

2009 SENATE GOVERNMENT AND VETERANS AFFAIRS

SB 2134

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2134

Senate Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: 1/15/09

Recorder Job Number: 7050

Committee Clerk Signature *Katie Oiver*

Minutes:

Dennis Fracassi: See attached testimony #1

Senator Dever: This does not change procedure with private enterprise?

Dennis Fracassi: No.


Senator Dever: Is there anyone else here to speak in support of SB 2134? Is there anyone here to speak in opposition to SB 2134? Is there anyone here to speak in a neutral position to SB 2134?

Doreen Redman: I am the Executive Officer of the North Dakota Association of Builders, wanted to come and find out more about the bill. I have spoken with a few people and we have some concerns about opening the products up and the flexibility that will be granted. Our concern is about the completion in the private market, just wanted to state that. On line 8 on page 2 before it specified what products were to be eligible.

Senator Ohelke: Doreen are you aware that Roughrider Industries does do piece work on occasion for private industries?

Doreen Redmen: I am not familiar with the piece work that they do.

Senator Dever: Is there anyone else to speak in a neutral position on 2134? Does the committee need additional information?



Motion passes 5-0



FISCAL NOTE
Requested by Legislative Council
01/21/2009

Amendment to: SB 2134

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This amendment allows for prison industries to sell commissary items and to sell prison industries made clothing to inmates. A fiscal impact would occur if RRI engaged in selling such items. Prior to engaging in business activities RRI would evaluate the feasibility of such a business decision.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

n/a

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

n/a

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

n/a

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

n/a

Name:	Dave Krabbenhoft	Agency:	DOCR
Phone Number:	328-6135	Date Prepared:	01/21/2008

FISCAL NOTE
 Requested by Legislative Council
 12/23/2008

Bill/Resolution No.: SB 2134

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

No Fiscal Impact

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

n/a

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

n/a

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

n/a

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

n/a

Name:	Dave Krabbenhoft	Agency:	DOCR
Phone Number:	328-6135	Date Prepared:	12/23/2008

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Title.0200

Adopted by the Government and Veterans
Affairs Committee

January 15, 2009

Q3
1-15-09

PROPOSED AMENDMENTS TO SENATE BILL NO. 2134

Page 2, line 15, after "work" insert "Prison industries may sell commissary items and prison industries-made clothing to inmates."

Renumber accordingly

Date: 1-15-09
Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

213A amend

Senate Government and Veterans Affairs Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Nelson Seconded By Cook

Senators	Yes	No	Senators	Yes	No
Dick Dever	✓		Dwight Cook	✓	
Dave Oehlke	✓		Carolyn Nelson	✓	
Robert M. Horne	✓				

Total Yes 5 No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: _____
Roll Call Vote #: 7

**2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.**

2134

Senate Government and Veterans Affairs Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as amended

Motion Made By Cook Seconded By Oehlke - Carrier

Senators	Yes	No	Senators	Yes	No
Dick Dever	✓		Dwight Cook	✓	
Dave Oehlke	✓		Carolyn Nelson	✓	
Robert M. Horne	✓				

Total Yes 5 No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2134: Government and Veterans Affairs Committee (Sen. Dever, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (05 YEAS, 00 NAYS, 00 ABSENT AND NOT VOTING). SB 2134 was placed on the Sixth order on the calendar.

Page 2, line 15, after "~~work~~" insert "Prison industries may sell commissary items and prison industries-made clothing to inmates."

Renumber accordingly

2009 HOUSE GOVERNMENT AND VETERANS AFFAIRS

SB 2134

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2134

House Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: February 26, 2009

Recorder Job Number: #9793

Committee Clerk Signature



Minutes:

Chairman Grande: Opened the hearing for SB 2134.

Dennis Fracassi: Deputy Director of Industries and Education, the Division of Adult Services, ND Department of Corrections and Rehabilitation.

This really is a house keeping bill.

Testimony attachment #1

Chairman Grande: On page 4 of your testimony, you mentioned the Dakota Women's Correctional and Rehabilitation Center. They have to have an agreement with --- you don't over see this. Is this going to be an over sight by the state?

Dennis Fracassi: In order to participate in the prison enhancement you have to be certified through the Bureau of Justice. DWCRC is unique as they are owned by 6 counties. So we went and approached the Justice Dept said can they operate under our certification if we can assure that they operate by our rules and they said yes. They have up to 18 women working on this and are very well managed.

Rep Meier: Could you explain some about the Industries and how many inmates you have out there?

Dennis Fracassi: Currently we 190 inmates working for us. Our program has t facets.

Security inmates is getting them out of their cells and giving them some productive activity to help keep prison unrest. Industries Program is considered the best game in town for inmates. It is where the inmates can make the most money. We do have rules that they must follow before they are allowed to work.

1. If they don't have their GED or high school diploma they must get their GED.
2. They must be in compliance with all treatment recommendation.
3. They cannot have any behavioral infractions.

We have a variety of trades and job skills that they can learn from and are focusing on vocational training.

We also teach them basic foundation skills so that they are able to have a job as soon as they are released, which makes them less likely to re-commit crime.

We the fund will be sustain for the long run.

Rep Amerman: What kind of profits are you looking at? And how are you going to utilize these profits?

Dennis Fracassi: The profits are substantial right now. It is our goal to make these products less expensive. Last year we made over one million dollars in sales. We get 17 % of this that is from the private sector. It is not our intent to make a ton of money but we are looking for a way for the inmates to pay less for their commissary products as I feel they are paying way too much for these products. We are at their mercy as right now they own all the software. It is probably going to be a \$200,000 to \$300,000 endeavor in order to make this thing work.

Rep Winrich: I am looking at the FN here, have you seen it. I presume that the FN impact for some special funds that support the Education program?

Dennis Fracassi: Roughrider Industries usually carried more appropriation than they have ever used. Part of this is when we have come across opportunities we have taken advantages of these opportunities.

Chairman Grande: Do you have funds and the ability to take over the commissary program? Does this bill give you the authority to do so?

Dennis Fracassi: We would have the opportunity to go to the bank and barrow the dollars and then level it out over a number of years. No this bill is just to be up front with you as we do believe we have the authority now.

Rep Froseth: Do you have a tracking system that would show that they are using these skills?

Dennis Fracassi: No! But that is one of the collaborative efforts we are working with Find It, as they do have a tracking system. Dennis went through the steps of how the skills steps are use these skills and how "Find It" helps track different facets of skill sets.

Rep Froseth: There is a big demand for welders in the state. What level of skills do they reach through your program for employment?

Dennis Fracassi: We are having pretty good results for the welders to be employed with decent jobs. We are collaborating with BSC. We have wire welding where BSC has stick welding so through this they are able to get training on both of these. We also want them to learn about the different gases used in welding.

Rep Froseth: Does BSC recognize the experience and skills they have developed?

Dennis Fracassi: I am not really sure, but once we are allowing them to be certified they will.

Chairman Grande: Closed the hearing.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2134 B

House Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: February 26, 2009

Recorder Job Number: #9797

Committee Clerk Signature	<i>Marlynn Keingel</i>
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Minutes:

Chairman Grande: Open the hearing SB 2134 Prison Industry.

Rep Dahl: If I understand this correctly, this it would be ending a contract with a private industry and have the state take over the system.

Chairman Grande: I understand this as the State contracts with Roughrider Industry. So we would give the Roughrider entity that.

Rep Winrich: Passed the motion and seconded by Vice Chair Boehning.

Vote is 13 yes 0 no and 0 absent.

Carrier is **Rep Winrich**.

Date: 1/26/19
Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2134

House Government and Veterans Affairs Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Winrich Seconded By Boehring

Representatives	Yes	No	Representatives	Yes	No
Chairman Grande	✓		Rep. Amernan	✓	
Vice Chairman Boehning	✓		Rep. Conklin	✓	
Rep. Dahl	✓		Rep. Schneider	✓	
Rep. Froseth	✓		Rep. Winrich	✓	
Rep. Karls	✓		Rep. Wolf	✓	
Rep. Kasper	✓				
Rep. Meier	✓				
Rep. Nathe	✓				

Total (Yes) 13 No 0

Absent 0

Floor Assignment Rep. Winrich

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2134, as engrossed: Government and Veterans Affairs Committee (Rep. Grande, Chairman) recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2134 was placed on the Fourteenth order on the calendar.

2009 TESTIMONY

SB 2134

TESTIMONY ON SENATE BILL 2134
SENATE GOVERNMENT AND VETERANS AFFAIRS COMMITTEE

Dennis Fracassi
Deputy Director of Industries and Education
Division of Adult Services, ND Department of Corrections and Rehabilitation
January 15, 2009

Prison industries have been authorized under Section 12-48-03.1 since 1965. In 1987 legislation was enacted to amend this section to govern the sale of hardwood, fiberesin, upholstery, and metal work products. This section was next amended in 1989 to replace the title “director of institutions” with “director of the department of corrections and rehabilitation”. The last amendment to this statute was in 1991 to change the name of the North Dakota State Farm to the Missouri River Correctional Center.

The Department of Corrections and Rehabilitation’s prison industries program does not receive any general fund money; it is completely financed, including the salaries of the prison industries employees, through the sale of prison industries products.

The purpose of Senate Bill 2134 is to update Sections 12-48-03.1 and 12-48-03.2 of the Century Code to reflect the operation of prison industries under the Adult Services Division of the Department of Corrections and Rehabilitation, and to recognize the director’s statutory duty under N.D.C.C. chapter 54-23.3 as the chief administrative officer of the department “[t]o manage and control all institutions and programs within the department”.

The proposed amendments to Section 12-48-03.1 organize the statute into two subsections. Subsection 1 establishes the authority of the director of the department of corrections and rehabilitation to “establish and engage in prison industries” and to discontinue any industries programs that are “no longer necessary or beneficial to the department.”

Subsection 2 re-states the categories of eligible customers under present law who may purchase prison industries-produced products from the department of corrections and rehabilitation's prison industries program.

As to specific changes, the reference to the warden is deleted in line 8, 13, 14, and 19 on the first page of the bill. The Department of Corrections and Rehabilitation has two wardens, one at the North Dakota State Penitentiary in Bismarck, one at the James River Correctional Center in Jamestown and a superintendent at the Missouri River Correctional Center southwest of Bismarck. The Department of Corrections and Rehabilitation operates prison industries programs in these locations under one strategic plan; therefore the final authority for the operation of prison industries is placed under the director of the department of corrections and rehabilitation, through the director's designee, the director of prison industries. The director of prison industries directly supervises prison industries operations, including purchasing necessary tools and equipment, ordering raw materials for production based on demand for product, scheduling projects, marketing, and coordinating delivery of finished products. The wardens can stay focused on the operation of prisons and the management of inmates.

In lines 9 and 10 of page one of SB 2134, the language is streamlined to reflect better statutory drafting language. The phrase "is authorized to" is replaced by "may", and "such new" and "as" is deleted. Also, in line 19, "such" is replaced by "prison".

Lines 21 at the bottom of page 1 of SB 2134 through line 4 at the top of page 2 of the bill removes language relating to eligible purchasers of prison industries products. Persons who may be eligible purchasers of prison industries products are specified in the amended subsection 2, which appears at lines 8 through 20 of the bill draft.

On page 2, line 8, of SB 2134, the mention of specific products: “hardwood, fiberesin, upholstered, and metal art work” is deleted so prison industries has flexibility in its product mix. For example, at the James River Correctional Center in Jamestown, prison industries operates a cut-and-sew facility producing institutional clothing. By keeping the generic term “products”, this allows prison industries to take advantage of any opportunity that will provide the greatest benefit for all stakeholders.

On page 2, line 9 removes the references to “roughrider” and any “other factory that manufactures the above products” so only “prison industries” appears in the statute. The department’s prison industries program will continue to be called Rough Rider Industries. On page 2, line 10 the word “state” is replaced with “governmental” to include federal, state, and tribal agencies and political subdivisions.

In line 12 on page 2 of SB 2134, “government owned or rented buildings” is replaced by “official business”. This change is appropriate since, for example, the prison industries sign shop makes signs for the North Dakota Department of Transportation, the Department of Game and Fish, and the Department of Parks and Recreation. These signs are placed outdoors on state highways and in state parks.

Lines 15 through 19 on page 2 of SB 2134 specify that prison-made products may be sold through wholesale or retail outlets that possess valid sales tax permits, and in interstate commerce. This reflects current state and federal law. The Dakota Womens Correctional and Rehabilitation Center also operates a prison industries program for the women prisoners there under the authority granted to the Department of Corrections and Rehabilitation by the United States Department of Justice.

Also, on page 2, lines 21-27, it is proposed that the language governing what happens to prison industries products after ten years be deleted. The current language prohibits state and local government agencies and non-profit organizations from removing or disposing of hardwood, fiberesin, upholstery products, and metal products for a period of ten years from the date of purchase without written authorization from the director of the department of corrections and rehabilitation. It is not clear now what the intent was and it is unworkable for the director of the department of corrections and rehabilitation to enforce a “no disposition” rule on another entity. For governmental agencies, disposition of the property can best be handled through their property surplus and disposal rules. And for non-profit organizations, it is unmanageable for the department to track sales and locations of these products for a ten year period.

The language of current subsection 3 is unnecessary and on page 2 of the bill, at lines 28-31, this language is deleted. The present language of subsection 2 already authorized the sale of these products to the mentioned state agencies, Office of Management and Budget and the Department of Corrections and Rehabilitation, and the proposed amendment to subsection 2 in the bill draft, page 2, lines 8 through 20, continues this authority.

The proposed amendments do not change the department’s authority with regard to the prison industries’ eligible purchasers under present law. Prison-made goods may only be purchased by governmental agencies, non-profit organizations, and wholesale or retail outlets that possess a valid sales tax permit. If prison industries-made products are manufactured under the prison industries enhancement certification program, they may be sold in interstate commerce and through export firms. The present exclusion of trade associations, fraternal organizations, co-ops, and health insurance companies as eligible customers remains in place.

Finally, Section 12-48-03.2 in Section 2 of SB 2134 has only one change to delete the reference to the “warden” on page 3, line 6.

This completes the review of all the proposed amendments to Sections 12-48-03.1 and 12-48-03.2. We would appreciate a do pass on SB 2134 from this committee.

PROPOSED AMENDMENT TO SENATE BILL 2134

Page 2, Line 14, after "companies." insert "Prison industries may sell commissary items and prison industries-made clothing to inmates."

Renumber accordingly

Attachment
#1

TESTIMONY ON SENATE BILL 2134
HOUSE GOVERNMENT AND VETERANS AFFAIRS COMMITTEE
Representative Bette Grande Chairperson

Dennis Fracassi
Deputy Director of Industries and Education
Division of Adult Services, ND Department of Corrections and Rehabilitation
February 26, 2009

Prison industries have been authorized under Section 12-48-03.1 since 1965. In 1987 legislation was enacted to amend this section to govern the sale of hardwood, fiberesin, upholstery, and metal work products. This section was next amended in 1989 to replace the title "director of institutions" with "director of the department of corrections and rehabilitation". The last amendment to this statute was in 1991 to change the name of the North Dakota State Farm to the Missouri River Correctional Center.

The Department of Corrections and Rehabilitation's prison industries program does not receive any general fund money; it is completely financed, including the salaries of the prison industries employees, through the sale of prison industries products.

The purpose of Senate Bill 2134 is to update Sections 12-48-03.1 and 12-48-03.2 of the Century Code to reflect the operation of prison industries under the Adult Services Division of the Department of Corrections and Rehabilitation, and to recognize the director's statutory duty under N.D.C.C. chapter 54-23.3 as the chief administrative officer of the department "[t]o manage and control all institutions and programs within the department".

The proposed amendments to Section 12-48-03.1 organize the statute into two subsections. Subsection 1 establishes the authority of the director of the department of corrections and rehabilitation to "establish and engage in prison industries" and to discontinue any industries programs that are "no longer necessary or beneficial to the department."

Subsection 2 re-states the categories of eligible customers under present law who may purchase prison industries-produced products from the department of corrections and rehabilitation's prison industries program.

As to specific changes, the reference to the warden is deleted in line 8, 13, 14, and 19 on the first page of the bill. The Department of Corrections and Rehabilitation has two wardens, one at the North Dakota State Penitentiary in Bismarck, one at the James River Correctional Center in Jamestown and a superintendent at the Missouri River Correctional Center southwest of Bismarck. The Department of Corrections and Rehabilitation operates prison industries programs in these locations under one strategic plan; therefore the final authority for the operation of prison industries is placed under the director of the department of corrections and rehabilitation, through the director's designee, the deputy director of industries and education.

The deputy director of industries and education directly supervises prison industries operations, including purchasing necessary tools and equipment, ordering raw materials for production based on demand for product, scheduling projects, marketing, and coordinating delivery of finished products. The wardens can stay focused on the operation of prisons and the management of inmates.

In lines 9 and 10 of page one of SB 2134, the language is streamlined to reflect better statutory drafting language. The phrase "is authorized to" is replaced by "may", and "such new" and "as" is deleted. Also, in line 19, "such" is replaced by "prison".

Lines 21 at the bottom of page 1 of SB 2134 through line 4 at the top of page 2 of the bill removes language relating to eligible purchasers of prison industries products. Persons who may be eligible purchasers of prison industries products are specified in the amended subsection 2, which appears at lines 8 through 21 of the bill draft.

On page 2, line 8, of SB 2134, the mention of specific products: “hardwood, fiberesin, upholstered, and metal art work” is deleted so prison industries has flexibility in its product mix. For example, at the James River Correctional Center in Jamestown, prison industries operates a cut-and-sew facility producing institutional clothing. By keeping the generic term “products”, this allows prison industries to take advantage of any opportunity that will provide the greatest benefit for all stakeholders.

On page 2, line 9 removes the references to “roughrider” and any “other factory that manufactures the above products” so only “prison industries” appears in the statute. The department’s prison industries program will continue to be called Rough Rider Industries. On page 2, line 10 the word “state” is replaced with “governmental” to include federal, state, and tribal agencies and political subdivisions.

In line 12 on page 2 of SB 2134, “government owned or rented buildings” is replaced by “official business”. This change is appropriate since, for example, the prison industries sign shop makes signs for the North Dakota Department of Transportation, the Department of Game and Fish, and the Department of Parks and Recreation. These signs are placed outdoors on state highways and in state parks.

The amendment to the original SB 2134 is found on page 2, lines 15 and 16 and reads: “Prison industries-may sell commissary items and prison industries-made clothing to inmates.” As part of the DOCR reorganization, Industries and Education have merged to provide better vocational education programs. The commissary is currently contracted to a company based in St. Louis, Missouri. Industries have the business acumen to manage the commissary and the profits can be better utilized as a revenue stream to enhance our vocational education efforts rather than go to an out-of-state company.

Line 16 through 21 on page 2 of SB 2134 specify that prison-made products may be sold through wholesale or retail outlets that possess valid sales tax permits, and in interstate commerce. This reflects current state and federal law. The Dakota Womens Correctional and Rehabilitation Center also operates a prison industries program for the women prisoners there under the authority granted to the Department of Corrections and Rehabilitation by the United States Department of Justice.

Also, on page 2, lines 22-28, it is proposed that the language governing what happens to prison industries products after ten years be deleted. The current language prohibits state and local government agencies and non-profit organizations from removing or disposing of hardwood, fiberesin, upholstery products, and metal products for a period of ten years from the date of purchase without written authorization from the director of the department of corrections and rehabilitation. It is not clear now what the intent was and it is unworkable for the director of the department of corrections and rehabilitation to enforce a "no disposition" rule on another entity. For governmental agencies, disposition of the property can best be handled through their property surplus and disposal rules. And for non-profit organizations, it is unmanageable for the department to track sales and locations of these products for a ten year period.

The language of current subsection 3 is unnecessary and on page 2 of the bill, at lines 29- through line 2 on page 3, this language is deleted. The present language of subsection 2 already authorized the sale of these products to the mentioned state agencies, Office of Management and Budget and the Department of Corrections and Rehabilitation, and the proposed amendment to subsection 2 in the bill draft, page 2, lines 8 through 21, continues this authority.

The proposed amendments do not change the department's authority with regard to the prison industries' eligible purchasers under present law. Prison-made goods may only be

purchased by governmental agencies, non-profit organizations, and wholesale or retail outlets that possess a valid sales tax permit. If prison industries-made products are manufactured under the prison industries enhancement certification program, they may be sold in interstate commerce and through export firms. The present exclusion of trade associations, fraternal organizations, co-ops, and health insurance companies as eligible customers remains in place.

Finally, Section 12-48-03.2 in Section 2 of SB 2134 has only one change to delete the reference to the "warden" on page 3, line 8.

This completes the review of all the proposed amendments to Sections 12-48-03.1 and 12-48-03.2. We would appreciate a do pass on SB 2134 from this committee.