget for higher education includes \$230,000 for the Western Intrastate Commission for Higher Education fees.

Budget Stabilization Fund Transfer

North Dakota Century Code Chapter 54-27.2 provides any amount in the general fund at the end of the biennium in excess of \$65,000,000 must be transferred to the budget stabilization fund. The June 30, 2017, estimated general fund balance is \$30,890,381. As a result, a general fund transfer to the budget stabilization fund at the end of the 2015-17 biennium is not anticipated.

General Fund Revenues

Strategic investment and improvements fund transfer - In Section 9 of House Bill No. 1015, the Legislative Assembly provided for a transfer of \$248 million from the strategic investment and improvements fund to the general fund during the 2017-19 biennium.

Tax relief fund transfer - In Section 10 of House Bill No. 1015, the Legislative Assembly provided for a transfer of \$183 million from the tax relief fund to the general fund during the 2017-19 biennium.

Legacy fund earnings estimate - Section 11 of House Bill No. 1015 identifies \$200 million of estimated legacy fund earnings will be transferred to the general fund at the end of the 2017-19 biennium for Legislative Council budget status reporting purposes.

Estimate of 2015-17 biennium unexpended general fund appropriations - Section 12 of House Bill No. 1015 identifies \$52 million of estimated 2015-17 biennium unexpended general fund appropriations, increasing the July 1, 2017, estimated beginning balance, for Legislative Council budget status reporting purposes.

Appropriations to Other State Agencies

State Auditor - Sections 4 and 5 of House Bill No. 1015 provide funding for the State Auditor. House Bill No. 1004, which was the agency budget bill for the State Auditor, was vetoed by the Governor.

North Dakota State University - Section 6 of House Bill No. 1015 provides a deficiency appropriation of \$1,634,854 from the strategic investment and improvements fund to North Dakota State University for unreimbursed costs related to the collapse of Minard Hall. Section 39 includes an emergency clause for the appropriation.

Dickinson State University - Section 7 of House Bill No. 1015 provides an appropriation of \$875,000 from the general fund to Dickinson State University for campus operations.

Department of Human Services - Section 8 of House Bill No. 1015 provides an appropriation of \$1,558,318 from federal funds or other income to the Department of Human Services for the medical services program.

Legislative Management Studies

Tribal taxation issues study - Section 33 of House Bill No. 1015 creates a Legislative Management committee to study tribal taxation and other tribal-state issues and suspends the State and Tribal Relations Committee for the 2017-19 biennium. Sections 31 and 38 suspend the Committee on State and Tribal Relations for the 2017-19 biennium.

Wind energy taxation and revenue distribution study - Section 34 of House Bill No. 1015 provides for a Legislative Management study regarding taxation and distributions of tax collections related to wind energy.

Revenue volatility study - Section 35 of House Bill No. 1015 provides for a Legislative Management study of revenue volatility.

Impact of budget reductions on higher education study - Section 36 of House Bill No. 1015 provides for a Legislative Management study of the impact of 2015-17 biennium budget reductions on institutions under the control of the State Board of Higher Education.

Other Sections in House Bill No. 1015

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Cybersecurity remediation pool - Section 13 authorizes the Office of Management and Budget to transfer funds appropriated in the cybersecurity remediation funding pool line item to other agencies. This section requires the Office of Management and Budget to notify the Legislative Council of any transfers made from the cybersecurity remediation pool.

Developmental disabilities services provider grant - Section 14 designates a grant of \$261,000 from the oil and gas impact grant fund for a provider serving individuals with developmental disabilities, and Section 39 includes an emergency clause for the grant.

Tobacco prevention and control trust fund administration - Section 15 requires the Office of Management and Budget to administer the tobacco prevention and control trust fund.

Fiscal management exemption - Section 16 provides that amounts appropriated to the Fiscal Management Division in Section 1 of Chapter 49 of the 2015 Session Laws are not subject to the provisions of Section 54-44.1-11, which require unexpended appropriations to be canceled at the end of the biennium. These amounts may be continued into the 2017-19 biennium.

Capitol building fund exemption - Section 17 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 for Capitol entrance and signage projects (\$400,000).

Funding designations - Section 18 identifies the funding for boys and girls club work (\$53,000), unemployment insurance (\$2,000,000), the Capitol Grounds Planning Commission (\$25,000), and the statewide memberships and related expenses (\$531,450) that are included in the appropriations in Section 1 of the bill.

Special event permits - Section 19 amends Section 5-02-01.1 to allow local governing bodies to issue permits for special events serving alcohol, and Section 39 includes an emergency clause related to the amendment.

Temporary general fund borrowing authority - Section 20 amends Section 6-09-15.1 to increase temporary borrowing authority for general fund cashflow purposes, from \$10 million to \$50 million and to provide for a report to the Budget Section.

Student loan forgiveness program - Section 21 amends Section 15-10-38(8), as amended by Senate Bill No. 2037, to allow teachers in nonpublic schools to be eligible for a student loan forgiveness program.

Property tax incentives - Section 22 adds a new subsection to a newly created section of Chapter 40-05 relating to property tax incentives granted by a city, and Section 37 provides an effective date related to the subsection.

Criminal history record checks - Section 23 amends the newly created Section 43-26.1-05.1 relating to criminal history record checks and the physical therapy compact commission.

Business trusts - Section 24 amends Section 47-02-27.4, as created by House Bill No. 1228, to allow certain business trusts to own real estate.

Publication printing fees - Section 25 amends Section 54-06-04.3 to allow state agencies to collect fees from individuals who request to have publications printed and mailed if the publications are available electronically.

Property tax reports - Section 26 amends Section 57-20-04 relating to property tax increase reports by counties. Section 30 repeals Section 57-20-05 relating to the certification of taxes levied by taxing districts.

Mineral rights - Section 27 amends a section of legislative intent in House Bill No. 1024 to exempt certain property sold by the state from the requirement that the state reserve a portion of the mineral rights, and Section 39 includes an emergency clause related to the amendment.

Oil and gas valuation study - Section 28 amends an oil and gas valuation study in Senate Bill No. 2013 to remove certain requirements related to the study.

Department of Trust Lands administrative rules - Section 29 removes an effective date included in Senate Bill No. 2013 related to the provisions of House Bill No. 1300, which requires the Department of Trust Lands to follow the administrative rules process. **The Governor vetoed this section, which allows the delayed effective date of January 1, 2018, to remain in effect.**

Legislative intent - Section 32 provides legislative intent regarding options to dispose of land that may be received by the state. Section 39 includes an emergency clause related to the intent section.

Related Legislation

House Bill No. 1088 - Adds a new section to Chapter 32-12.2 to provide for an information technology security incident response and limits the expenditures from the risk management fund to \$250,000 per incident.

House Bill No. 1090 - Removes a provision relating to long-distance telephone calls, clarifies when bids become public records, and removes the requirement for agencies to provide annual reports to the Office of Management and Budget on procured services.

House Bill No. 1155 - Increases the maximum balance allowed in the budget stabilization fund from 9.5 to 15 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The bill also adjusts the use of the budget stabilization fund in the event of a general fund revenue shortfall by providing the order in which general fund allotments and transfers from the budget stabilization fund are to be used.