

**Department 110 - Office of Management and Budget
House Bill No. 1015**

Executive Budget Comparison to Prior Biennium Appropriations

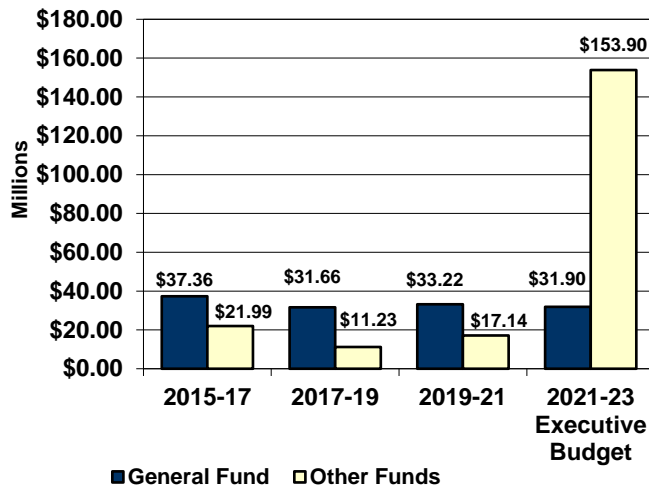
	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	108.00	\$31,896,780	\$153,897,412	\$185,794,192
2019-21 Legislative Appropriations ¹	112.00	33,215,852	17,136,515	50,352,367
Increase (Decrease)	(4.00)	(\$1,319,072)	\$136,760,897	\$135,441,825

¹The 2019-21 biennium agency appropriation amounts have not been adjusted for additional federal Coronavirus (COVID-19) funds authority of \$7,003,055 and for additional federal emergency education relief funding of \$5,932,707 resulting from Emergency Commission action during the 2019-21 biennium.

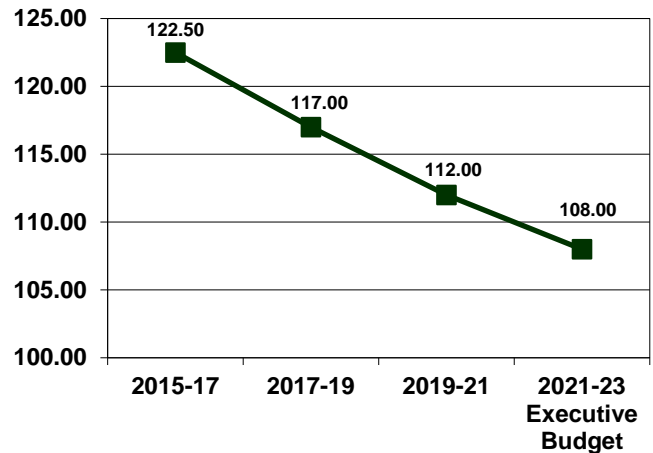
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 Executive Budget	\$28,095,476	\$3,801,304	\$31,896,780
2019-21 Legislative Appropriations	32,915,852	300,000	33,215,852
Increase (Decrease)	(\$4,820,376)	\$3,501,304	(\$1,319,072)

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2021-23 Executive Budget	\$31,896,780	\$153,897,412	\$185,794,192
2021-23 Base Level	32,915,852	8,746,515	41,662,367
Increase (Decrease)	(\$1,019,072)	\$145,150,897	\$144,131,825

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases of which \$506,220 is for salary increases, \$5,150 is for health insurance increases, and \$97,051 is for retirement increases. The House added funding for salary adjustments of 1.5 percent per year with a \$100 minimum and \$250 maximum monthly increase and increases in health insurance premiums from \$1,427 to \$1,429 per month. The House did not add funding for retirement contribution increases.	\$521,684	\$86,737	\$608,421

2. Transfers 4 FTE positions to the Information Technology Department (ITD) for an information technology (IT) unification initiative resulting in a decrease in salaries and wages of \$846,547 and an increase in operating expenses of \$846,547. The House did not transfer the positions or adjust the funding for the IT unification initiative.	\$0	\$0	\$0
3. Adds funding for a human resources officer	\$110,869	\$0	\$110,869
4. Increases funding for procurement officers	\$104,824	\$0	\$104,824
5. Increases funding for temporary salaries related to risk management	\$0	\$20,000	\$20,000
6. Changes the funding source for salaries and wages associated with the Facility Management Division from the general fund to special funds. The House did not approve the Capitol complex rental proposal so the funding source was not changed to special funds.	(\$5,245,161)	\$5,245,161	\$0
7. Decreases funding for operating expenses primarily related to IT costs	(\$701,000)	(\$20,000)	(\$721,000)
8. Increases funding for a maintenance agreement associated with new budget software	\$403,000	\$0	\$403,000
9. Adds funding for a maintenance agreement associated with new electronic procurement software	\$152,000	\$0	\$152,000
10. Increases funding for Microsoft Office 365 licensing expenses	\$8,505	\$197	\$8,702
11. Adds funding for the Capitol complex rental proposal. The House did not approve the Capitol complex rental proposal.	\$488,055	\$0	\$488,055
12. Removes funding for the Emergency Commission contingency fund. The House reduced the funding for the Emergency Commission contingency by \$100,000, from \$500,000 to \$400,000.	(\$500,000)	\$0	(\$500,000)
13. Reduces funding for bond payments	(\$2,610)	\$0	(\$2,610)
14. Removes funding for grants related to boys' and girls' clubwork and the Council of State Employees	(\$54,000)	\$0	(\$54,000)
15. Decreases funding for Prairie Public Broadcasting grants to provide a total of \$1,020,000. The House decreased the funding for Prairie Public Broadcasting grants by \$400,000, from \$1,200,000 to \$800,000.	(\$180,000)	\$0	(\$180,000)
16. Decreases funding for community services supervision grants to provide a total of \$297,500. The House decreased the funding for community services supervision grants by \$100,000, from \$350,000 to \$250,000.	(\$52,000)	\$0	(\$52,000)
17. Adds one-time funding for a facility consolidation study. The House changed the funding source for the facility consolidation study from the general fund to the Capitol building fund.	\$350,000	\$0	\$350,000
18. Adds one-time funding from the Capitol building fund for special assessments associated with road work on Fourth Street adjacent to the Capitol grounds (\$300,000), extraordinary repairs (\$900,000), Capitol building automation (\$518,800), and interior and exterior signage (\$1,000,000). The House provided \$1,818,800 from the Capitol building fund, of which \$300,000 is for special assessments, \$500,000 is for extraordinary repairs, \$518,800 is for building automation, and \$500,000 is for signage.	\$0	\$2,718,800	\$2,718,800
19. Adds one-time funding from bond proceeds for various state agency extraordinary repairs and building projects. The House did not provide bonding for extraordinary repairs and building projects.	\$0	\$137,100,000	\$137,100,000
20. Adds one-time funding for electronic procurement software. The House changed the funding source for the electronic procurement software from the general fund to the strategic investment and improvements fund.	\$2,021,204	\$0	\$2,021,204

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|---|-------------|-----|-------------|
| 21. Adds one-time funding for state budgeting software. The House changed the funding source for the state budgeting software from the general fund to the strategic investment and improvements fund. | \$1,230,100 | \$0 | \$1,230,100 |
| 22. Adds one-time funding for the state student internship program. The House provided \$100,000 for the state student internship program. | \$200,000 | \$0 | \$200,000 |
| 23. Transfers 2 FTE positions and \$424,739 from ITD for a human resources services unification initiative, but the FTE positions and appropriation authority are not included in the budget (See the "Other Sections Recommended to be Added in the Executive Budget") | \$0 | \$0 | \$0 |
| 24. The House increased the funding for guardianship grants by \$100,000, from \$1,950,000 to \$2,050,000. | | | |

The following is a comparison of funding from the general fund for statewide dues and memberships:

Statewide Dues and Memberships			
	2019-21 Biennium Legislative Budget	2019-21 Biennium Revised Estimate	2021-23 Biennium Estimate
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$155,200	\$148,000	\$148,000
Council of State Governments	213,864	213,864	230,889
Western Governors' Association	72,000	79,200	79,200
National Governors Association	75,800	75,800	75,800
National Lieutenant Governors Association	2,000	2,000	2,000
Education Commission of the States	106,200	106,200	106,200
Western Interstate Commission for Higher Education ¹	0	0	0
Total dues and memberships	\$625,064	\$625,064	\$642,089

¹Funding for the Western Intrastate Commission for Higher Education is included in the higher education budget. The 2019-21 biennium budget included \$294,000, and the 2021-23 biennium executive budget does not include funding for the dues.

The House provided \$625,064 for statewide dues and memberships in the 2021-23 biennium, the same level of funding as the 2019-21 biennium.

Other Sections in House Bill No. 1015

Community service supervision fund - Section 3 appropriates any moneys in the community service supervision fund for distributions to community corrections association regions.

Township grants - Section 4 appropriates \$8.1 million from the state disaster relief fund to the State Treasurer for grant distributions to townships in non-oil-producing counties.

Tax relief fund to human service finance fund - Section 5 transfers \$187,385,888 from the tax relief fund to the human service finance fund during the 2021-23 biennium.

State student internship program - Section 6 authorizes the Office of Management and Budget (OMB) to transfer student internship funding to other state agencies. Section 21 allows 2019-21 biennium appropriation authority for the state student internship program to continue to be available in the 2021-23 biennium.

Capitol building fund - Section 7 identifies one-time funding from the Capitol building fund for a facility consolidation study, special assessments, extraordinary repairs, building automation, and interior and exterior signage.

Strategic investment and improvements fund - Section 8 identifies one-time funding from the strategic investment and improvements fund for IT projects related to procurement software and budget software.

Grant and expense designations - Section 9 identifies the funding designated for statewide memberships and dues, unemployment insurance, and the Capitol Grounds Planning Commission.

Risk management fund - Claims payments - Section 10 authorizes OMB to make payments from the risk management fund for attorney's fees incurred by a state employee resulting from a criminal investigation lacking a probable cause.

State employee compensation adjustments - Section 11 provides guidelines for an average salary increase of 1.5 percent to eligible state employees with a monthly minimum increase of \$100 and a maximum monthly increase of \$250 for the 2021-23 biennium. Employees whose documented performance does not meet standards would not be eligible for compensation adjustments.

Political subdivision budgets - Section 12 amends North Dakota Century Code Section 54-44.1-18 to remove the requirement for OMB to publish political subdivision budgets to OMB's website if a political subdivision submits the budget to OMB.

Environmentally preferable products - Sections 13 and 14 amend Sections 54-44.4-07 and 54-44.4-08 to remove the requirement to specify the amount of recycled content included in the items purchased by the state.

Oil and gas tax revenue allocations - Section 15 increases the allocation of oil and gas tax revenues to the state disaster relief fund by \$5 million, from \$15 million to \$20 million, and aligns the allocations to the municipal infrastructure fund and the county and township infrastructure fund to receive allocations at the same time after the allocation to the strategic investment and improvements fund. Sections 16, 17, and 18 establish minimum amounts required to provide distributions from the municipal infrastructure fund and the county and township infrastructure fund.

State Employee Compensation Commission - Section 19 repeals Section 54-06-25 relating to the State Employee Compensation Commission.

Fiscal management exemption - Section 20 allows 2019-21 biennium appropriation authority for the Fiscal Management Division of OMB to continue to be available in the 2021-23 biennium.

Assessment of state lands and facilities exemption - Section 22 allows 2019-21 biennium appropriation authority for the assessment of state lands and facilities to continue to be available in the 2021-23 biennium.

Space needs study - Section 23 provides for a Legislative Management study relating to space needs of the executive, judicial, and legislative branches at the state Capitol.

Deficiency Appropriation

There are no deficiency appropriations for this agency. However, House Bill No. 1025 designates \$875,632 from the litigation funding pool line in OMB's 2019-21 biennium appropriation for the payment of court-ordered judgements.

Continuing Appropriations

Risk management fund - Chapter 32-12.2 - Risk fund used to timely settle claims and lawsuits.

Risk management workers' compensation fund - Section 65-04-03.1 - Provides workers' compensation for state employees.

Human Resource Management Services training fund - Section 54-44-11 - State personnel training and development operating fund.

Capitol building fund - Chapter 48-10 - Income and interest of the fund may be used for Capitol grounds projects approved by the Capitol Grounds Planning Commission. The continuing appropriation amount is limited to 50 percent of the unencumbered balance of the fund on the 1st day of the biennium subject to a maximum amount of \$175,000.

Preliminary planning revolving fund - Section 54-27-22 - Preliminary planning revolving fund for state agencies to study and plan for capital projects.

Postage revolving fund - Chapter 48-06 - Used to purchase postage for postage machines in central mailroom.

Indigent civil legal services fund - Section 54-06-20 - Used for distributions to legal services programs that provide civil legal assistance to indigent individuals.

State purchasing operating fund - Section 54-44-11 - Used for the procurement and maintenance of an equipment and supply inventory for state agencies.

Significant Audit Findings

The operational audit for OMB conducted by the State Auditor's office during the 2019-20 interim identified a significant audit finding regarding a lack of oversight related to the alternative procurement process.

Major Related Legislation

House Bill No. 1030 - Appropriates \$750,000 from the Capitol building fund to OMB for accessibility improvements on the state Capitol grounds.

House Bill No. 1057 - Increases the state's liability limits resulting in increased costs for the risk management fund.

House Bill No. 1058 - Consolidates the sick leave and annual leave sharing programs into one new leave sharing program and requires the Human Resource Services Division of OMB to adopt rules for leave sharing.

Senate Bill No. 2146 - Appropriates \$750,000 for the Capitol building fund to OMB for accessibility improvements on the state Capitol grounds.

Office of Management and Budget - Budget No. 110
House Bill No. 1015
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	112.00	\$32,915,852	\$8,746,515	\$41,662,367	112.00	\$32,915,852	\$8,746,515	\$41,662,367
2021-23 Ongoing Funding Changes								
Base payroll changes		\$125,958	\$2	\$125,960		\$125,958	\$2	\$125,960
Salary increase		434,053	72,167	506,220		440,835	85,354	526,189
Retirement contribution increase		83,215	13,836	97,051				0
Health insurance increase		4,416	734	5,150		4,611	734	5,345
Transfers 4 FTE positions for IT unification	(4.00)			0				0
Adds funding for a human resource officer		110,869		110,869		110,869		110,869
Increases funding for procurement officers		104,824		104,824		104,824		104,824
Increases funding for temporary salaries			20,000	20,000			20,000	20,000
Changes funding source for the Facility Management Division		(5,245,161)	5,245,161	0				0
Decreases funding for operating expenses		(701,000)	(20,000)	(721,000)		(701,000)	(20,000)	(721,000)
Increases funding for budget software contract		403,000		403,000		403,000		403,000
Adds funding for procurement software contract		152,000		152,000		152,000		152,000
Increases funding for Microsoft Office 365 licensing expenses		8,505	197	8,702		8,505	197	8,702
Adds funding for the Capitol complex rent proposal		488,055		488,055				0
Decreases funding for Emergency Commission contingency fund		(500,000)		(500,000)		(100,000)		(100,000)
Reduces funding for bond payments		(2,610)		(2,610)		(2,610)		(2,610)
Removes funding for grants		(54,000)		(54,000)		(54,000)		(54,000)
Increases funding for guardianship grants				0		100,000		100,000
Decreases funding for Prairie Public Broadcasting		(180,000)		(180,000)		(400,000)		(400,000)
Decreases funding for community services supervision grants		(52,500)		(52,500)		(100,000)		(100,000)
Total ongoing funding changes	(4.00)	(\$4,820,376)	\$5,332,097	\$511,721	0.00	\$92,992	\$86,287	\$179,279
One-time funding items								
Adds one-time funding for a facility consolidation study		\$350,000		\$350,000			\$350,000	350,000
Adds one-time funding for special assessments (Capitol building fund)			\$300,000	300,000			300,000	300,000
Adds one-time funding for extraordinary repairs (Capitol building fund)			900,000	900,000			500,000	500,000
Adds one-time funding for building automation (Capitol building fund)			518,800	518,800			518,800	518,800
Adds one-time funding for signage (Capitol building fund)			1,000,000	1,000,000			500,000	500,000
Adds one-time funding for various building projects (bond proceeds)			137,100,000	137,100,000				0
Adds one-time funding for procurement software		2,021,204		2,021,204			2,021,204	2,021,204
Adds one-time funding for budget software		1,230,100		1,230,100			1,230,100	1,230,100
Adds one-time funding for the state student internship program		200,000		200,000		100,000		100,000
Total one-time funding changes	0.00	\$3,801,304	\$139,818,800	\$143,620,104	0.00	\$100,000	\$5,420,104	\$5,520,104
Total Changes to Base Level Funding	(4.00)	(\$1,019,072)	\$145,150,897	\$144,131,825	0.00	\$192,992	\$5,506,391	\$5,699,383
2021-23 Total Funding	108.00	\$31,896,780	\$153,897,412	\$185,794,192	112.00	\$33,108,844	\$14,252,906	\$47,361,750
<i>Total ongoing changes as a percentage of base level</i>	<i>(3.6%)</i>	<i>(14.6%)</i>	<i>61.0%</i>	<i>1.2%</i>	<i>0.0%</i>	<i>0.3%</i>	<i>1.0%</i>	<i>0.4%</i>
<i>Total changes as a percentage of base level</i>	<i>(3.6%)</i>	<i>(3.1%)</i>	<i>1659.5%</i>	<i>346.0%</i>	<i>0.0%</i>	<i>0.6%</i>	<i>63.0%</i>	<i>13.7%</i>

Other Sections in Office of Management and Budget - Budget No. 110

	<u>Executive Budget Recommendation</u>	<u>House Version</u>
Community service supervision fund		Section 3 appropriates any moneys in the community service supervision fund for distributions to community corrections association regions.
Township grants		Section 4 appropriates \$8.1 million from the state disaster relief fund to the State Treasurer for grant distributions to townships in non-oil-producing counties.
Tax relief fund to human service finance fund	Section 3 would transfer \$174,380,767 from the tax relief fund to the social services finance fund during the 2021-23 biennium.	Section 5 transfers \$187,385,888 from the tax relief fund to the human service finance fund during the 2021-23 biennium.
State student internship program	Section 6 would authorize OMB to transfer student internship funding to other state agencies. Section 8 would allow 2019-21 biennium appropriation authority for the state student internship program to continue to be available in the 2021-23 biennium.	Section 6 authorizes OMB to transfer student internship funding to other state agencies. Section 21 allows 2019-21 biennium appropriation authority for the state student internship program to continue to be available in the 2021-23 biennium.
Capitol building fund		Section 7 identifies one-time funding from the Capitol building fund for a facility consolidation study, special assessments, extraordinary repairs, building automation, and interior and exterior signage.
Strategic investment and improvements fund		Section 8 identifies one-time funding from the strategic investment and improvements fund for IT projects related to procurement software and budget software.
Grant and expense designations	Section 9 would identify the funding designated for statewide memberships and dues, unemployment insurance, and the Capitol Grounds Planning Commission.	Section 9 identifies the funding designated for statewide memberships and dues, unemployment insurance, and the Capitol Grounds Planning Commission.
Risk management fund - Claims payments		Section 10 authorizes OMB to make payments from the risk management fund for attorney's fees incurred by a state employee resulting from a criminal investigation lacking a probable cause.
State employee compensation adjustments	Section 10 would provide guidelines for an average salary increase of 2 percent to eligible state employees in 1st year and an average salary increase of 2 percent in the 2nd year of the 2021-23 biennium. Additional salary increases would be available if state agencies have savings in their current budget. Employees whose documented performance does not meet standards would not be eligible for compensation adjustments.	Section 11 provides guidelines for an average salary increase of 1.5 percent to eligible state employees with a monthly minimum increase of \$100 and a maximum monthly increase of \$250 for the 2021-23 biennium. Employees whose documented performance does not meet standards would not be eligible for compensation adjustments.
Political subdivision budgets	Section 24 would amend Section 54-44.1-18 to remove the requirement for OMB to publish political subdivision budgets to OMB's website if a political subdivision submits the budget to OMB.	Section 12 amends Section 54-44.1-18 to remove the requirement for OMB to publish political subdivision budgets to OMB's website if a political subdivision submits the budget to OMB.
Environmentally preferable products	Sections 25 and 26 would amend Sections 54-44.4-07 and 54-44.4-08 to remove the requirement to specify the amount of recycled content included in the items purchased by the state.	Sections 13 and 14 amend Sections 54-44.4-07 and 54-44.4-08 to remove the requirement to specify the amount of recycled content included in the items purchased by the state.

Other Sections in Office of Management and Budget - Budget No. 110

	<u>Executive Budget Recommendation</u>	<u>House Version</u>
Oil and gas tax revenue allocations	Section 30 would increase the allocation of oil and gas tax revenues to the general fund by \$100 million, from \$400 million to \$500 million, per biennium.	Section 15 increases the allocation of oil and gas tax revenues to the state disaster relief fund by \$5 million, from \$15 million to \$20 million and aligns the allocations to the municipal infrastructure fund and the county and township infrastructure fund to receive allocations at the same time after the allocation to the strategic investment and improvements fund. Sections 16, 17, and 18 establish minimum amounts required to provide distributions from the municipal infrastructure fund and the county and township infrastructure fund.
State Employee Compensation Commission	Section 17 would repeal Section 54-06-25 relating to the State Employee Compensation Commission.	Section 19 repeals Section 54-06-25 relating to the State Employee Compensation Commission.
Fiscal management exemption	Section 7 would allow 2019-21 biennium appropriation authority for the Fiscal Management Division of OMB to continue to be available in the 2021-23 biennium.	Section 20 allows 2019-21 biennium appropriation authority for the Fiscal Management Division of OMB to continue to be available in the 2021-23 biennium.
Assessment of state lands and facilities exemption	Section 8 would allow 2019-21 biennium appropriation authority for the assessment of state lands and facilities to continue to be available in the 2021-23 biennium.	Section 22 allows 2019-21 biennium appropriation authority for the assessment of state lands and facilities to continue to be available in the 2021-23 biennium.
Space needs study		Section 23 provides for a Legislative Management study relating to space needs of the executive, judicial, and legislative branches at the State Capitol.
2019-21 biennium legacy fund earnings	Section 4 would designate the 2019-21 biennium for the general fund (\$335,630,000 and any additional legacy fund earnings), the common schools trust fund (\$64,370,000), ITD's cybersecurity initiatives (\$25,000,000), the unmanned aircraft systems fund (\$27,000,000), the innovation loan fund to support technology advancement (\$30,000,000), the housing incentive fund (\$8,000,000), state park infrastructure (\$10,000,000), the environmental quality restoration fund (\$5,000,000), the state parks gift fund (\$10,000,000), and the University System challenge grant program (\$10,000,000).	
Bond proceeds	Section 5 would authorize OMB to transfer bond proceeds of \$130,500,000 for extraordinary repair projects to other state agencies.	
Infrastructure revolving loan fund	Section 11 would amend the infrastructure revolving loan fund to increase the loan limits; to allow additional types of infrastructure projects; to designate specific amounts from bond proceeds deposited in the fund for water projects, bridges, and other projects; and to require approval from the Department of Transportation and State Water Commission for certain projects.	

Other Sections in Office of Management and Budget - Budget No. 110

	<u>Executive Budget Recommendation</u>	<u>House Version</u>
Bonding authorization	Sections 12, 13, 14, 32, and 33 would authorize the Public Finance Authority to issue up to \$1,250,000,000 of bonds, including \$700,000,000 for the infrastructure revolving loan fund, \$302,400,000 for state road and bridge projects, \$30,500,000 for state park projects, \$45,000,000 for career academies, \$19,000,000 for higher education challenge grants, \$137,100,000 for state building projects, \$14,000,000 for a North Dakota State University agriculture center, and \$2,000,000 to Dakota College at Bottineau for an Old Main renovation project.	
Political subdivision bonding authority	Sections 15, 16, and 28 would allow political subdivisions to issue bonds for up to 30 years, rather than the current law limit of 20 years, and would authorize political subdivisions to use additional sources of mill levy authority to repay bonds.	
Legacy fund earnings funds	Section 17 would create two new sections to Chapter 21-10 relating to the deposit of legacy fund earnings for projects.	
Emergency Commission borrowing authority	Sections 18 and 19 would amend Section 54-16-04 and create Section 54-16-04.4 to authorize the Emergency Commission to borrow from the Bank of North Dakota to address a state contingency.	
Capitol complex rental program	Section 20 would amend Section 54-21-19 to authorize agency rental payments for space used on the Capitol grounds by agencies funded by appropriations from the general fund.	
Shared services fund	Section 21 would create a new section to Chapter 54-27 to establish a shared services fund to allow state agencies to make payments to each other for shared services, including equipment, operating expenses, or salaries.	
Budget stabilization fund limit	Section 22 would amend Section 54-27.2-01 to decrease the maximum balance of the budget stabilization fund from 15 to 10 percent of the most recent general fund budget.	
Facility management operating fund	Section 23 would amend Section 54-44-11 to authorize OMB to create an operating fund for the facility management division operations to fund the operations of the Facility Management Division from the proposed Capitol complex rental program.	
Business improvement projects	Section 27 would create Section 54-59-40 to authorize state agencies to borrow funds for business improvement projects if the projects are estimated to provide savings to the state agency within 6 years.	
County deficiency borrowing	Section 29 would amend Section 57-47-02 to allow counties to borrow for up to 20 years, rather than the current 5-year limit, if the county tax levies are insufficient to pay mandatory expenses.	
Transfer of water project loans	Section 31 would transfer loans for water projects held in an infrastructure revolving loan fund within the resources trust fund to the infrastructure revolving loan fund. Section 34 would transfer loans from the community water facility loan fund to the infrastructure revolving loan fund. Section 36 would repeal the community water facility loan fund and an infrastructure revolving loan fund within the resources trust fund.	

Other Sections in Office of Management and Budget - Budget No. 110

Executive Budget Recommendation

House Version

Human resources services unification

Section 35 provide for OMB to transfer 2 FTE positions and \$424,739 from ITD for a human resources services unification initiative. Section 38 would make the transfer effective on July 1, 2022.

State Personnel Board

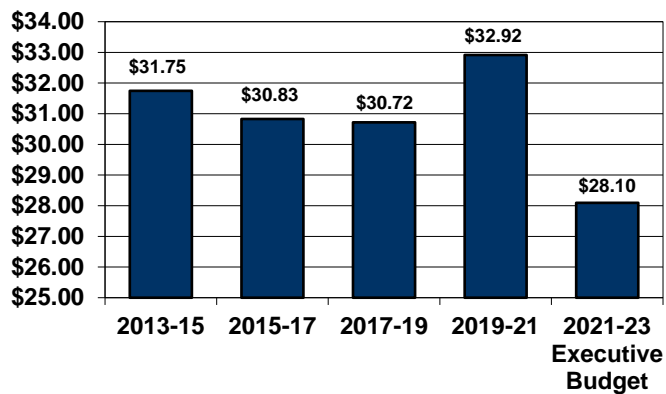
Section 37 would repeal Section 54-44.3-03 to eliminate the State Personnel Board.

Department 110 - Office of Management and Budget

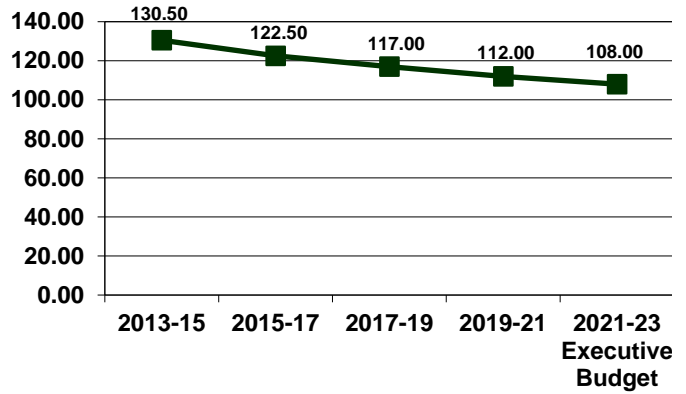
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2013-15

Agency Funding (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2013-15	2015-17	2017-19	2019-21	2021-23 Executive Budget
Ongoing general fund appropriations	\$31,746,688	\$30,826,724	\$30,720,260	\$32,915,852	\$28,095,476
Increase (decrease) from previous biennium	N/A	(\$919,964)	(\$106,464)	\$2,195,529	(\$4,820,376)
Percentage increase (decrease) from previous biennium	N/A	(2.9%)	(0.3%)	7.1%	(14.6%)
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	(2.9%)	(3.2%)	3.7%	(11.5%)

Major Increases (Decreases) in Ongoing General Fund Appropriations

2015-17 Biennium

1. Decreased funding for operating expenses (\$150,003)
2. Added funding for community supervision grants \$125,000
3. Reduced funding for salaries and wages (\$230,000), operating expenses (\$351,525), the Emergency Commission contingency fund (\$200,000), and Prairie Public Broadcasting (\$100,000) related to the August 2016 budget reductions (\$881,525)

2017-19 Biennium

1. Adjusted funding for FTE positions, 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, and 1 FTE human resource officer position (\$862,713)
2. Adjusted funding for operating expenses \$171,178
3. Increased funding for the Emergency Commission contingency fund \$100,000
4. Added funding for extraordinary repairs and bond payments \$773,477
5. Removed funding for community service supervision grants (\$500,000) and reduces funding for other grants (\$1,000) (\$501,000)
6. Reduced funding for Prairie Public Broadcasting from \$1,600,000 to \$1,200,000 (\$400,000)
7. Removed funding for the state student internship program (\$200,000)
8. Added funding for community service supervision grants \$350,000

2019-21 Biennium

1. Removed 5 FTE positions, including 3 FTE custodian positions and 2 FTE system mechanic positions (\$560,182)
2. Underfunded salaries and wages for anticipated savings from vacant positions and employee turnover (\$210,252)
3. Added funding to reclassify positions (\$560,678) and for temporary employees (\$56,400) \$617,078
4. Reduced funding for IT and maintenance costs (\$588,483)

- | | |
|--|-------------|
| 5. Added funding for contract custodians (\$640,000), utility costs (\$427,650), state accounting software and an employee onboarding project (\$483,360), Microsoft Office 365 licensing expenses (\$77,308), and statewide memberships and dues (\$93,614) | \$1,700,208 |
| 6. Reduced funding for the Emergency Commission contingency fund to provide total funding of \$500,000 | (\$100,000) |
| 7. Reduced funding for bond payments to provide total funding of \$567,125 | (\$206,352) |
| 8. Increased funding for guardianship grants by \$621,400, from \$1,328,600 to \$1,950,000 | \$621,400 |

2021-23 Biennium (Executive Budget Recommendations)

- | | |
|--|---------------|
| 1. Adds funding for a human resources officer | \$110,869 |
| 2. Increases funding for procurement officers | \$104,824 |
| 3. Changes the funding source for salaries and wages associated with the Facility Management Division from the general fund to special funds. The House did not approve the Capitol complex rental proposal so the funding source was not changed to special funds. | (\$5,245,161) |
| 4. Decreases funding for operating expenses primarily related to IT costs | (\$701,000) |
| 5. Increases funding for a maintenance agreement associated with new budget software | \$403,000 |
| 6. Adds funding for a maintenance agreement associated with new electronic procurement software | \$152,000 |
| 7. Increases funding for Microsoft Office 365 licensing expenses | \$8,505 |
| 8. Adds funding for the Capitol complex rental proposal. The House did not approve the Capitol complex rental proposal. | \$488,055 |
| 9. Removes funding for the Emergency Commission contingency fund. The House reduced the funding for the Emergency Commission contingency fund by \$100,000, from \$500,000 to \$400,000. | (\$500,000) |
| 10. Reduces funding for bond payments | (\$2,610) |
| 11. Removes funding for grants related to boys' and girls' clubwork and the Council of State Employees | (\$54,000) |
| 12. Decreases funding for Prairie Public Broadcasting grants to provide a total of \$1,020,000. The House decreased the funding for Prairie Public Broadcasting grants by \$400,000, from \$1,200,000 to \$800,000. | (\$180,000) |
| 13. Decreases funding for community services supervision grants to provide a total of \$297,500. The House decreased the funding for community services supervision grants by \$100,000, from \$350,000 to \$250,000. | (\$52,000) |

**GOVERNOR'S RECOMMENDATION FOR THE
OFFICE OF MANAGEMENT AND BUDGET AS SUBMITTED
BY THE OFFICE OF MANAGEMENT AND BUDGET**

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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$21,903,816	\$ 123,527	\$ 22,027,343
Operating Expenses	14,937,426	1,827,304	16,764,730
Contingency Fund	500,000	(500,000)	0
Capital Assets	767,125	142,767,494	143,534,619
Grants	54,000	(54,000)	0
Guardianship Grants	1,950,000	0	1,950,000
Community Service Grants	350,000	(52,500)	297,500
Prairie Public Broadcasting	1,200,000	(180,000)	1,020,000
State Student Internship	<u>0</u>	<u>200,000</u>	<u>200,000</u>
Total All Funds	\$41,662,367	\$144,131,825	\$185,794,192
Less Estimated Income	<u>8,746,515</u>	<u>145,150,897</u>	<u>153,897,412</u>
Total General Fund	\$32,915,852	(\$1,019,072)	\$ 31,896,780
Full-time Equivalent Positions	112.00	(4.00)	108.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO 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 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
Capitol South Entrance	\$2,000,000	\$ 0
Central Services Study	50,000	0
Special Assessments	320,000	300,000
Extraordinary Repairs	1,900,000	900,000
IT Risk Project	170,000	0
Real Estate Plan	500,000	0
Student Internship	250,000	200,000
Litigation Pool	3,500,000	0
State Budget System	0	1,230,100
Building Automation Upgrade	0	518,800
Facility Consolidation Study	0	350,000
Exterior/Interior Wayfinding Signs	0	1,000,000
Bonding Package	0	137,100,000
e-Procurement Software	<u>0</u>	<u>2,021,204</u>
Total All Funds	\$8,690,000	\$143,620,104
Total Special Funds	<u>8,390,000</u>	<u>139,818,800</u>
Total General Fund	\$ 300,000	\$ 3,801,304

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

SECTION 3. TRANSFER - TAX RELIEF FUND TO SOCIAL SERVICES FINANCE FUND. The office of management and budget shall transfer the sum of \$174,380,767, or so much of the sum as may be necessary, from the tax relief fund to the social services financing fund during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 4. TRANSFER – LEGACY FUND EARNINGS. The office of management and budget shall transfer legacy fund earnings, transferred to the general fund at the end of the 2019-21 biennium in accordance with section 26 of article X of the Constitution of North Dakota, as follows:

1. First \$100,000,000 to the general fund
2. Next \$64,370,000 to the common school trust fund
3. Next \$235,630,000 to the general fund
4. Next \$25,000,000 to North Dakota information technology for statewide cyber security
5. Next \$27,000,000 to unmanned aircraft systems fund
6. Next \$30,000,000 to innovation loan fund to support technology advancement
7. Next \$8,000,000 to the housing incentive fund
8. Next \$10,000,000 to state parks for infrastructure upgrades
9. Next \$5,000,000 to the environmental quality restoration fund
10. Next \$10,000,000 to the state parks gift fund
11. Next \$10,000,000 to North Dakota university system for the challenge grant program
12. Any remaining amounts to the general fund

SECTION 5. TRANSFER – BONDING PROCEEDS TO STATE AGENCIES - APPROPRIATION. The office of management and budget shall transfer up to \$130,500,000 appropriated in section 1 of this Act to eligible state agencies for the purpose of completing extraordinary repair projects identified in the 2019 facilities study. Any amounts transferred pursuant to this section are hereby appropriated.

SECTION 6. STATE STUDENT INTERNSHIP PROGRAM. The office of management and budget may transfer funds from the state student internship program line item appropriated in section 1 of this Act to eligible state agencies for student internships during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 7. EXEMPTION. The amount appropriated for the fiscal management division, as contained in section 1 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 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 8. EXEMPTION. The amounts appropriated for the real estate study in the operating line and the student internship program in the student internship line, as contained in section 1 of chapter 40 of the 2019 Session Laws, are not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available for the continuation of those projects during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 9. INTENT. Within the authority included in section 1 of this Act are the following grants and special items:

State Memberships and Related Expenses	\$ 531,304
Unemployment Insurance	\$1,800,000
Capitol Grounds Planning Commission	\$ 25,000

SECTION 10. STATE EMPLOYEE COMPENSATION ADJUSTMENT - GUIDELINES.

1. The 2021-23 biennium compensation adjustments for permanent state employees are to average 2 percent for each year of the 2019-21 biennium and are to be based on documented performance.

2. Agencies may use salaries and wages funding available due to vacant positions and employee turnover to provide additional salary increases for selected employees to address salary compression issues or to enhance merit-based increases for employees essential to the effective operations of the agency. The biennial cost of any additional salary increases must be within the agency's current salaries and wages funding level. An agency may not request any additional funding for the 2023-25 biennium to continue the additional salary increases.
3. The office of management and budget shall develop guidelines for use by state agencies for providing compensation adjustments for regular classified employees. The guidelines must follow the compensation philosophy statement under section 54-44.2-01.2.
4. Probationary employees are not entitled to the salary increase. However, at the discretion of the appointing authority, probationary employees may be given all or a portion of the increase effective in July, paid in August, or upon completion of probation. Employees whose overall documented performance level does not meet standards are not eligible for any salary increase.

SECTION 11. AMENDMENT. Section 6-09-49 of the North Dakota Century Code is amended and reenacted as follows:

~~6-09-49. Infrastructure revolving loan fund - Continuing appropriation.~~

1. ~~The infrastructure revolving loan fund is a special fund in the state treasury from which the Bank of North Dakota shall provide loans to political subdivisions for essential infrastructure projects. The Bank shall administer the infrastructure revolving loan fund. The maximum term of a loan made under this section is thirty years. A loan made from the fund under this section must have an interest rate that does not exceed two percent per year.~~
2. ~~For purposes of this section, "essential infrastructure projects" means capital construction projects for the following:~~
 - a. ~~New or replacement of existing water treatment plants;~~
 - b. ~~New or replacement of existing wastewater treatment plants;~~
 - c. ~~New or replacement of existing sewer lines and water lines; and~~
 - d. ~~New or replacement of existing storm water and transportation infrastructure, including curb and gutter construction.~~
3. ~~In processing political subdivision loan applications under this section, the Bank shall calculate the maximum loan amount for which a qualified applicant may qualify, not to exceed fifteen million dollars per loan. The Bank shall consider the applicant's ability to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan.~~
4. ~~The Bank shall deposit in the infrastructure revolving loan fund all payments of interest and principal paid under loans made from the infrastructure revolving loan fund. The Bank may use a portion of the interest paid on the outstanding loans as a servicing fee to pay for administrative costs which may not exceed one-half of one percent of the amount of the interest payment. All moneys transferred to the fund, interest upon moneys in the fund, and payments to the fund of principal and interest are appropriated to the Bank on a continuing basis for administrative costs and for loan disbursement according to this section.~~
5. ~~The Bank may adopt policies and establish guidelines to administer this loan program in accordance with the provisions of this section and to supplement and leverage the funds in the infrastructure revolving loan fund. Additionally, the Bank may adopt policies allowing participation by local financial institutions.~~

Infrastructure revolving loan fund - Bank of North Dakota - Continuing appropriation.

1. The infrastructure revolving loan fund is a special fund in the state treasury administered by the Bank of North Dakota. The Bank shall use moneys in the fund to provide loans to political subdivisions for eligible infrastructure projects pursuant to subsections 6, 7 and 8.
2. The Bank may adopt policies and establish guidelines to administer the loan program in accordance with this section, including policies to supplement and leverage the moneys in the fund and policies to allow participation by local financial institutions. A loan made from the fund must have an interest rate that does not exceed two percent per year. The maximum term of a loan for an infrastructure project under subsection 6 is thirty years or the useful life of the

- project, and the maximum term for a loan for an infrastructure project under Subsections 7 and 8 is forty years or the useful life of the project.
3. All principal and interest payments received on loans made from the infrastructure revolving loan fund must be deposited into the fund. The Bank may use a portion of the interest paid on the outstanding loans as a servicing fee to pay administrative costs, which may not exceed one-half of one percent of the amount of the interest payment. All moneys transferred to the fund, interest upon moneys in the fund, and payments to the fund of principal and interest are appropriated to the Bank on a continuing basis for administrative costs and for loan disbursement according to this section.
 4. An applicant shall issue an evidence of indebtedness as authorized by law.
 5. In processing loan applications under this section, the Bank shall calculate the maximum loan amount available to a qualified applicant. Each applicant may have up to forty million dollars of outstanding loans from the fund for infrastructure projects under subsection 6. The Bank shall consider the ability of the applicant to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan.
 6. Eligible infrastructure projects are capital construction projects to construct new infrastructure or to replace existing infrastructure, which provide the fixed installations necessary for the function of a political subdivision and are in the public interest. Capital construction projects exclude routine maintenance and repair projects, but include the following:
 - a. Water treatment plants;
 - b. Wastewater treatment plants;
 - c. Sewer lines and water lines, including lift stations and pumping systems;
 - d. Water storage systems, including dams, water tanks, and water towers;
 - e. Storm water infrastructure, including curb and gutter construction;
 - f. Road and bridge infrastructure, including paved and unpaved roads and bridges;
 - g. Airport infrastructure;
 - h. Electricity transmission infrastructure;
 - i. Natural gas transmissioninfrastructure; j. Communications
infrastructure;
 - k. Emergency services facilities, excluding hospitals; and
 - l. Essential political subdivision buildings and infrastructure.
 7. The department of transportation shall approve county road and bridge projects. The department of transportation may adopt policies for the review and approval of loans under this section.
 8. The State Water Commission shall review and approve eligible projects to construct new water- related infrastructure or to replace existing water-related infrastructure, which provide the fixed installations necessary for the function of a political subdivision and are in the public interest. The state water commission may adopt policies for the review and approval of loans under this section. Capital construction projects exclude routine maintenance and repair projects, but include the following:
 - a. Flood control;
 - b. Conveyanceprojects; c. Rural
water supply;
 - d. Water supply; and
 - e. General water management.
 9. Section 32 of this Act authorizes the North Dakota Public Finance Authority to bond for up to \$700,000,000 to support the infrastructure revolving loan fund. Of this amount \$450,000,000 is allocated to loans for flood control, water supply and water management; \$200,000,000 is allocated to loans for infrastructure projects and \$50,000,000 is allocated to loans to support the construction and renovation of bridges under the jurisdiction of North Dakota counties.

SECTION 12. AMENDMENT. Section 6-09.4-06 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-06. Lending and borrowing powers generally.

1. The public finance authority may lend money to political subdivisions or other contracting parties through the purchase or holding of municipal securities which, in the opinion of the attorney general, are properly eligible for purchase or holding by the public finance authority under this chapter or chapter 40-57 and for purposes of the public finance authority's capital financing program the principal amount of any one issue does not exceed five hundred thousand dollars. However, the public finance authority may lend money to political subdivisions through the purchase of securities issued by the political subdivisions through the capital financing program without regard to the principal amount of the bonds issued, if the industrial commission approves a resolution that authorizes the public finance authority to purchase the securities. The capital financing program authorizing resolution must state that the industrial commission has determined that private bond markets will not be responsive to the needs of the issuing political subdivision concerning the securities or, if it appears that the securities can be sold through private bond markets without the involvement of the public finance authority, the authorizing resolution must state reasons for the public finance authority's involvement in the bond issue. The public finance authority may hold such municipal securities for any length of time it finds to be necessary. The public finance authority, for the purposes authorized by this chapter or chapter 40-57, may issue its bonds payable solely from the revenues available to the public finance authority which are authorized or pledged for payment of public finance authority obligations, and to otherwise assist political subdivisions or other contracting parties as provided in this chapter or chapter 40-57.
2. The public finance authority may grant or transfer money as follows:
 - a. To the Bank of North Dakota:
 - i. Under terms and conditions requiring the Bank to use the proceeds to make loans for agricultural improvements that qualify for assistance under the revolving loan fund program established by under chapter 61-28.2; and
 - ii. Under terms and conditions requiring the Bank to use the grants to make loans for infrastructure projects that qualify for assistance under the infrastructure revolving loan fund established under section 6-09-49
 - b. To other agencies as authorized by the legislative assembly.
3. Bonds Issues for this purpose are payable in each biennium solely from amounts the legislative assembly may appropriate for debt service for any biennium or from a reserve fund established for the bonds, if necessary, or from the sinking fund established in section 17 of this Act. This section may not be construed to require the state to appropriate funds sufficient to make debt service payments with respect to the bonds or replenish a related reserve fund. The bonds are not a debt of the Bank or the state, and the full faith, credit, and taxing powers of the state are not pledged to the payment of the bonds. In addition to granting funds to the Bank, or other agencies as identified in subsection 2, the public finance authority may use the bond proceeds to pay the costs of issuance of the bonds and establish a reserve fund for the bonds, if necessary.
4. Bonds of the public finance authority issued under this chapter or chapter 40-57 are not in any way a debt or liability of the state and do not constitute a loan of the credit of the state or create any debt or debts, liability or liabilities, on behalf of the state, or constitute a pledge of the faith and credit of the state, but all such bonds are payable solely from revenues pledged or available for their payment as authorized in this chapter. Each bond must contain on its face a statement to the effect that the public finance authority is obligated to pay such principal or interest, and redemption premium, if any, and that neither the faith and credit nor the taxing power of the state is pledged to the payment of the principal of or the interest on such bonds. Specific funds pledged to fulfill the public finance authority's obligations are obligations of the public finance authority.
5. All expenses incurred in carrying out the purposes of this chapter or chapter 40-57 are payable solely from revenues or funds provided or to be provided under this chapter or chapter 40-57 and nothing in this chapter may be construed to authorize the public finance authority to incur any indebtedness or liability on behalf of or payable by the state.

SECTION 13. AMENDMENT. Section 6-09.4-10 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10. Reserve fund.

1. The public finance authority, if deemed necessary, shall establish and maintain a reserve fund in which there must be deposited all moneys appropriated by the state for the purpose of the fund, all proceeds of bonds required to be deposited therein by terms of any contract between the public finance authority and its bondholders or any resolution of the public finance authority with respect to the proceeds of bonds, any other moneys or funds of the public finance authority which it determines to deposit therein, any contractual right to the receipt of moneys by the public finance authority for the purpose of the fund, including a letter of credit or similar instrument, and any other moneys made available to the public finance authority only for the purposes of the fund from any other source or sources. Moneys in the reserve fund must be held and applied solely to the payment of the interest on and the principal of bonds and sinking fund payments as the same become due and payable and for the retirement of bonds, including payment of any redemption premium required to be paid when any bonds are redeemed or retired prior to maturity. Moneys in the reserve fund may not be withdrawn therefrom if the withdrawal would reduce the amount in the reserve fund to an amount less than the required debt service reserve, except for payment of interest then due and payable on bonds and the principal of bonds then maturing and payable and sinking fund payments and for the retirement of bonds in accordance with the terms of any contract between the public finance authority and its bondholders and for the payments on account of which interest or principal or sinking fund payments or retirement of bonds, other moneys of the public finance authority are not then available in accordance with the terms of the contract. The required debt service reserve must be an aggregate amount equal to at least the largest amount of money required by the terms of all contracts between the public finance authority and its bondholders to be raised in the then current or any succeeding calendar year for the payment of interest on and maturing principal of outstanding bonds and sinking fund payments required by the terms of any contracts to sinking funds established for the payment or redemption of the bonds.
2. If the establishment of the reserve fund for an issue or the maintenance of an existing reserve fund at a required level under this section would necessitate the investment of all or any portion of a new reserve fund or all or any portion of an existing reserve fund at a restricted yield, because to not restrict the yield may cause the bonds to be taxable under the Internal Revenue Code, then at the discretion of the public finance authority no reserve fund need be established prior to the issuance of bonds or the reserve fund need not be funded to the levels required by other subsections of this section or an existing reserve fund may be reduced.
3. No bonds may be issued by the public finance authority unless there is in the reserve fund the required debt service reserve for all bonds then issued and outstanding and the bonds to be issued. Nothing in this chapter prevents or precludes the public finance authority from satisfying the foregoing requirement by depositing so much of the proceeds of the bonds to be issued, upon their issuance, as is needed to achieve the required debt service reserve. The public finance authority may at any time issue its bonds or notes for the purpose of providing any amount necessary to increase the amount in the reserve fund to the required debt service reserve, or to meet such higher or additional reserve as may be fixed by the public finance authority with respect to such fund.
4. In order to assure the maintenance of the required debt service reserve, there shall be appropriated by the legislative assembly and paid to the public finance authority for deposit in the reserve fund, such sum, if any, as shall be certified by the industrial commission as necessary to restore the reserve fund to an amount equal to the required debt service reserve. However, the commission may approve a resolution for the issuance of bonds, as provided by section 6-09.4-06, which states in substance that this subsection is not applicable to the required debt service reserve for bonds issued under that resolution.
5. If the maturity of a series of bonds of the public finance authority is three years or less from the date of issuance of the bonds, the public finance authority may determine that no reserve fund need be established for that respective series of bonds. If such a determination is made, holders of that respective series of bonds may have no interest in or claim on existing reserve funds established for the security of the holders of previously issued public finance authority bonds and may have no interest in or claim on reserve funds established for the holders of

subsequent issues of bonds of the public finance authority.

6. The industrial commission may determine ~~that~~ this section is inapplicable in whole or in part for ~~bonds issued under section as follows:~~
 - a. Under section 32 of this Act 6-09.4-06;
 - b. Under section 6-09.4-24; or under
 - c. Under the public finance authority's state revolving fund program.

SECTION 14. Section 6-09.4-28 of the North Dakota Century Code is created and enacted as follows:

6-09.4-28. Debt service requirements - Infrastructure revolving loan fund. Each biennium, the public finance authority shall make debt service payments from the legacy bond sinking fund, or from other funds appropriated by the legislative assembly, for evidences of indebtedness issued by the authority to support the infrastructure revolving loan fund and other infrastructure grants and projects.

SECTION 15. AMENDMENT. Subsection 6 of section 21-03-07 of the North Dakota Century Code is amended and reenacted as follows:

6. The governing body of any county may also by resolution adopted by a two-thirds vote dedicate the tax levy authorized by section 57-15-06.6 and subsection 5 of section 57-15-06.7 and may authorize and issue general obligation bonds to be paid by the dedicated levy for the ~~purpose of providing funds for the purchase, construction, reconstruction, or repair of regional or county correction centers, or parks and recreational facilities~~ purposes identified under section 57-15-06.6 and subsection 5 of section 57-15-06.7; provided, that the initial resolution authorizing the tax levy dedication and general obligation bonds must be published in the official newspaper, and any owner of taxable property within the county may, within sixty days after publication, file with the county auditor a protest against the adoption of the resolution. Protests must be in writing and must describe the property which is the subject of the protest. If the governing body finds such protests to have been signed by the owners of taxable property having an assessed valuation equal to five percent or more of the assessed valuation of all taxable property within the county, as theretofore last finally equalized, all further proceedings under the initial resolution are barred.

SECTION 16. AMENDMENT. Section 21-03-19 of the North Dakota Century Code is amended and reenacted as follows:

21-03-19. Bonds - Terms. Bonds issued under this chapter must be authorized by resolution, bear such date or dates, be in such denomination or denominations, be in such form, be subject to redemption with or without premium, and be subject to such other terms or conditions as in the judgment of the municipality are in the public interest of the municipality, and must provide that the last installment of principal falls due not more than twenty years from the date of the bonds or not more than thirty years for bonds sold to the entities under section 21-03-30. The requirements of this section apply to each new issue of bonds, or if so determined by the governing body, to the bonds of a new issue combined with all of the outstanding bonds of one or more designated issues of bonds previously issued and similarly payable from taxes or other sources of revenues, or both, as the case may be.

SECTION 17. Two new sections to chapter 21-10 of the North Dakota Century Code are created and enacted as follows:

Legacy fund earnings funds – Continuing appropriation. There is hereby created in the state treasury the following special funds which shall be used for the deposit of legacy fund earnings pursuant to this chapter.

1. Economic diversification and strategic initiatives fund. Moneys in the fund may be appropriated for programs and initiatives that support economic diversification, community development and strategic initiatives, expand and develop new businesses and industries, and build healthy and vibrant communities.
2. Research and innovation fund. Moneys in the fund may be appropriated for programs and

initiatives that support research and innovation in higher education and the private sector, support the commercialization of products, and advance new technology to support industries in North Dakota.

3. Government transformation fund. Moneys in the fund may be appropriated for programs and initiatives that transform the delivery of government services, make government more effective and efficient, and reduce ongoing expenses for state government.
4. Legacy projects fund. Moneys in the fund may be appropriated for projects that:
 - a. Have a positive impact on current and future generations of North Dakotan's.
 - b. Have a positive impact on the state, region, or nation.
 - c. Leverage other financial resources and have a positive return on investment.
 - d. Do not add ongoing operational costs for state government.
 - e. Build and strengthen communities.
 - f. Diversify the North Dakota economy.
5. Legacy bond sinking fund. Moneys in the fund are hereby appropriated as a continuing appropriation to the public finance authority for the payment of debt service on any evidences of indebtedness payable from the legacy bond sinking fund.

Legacy fund earnings transfer. Legacy fund earnings transferred to the general fund at the end of each biennium in accordance with section 26 of article X of the Constitution of North Dakota shall immediately be transferred as follows:

1. Twenty percent to the economic diversification and strategic initiatives fund.
2. Ten percent to the research and innovation fund.
3. Ten percent to the government transformation fund.
4. Twenty percent to the legacy projects fund.
5. Forty percent to the legacy bond sinking fund.

SECTION 18. AMENDMENT. Section 54-16-04 of the North Dakota Century Code is amended and reenacted as follows:

54-16-04. May order transfer of moneys between funds - Line item transfers – Order may draw from state treasury. The emergency commission, upon the advice of the office of management and budget, may order money or spending authority transferred from one fund or line item to another fund or line item belonging to or appropriated for the same institution or board or the same state enterprise, may order a transfer of spending authority from the state contingencies appropriation, may order borrowing from the Bank of North Dakota pursuant to section 54-16-04.4, or, in an extremity, may authorize money to be drawn from the state treasury to meet the emergency until the legislative assembly can make an appropriation available. The following transfers, if authorized by the emergency commission, require the approval of the budget section of the legislative management:

1. A transfer of moneys or spending authority which would eliminate or make impossible the accomplishment of a program or objective funded by the legislative assembly.
2. A transfer exceeding fifty thousand dollars from one fund or line item to another fund or line item, unless the transfer is necessary to comply with a court order or to avoid:
 - a. An imminent threat to the safety of people or property due to a natural disaster or war crisis; or
 - b. An imminent financial loss to the state.

SECTION 19. Section 54-16-04.4 of the North Dakota Century Code is created and enacted as follows:

54-16-04.4. Authority to borrow funds. The emergency commission, upon the advice of the office of management and budget, may authorize the office of management and budget to borrow moneys from the Bank of North Dakota for state contingencies as provided in this chapter. Moneys borrowed from the Bank of North Dakota pursuant to this section may not exceed one million dollars during any state biennial period. Moneys borrowed pursuant to this section may be transferred by the office of management and budget to the state agency, board, commission, or officer requesting the funding to address a state contingency as approved by the emergency commission. Any state agency, board, commission, or officer receiving moneys pursuant to this section must return any unspent moneys within the biennium in which it was authorized. The office of management and budget shall request from the legislative assembly a

deficiency appropriation sufficient for the repayment of the amount borrowed plus interest.

SECTION 20. MENDMENT. Section 54-21-19 of the North Dakota Century Code is amended and reenacted as follows:

54-21-19. Director to furnish supplies and maintain capitol, state offices, and executive mansion - Authority to charge for services. The director of the office of management and budget shall provide all necessary fuel, electricity, insurance, janitorial, and other services necessary to maintain the state offices on the capitol grounds as well as all necessary furniture, fuel, electricity, express, freight, drayage, and all other necessary supplies for the executive mansion and the capitol grounds and shall make all necessary repairs. The purchases must be in accordance with chapter 54-44.4. The director shall charge an amount equal to the fair value of the office space and other services rendered to all departments ~~that receive and expend moneys from other than the general fund~~, except that for good cause the amounts charged may be waived by the director for a one-year period of time with the waiver subject to further annual renewals after proper application has been filed with the director.

SECTION 21. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Shared services fund – Creation – Appropriation. There is created in the state treasury a state shared services fund. Any payment to a state agency or institution received from another state agency or institution as a result of a shared services agreement must be deposited in the state shared services fund. Any moneys deposited by a state agency or institution in the state shared services fund are hereby appropriated to that agency or institution for the purposes of defraying the costs of equipment, operating expenses, or salaries relating to the shared services agreement.

SECTION 22. AMENDMENT. Section 54-27.2-01 of the North Dakota Century Code is amended and reenacted as follows:

54-27.2-01. Budget stabilization fund. The budget stabilization fund is a special fund in the state treasury. The state investment board shall supervise investment of the budget stabilization fund in accordance with chapter 21-10. Any interest or other budget stabilization fund earnings must be credited to the fund. Any amounts provided by law for deposit in the fund and any interest or earnings of the fund which would bring the balance in the fund at the end of any fiscal year to an amount greater than ~~fifteen~~ percent of the current biennial state general fund budget, as finally approved by the most recently adjourned special or regular session of the legislative assembly, may not be deposited in or credited to the fund but must be deposited instead in the state general fund.

SECTION 23. AMENDMENT. Section 54-44-11 of the North Dakota Century Code is amended and reenacted as follows:

54-44-11. Office's operating funds creation - Continuing appropriation.

1. The office of management and budget shall establish a state purchasing operating fund to be used for the procurement and maintenance of an inventory of equipment and supplies for the state departments and agencies. Funds in the state purchasing operating fund are appropriated on a continuing basis and may be spent by the office of management and budget for the procurement and maintenance of an inventory of equipment and supplies as provided in this subsection. The director of the office of management and budget shall transfer any unobligated balance in the fund, in excess of one hundred twenty-five thousand dollars, to the state general fund at the end of each fiscal year.
2. The office of management and budget shall establish a state printing operating fund to be used for the procurement and maintenance of an inventory of printing equipment and supplies for the state departments and agencies.
3. The office of management and budget shall establish a state personnel training and development operating fund to be used for the coordination of employee training and career development data, supplies, equipment, and services and for providing or arranging necessary training and development programs to state departments and agencies. Funds in the state personnel training and development operating fund are appropriated on a continuing basis to

the office of management and budget and may be spent for the purposes identified in this subsection. Any surplus in this fund in excess of twenty-five thousand dollars on June thirtieth of each year must be transferred to the state general fund.

4. The office of management and budget shall establish a facility management operating fund to be used for the salary and operations of the division of facility management. Rental fees collected pursuant to section 54-21-19 shall be deposited into the fund. The director of the office of management and budget shall transfer any unobligated balance in the fund to the state general fund at least once each biennium.
45. Each office, agency, or institution provided with printing or personnel training services, unless exempted by law, shall pay to the office of management and budget a proportionate share of the cost of such service as determined by the director of the office of management and budget, based on actual costs and actual usage. The amounts paid to the office of management and budget by the various offices, agencies, and institutions must be deposited in the appropriate operating fund and must be expended in accordance with legislative appropriations.

SECTION 24. AMENDMENT. Section 54-44.1-18 of the North Dakota Century Code is amended and reenacted as follows:

54-44.1-18. Searchable database of expenditures.

1. The director of the budget shall develop and make publicly available an aggregate and searchable budget database website that includes the following information for the biennium:
 - a. Each budget unit making expenditures.
 - b. The amount of funds expended.
 - c. The source of the funds expended.
 - d. The budget program of the expenditure.
 - e. Any other information determined relevant by the director of the budget.
2. The director of the budget shall include the name and city of the recipient of each expenditure in the budget database website after the director has completed implementation of a business intelligence component to the state's financial reporting system.
3. The director of the budget may not include in the database any information that is confidential or exempt under state or federal law.
4. The director of the budget may update the budget database website as new data becomes available. Each state agency shall provide to the director of the budget any data required to be included in the budget database website no later than thirty days after the data becomes available to the agency.
5. By January first of each even-numbered year, the director of the budget shall add data for the previous biennium to the budget database website. The director of the budget shall ensure that all data added to the budget database website remains accessible to the public for a minimum of ten years.
6. The budget database website may not redirect users to any other government website unless the website has information from all budget units and each category of information required can be searched electronically by field in a single search.
7. ~~The governing body of each political subdivision may submit the annual budget adopted by the governing body to the director of the budget. The director of the budget shall include on the office of management and budget website any information submitted by a participating governing body of a political subdivision. The official who 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 25. 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 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.~~
 - ~~eb.~~ Where 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 26. 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. ~~Where 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 contains~~ 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 27. Section 54-59-40 of the North Dakota Century Code is created and enacted as follows:

54-59-40 Business Process Improvement Projects – Borrowing authority for project with qualified return on investment – Appropriation. Any board, agency, commission, or officer of the state may undertake a business process improvement project if it is determined by the department that the estimated savings in capital expenses, operating expenses, and salaries over a period not to exceed six years will meet or exceed the cost of the project plus any associated financing costs for the project. Subject to approval by the emergency commission, and upon determination by the department that the project meets the requirements of this section, the board, agency, commission, or officer of the state may borrow from the Bank of North Dakota or other lender the amount required to implement the project, with a repayment term not to exceed six years. Any moneys borrowed pursuant to this section are hereby appropriated and may be spent by the board, agency, commission, or officer of the state to complete the business process improvement project.

SECTION 28. AMENDMENT. Section 57-15-06.6 of the North Dakota Century Code is amended and reenacted as follows:

57-15-06.6. County capital projects levy.

1. The board of county commissioners of each county may levy an annual tax not exceeding ten mills plus any voter-approved additional levy as provided in subsection 8 of section 57-15-06.7 for the purpose of the following capital projects:
4. a. Constructing and equipping and maintaining structural and mechanical components of regional or county corrections centers or for the purpose of contracting for corrections center space capacity from another public or private entity.
2. b. Acquiring real estate as a site for public parks and construction and equipping and maintaining structural and mechanical components of recreational facilities under section 11-28-06.
3. c. Acquiring real estate as a site for county buildings and operations and constructing and equipping and maintaining structural and mechanical components of county buildings and property.
4. d. Acquiring real estate as a site for county fair buildings and operations and constructing and equipping and maintaining structural and mechanical components of county fair buildings and property as provided in section 4-02-26.
5. e. Acquiring and developing real estate, capital improvements, buildings, pavement, equipment, and debt service associated with financing for county supported airports or airport authorities.
6. f. Expenditures for the cost of leasing as an alternative means of financing for any of the purposes for which expenditures are authorized under ~~subsections 4~~ subdivisions a through 5e.
- g. Improvement of the county road system, including the acquisition of land, construction of new paved and unpaved roads and bridges, replacement of existing paved and unpaved

roads and bridges, and maintenance and repair of existing paved and unpaved roads and bridges.

2. Any voter-approved levy for the purposes specified in this section approved by the electors before January 1, 2015, remains effective through 2024 or the period of time for which it was approved by the electors, whichever is less, under the provisions of law in effect at the time it was approved. After January 1, 2015, approval or reauthorization by electors of increased levy authority under this section may not be effective for more than ten taxable years.

SECTION 29. AMENDMENT. Section 57-47-02 of the North Dakota Century Code is amended and reenacted as follows:

57-47-02. County authorized to borrow - Term - Interest rate. Whenever in the judgment of the board of county commissioners all taxes authorized to be levied in any one year for general or special county purposes are insufficient to carry on the primary governmental functions, or to pay the mandatory obligations imposed by law upon a county, then such a county may borrow money in such an amount as the board shall determine to be necessary to meet the deficiencies existing in its general or special funds, or to carry on primary governmental functions, and to pay mandatory obligations. For the purpose of borrowing, a county may issue evidences of indebtedness, which must consist of an agreement by the county to pay a stated sum on a specified date, or on or before a specified date, not more than ~~five~~twenty years in the future, together with interest thereon at a rate or rates resulting in an average annual net interest cost not to exceed twelve percent per annum if sold privately, or with no interest rate ceiling if sold at a public sale or to the state of North Dakota or any of its agencies or instrumentalities. A public sale must comply with the procedures set out in chapter 21-03. There is no requirement for an advertisement for bids if an evidence of indebtedness is sold privately or to the state of North Dakota or any of its agencies or instrumentalities.

SECTION 30. AMENDMENT. Section 57-51.1-07.5 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07.5. State share of oil and gas taxes - Deposits. From the revenues designated for deposit in the state general fund under chapters 57-51 and 57-51.1, the state treasurer shall deposit the revenues received each biennium in the following order:

1. The first two hundred fifty million dollars into the state general fund;
2. The next two hundred million dollars into the tax relief fund;
3. The next seventy-five million dollars into the budget stabilization fund, but not in an amount that would bring the balance in the fund to more than the limit in section 54-27.2-01;
4. The next two hundred fifty million dollars into the state general fund;
5. The next ten million dollars into the lignite research fund;
6. The next fifteen million dollars into the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than fifteen million dollars;
7. The next thirty million three hundred seventy-five thousand dollars, or the amount necessary to provide for the distributions under subsection 2 of section 57-51.1-07.7, into the municipal infrastructure fund;
8. The next four hundred million dollars into the strategic investment and improvements fund;
9. An amount equal to the deposit under subsection 7 into the county and township infrastructure fund;
10. The next one hundred sixty-nine million two hundred fifty thousand dollars or the amount necessary to provide a total of two hundred thirty million dollars into the funds designated for infrastructure development in non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal infrastructure fund and fifty percent deposited into the county and township infrastructure fund;
11. The next twenty million dollars into the airport infrastructure fund; and
12. Any additional revenues into the strategic investment and improvements fund.

SECTION 31. TRANSFER INFRASTRUCTURE REVOLVING LOAN FUND FOR WATER PROJECTS TO INFRASTRUCTURE REVOLVING LOAN FUND. The state water commission shall transfer any outstanding loans from the infrastructure revolving loan fund under section 61-02-78 to the infrastructure revolving loan fund during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 32. PUBLIC FINANCE AUTHORITY - BOND ISSUANCE LIMITATION. The public finance authority may issue up to \$1,250,000,000 of evidences of indebtedness, for bienniums beginning July 1, 2021 and ending June 30, 2025. The term of any evidences of indebtedness issued under this section may not exceed thirty years.

SECTION 33. PUBLIC FINANCE AUTHORITY – TRANSFER OF BOND PROCEEDS. The public finance authority may grant or transfer money as follows:

- a. \$700,000,000 to the Bank of North Dakota for capitalization of revolving loan funds
- b. \$302,400,000 to the Department of Transportation:
 - i. \$15,000,000 for bridge improvements,
 - ii. \$237,400,000 for the department infrastructure improvement plan, and
 - iii. \$50,000,000 for Highway 85 improvements.
- c. \$30,500,000 to the department of parks and recreation
 - i. \$20,600,000 for infrastructure improvements grants to park districts.
 - ii. \$9,900,000 for state park system infrastructure upgrades
- d. \$45,000,000 to the state board for career and technical education for cost-share projects to establish career academies.
- e. \$19,000,000 to the state board of higher education for Tier II and Tier III infrastructure improvement projects.
- f. \$137,100,000 to the office of management and budget:
 - i. \$130,500,000 for critical state building maintenance and repair projects,
 - ii. \$5,500,000 for capitol complex space utilization improvements
 - iii. \$600,000 for capitol complex accessibility improvements
 - iv. \$500,000 for renovation of the Brynhild Haugland room in the state capitol.
- g. \$14,000,000 to North Dakota state university for construction of the agriculture development center.
- h. \$2,000,000 to Dakota college for renovation of Old Main.
- i. Other agencies as required.

SECTION 34. TRANSFER COMMUNITY WATER FACILITY LOAN FUND TO INFRASTRUCTURE REVOLVING LOAN FUND. The Bank of North Dakota shall transfer the community water facility loan fund under section 6-09.5 to the infrastructure revolving loan fund during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 35. POSITION TRANSFER AUTHORITY. During the 2021-23 biennium the office of management and budget has the authority to transfer two full-time equivalent positions and corresponding salary totaling \$424,739 from North Dakota information technology to the office of management and budget for the unification of human resource services.

SECTION 36. REPEAL. Chapter 6-09.5 and section 61-02-78 of the North Dakota Century Code are repealed.

SECTION 37. REPEAL. Sections 54-06-25 and 54-44.3-03 of the North Dakota Century Code are repealed.

SECTION 38. EFFECTIVE DATE. Section 35 of this Act becomes effective July 1, 2022.