

2011 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2103

2011 SENATE STANDING COMMITTEE MINUTES

Senate Industry, Business and Labor Committee
Roosevelt Park Room, State Capitol

SB 2103
January 10, 2011
12672

Conference Committee

Committee Clerk Signature

Era Libelt

Explanation or reason for introduction of bill/resolution:

Relating to disposition of interest on closed state funds, and to declare an emergency.

Minutes:

Attached testimony

Senator Klein reconvened the Industry, Business and Labor committee for SB 2103.

Carlee McLeod, Deputy State Treasurer for the Office of State Treasurer. See attached testimony. She gave an explanation of how state funds are created, and the interest in this fund. This is a clarification that once you repeal the fund, we can treat it as if its' no longer and existence with the authority to hold its' own interest and then that interest can go back into the general fund, so we can remove it from the interest allocation. There is a fiscal note, we have noted no fiscal impact, because our hope is that if there is a larger fund remaining on the interest allocation, the idea that it can longer hold its own interest would be enough impetus for the agency to transfer that money out into do what the legislature tells what to do with that money. There could be a situation somewhere down the line where interest would be earned on monies staying in the fund or transferred to the general fund. There may be fiscal impact down the line, a few cents perhaps. To date there is no fiscal impact that we could come up with.

Senator Klein: How often does this happen?

Carlee McLeod: We have around 400 state funds. On the interest allocation, maybe around \$130 or so. Rarely is one of those funds repealed. This \$.28 issue prompted this bill because it became a three week research project between our office, the Attorney General's office and the State Auditor's office. We wanted to ask for the clarification, but as far as how frequently this would occur, I think it would be pretty rare.

Senator Klein: Any other questions for Carlee? Any questions, hearing none. Anyone in opposition with a record note? So with that we are going to close hearing SB 2103.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Industry, Business and Labor Committee
Roosevelt Park Room, State Capitol

SB 2103
January 10, 2011
12711

Conference Committee

Committee Clerk Signature

Eva Lubelt

Explanation or reason for introduction of bill/resolution:

Relating to disposition of interest on closed state funds, and to declare an emergency.

Minutes:

Senator Klein reopened SB 2103. It came to us from the State Treasurer's office.

Senator Klein asked the committee to vote on SB 2103.

Senator Schneider proposed a Do Pass motion

Senator Murphy-2nd the motion.

Carrier: Senator Murphy

FISCAL NOTE

Requested by Legislative Council
12/22/2010

Bill/Resolution No.: SB 2103

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.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 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.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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 bill provides direction for interest earned on remainders of closed funds.

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.*

This bill has no fiscal impact.

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.*

This bill has no fiscal impact.

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.*

This bill has no fiscal impact.

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.*

This bill has no fiscal impact.

Name:	Carlee McLeod	Agency:	Treasurer
Phone Number:	701-328-2646	Date Prepared:	12/22/2010

Date: 1/10/2011
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2103

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Senator Schneider Seconded By Senator Murphy

Senators	Yes	No	Senators	Yes	No
Chairman Jerry Klein	✓		Senator Mac Schneider	✓	
VC George L. Nodland	✓		Senator Murphy	✓	
Senator John Andrist	✓				
Senator Lonnie J. Laffen	✓				
Senator Oley Larsen	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Murphy

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

REPORT OF STANDING COMMITTEE

SB 2103: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2103 was placed on the Eleventh order on the calendar.

2011 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2103

2011 HOUSE STANDING COMMITTEE MINUTES

House Industry, Business and Labor Committee
Peace Garden Room, State Capitol

SB 2103
March 2, 2011
14834

Conference Committee

Committee Clerk Signature

Ellen Letang

Explanation or reason for introduction of bill/resolution:

Disposition of interest on closed state funds and declare an emergency.

Minutes:

Chairman Keiser: Opens the hearing on 2103.

Carlee McLeod~Deputy Treasurer for the Office of State Treasurer: (See attached testimony 1).

Representative M Nelson: This bill tells us where to put the interest, you are fine with a closed account with a principle of 28 cent, shouldn't we move that to the general fund?

Carlee McLeod: My preference, any time you repeal a fund that you give directive to what to do with the money that's there. I will leave it up to you to give directive to what you want to do with the money.

Representative Ruby: Is there a mechanism for you to give the legislature a list of those accounts that are closed that have balances?

Carlee McLeod: There probably would be, we monitor every fund to see and what activity happens. Right now, the only fund that is closed that has a balance is the fund with 28 cents because most agencies are good about taking their money out once it's been repealed. If that is something you want, we could provide that before each session. A reporting requirement might be premature, but we would not be opposed.

Chairman Keiser: For all the funds that are closed, the principle is taken care of and the agency wants the principle. The reason the interest comes in play is because the interest may not be on the principle at the time the funds are close and the money transfers, then the interest earnings is there.

Carlee McLeod: Yes, that could be the case.

Chairman Keiser: Anyone else here to testify in support, in opposition, in neutral SB 2103? Closes the hearing, what are the committee's wishes?

Representative Ruby: Moves a Do Pass on SB 2103.

Representative N Johnson: Second.

Chairman Keiser: Further discussion?

Roll call was taken for a Do Pass on SB 2103 with 14 yeas, 0 nays, 0 absent and Representative M Nelson is the carrier.

Date: May 2, 2011

Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2103

House House Industry, Business and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment

Motion Made By Rep Ruby Seconded By Rep Johnson

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	✓		Representative Amerman	✓	
Vice Chairman Kasper	✓		Representative Boe	✓	
Representative Clark	✓		Representative Gruchalla	✓	
Representative Frantsvog	✓		Representative M Nelson	✓	
Representative N Johnson	✓				
Representative Kreun	✓				
Representative Nathe	✓				
Representative Ruby	✓				
Representative Sukut	✓				
Representative Vigesaa	✓				

Total Yes 14 No 0

Absent _____

Floor Assignment Rep M Nelson

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

REPORT OF STANDING COMMITTEE

SB 2103: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
SB 2103 was placed on the Fourteenth order on the calendar.

2011 TESTIMONY

SB 2103



Kelly L. Schmidt
State Treasurer

STATE OF NORTH DAKOTA

OFFICE OF STATE TREASURER

STATE CAPITOL, 600 E. BOULEVARD AVE., DEPT 120, BISMARCK, NORTH DAKOTA 58505-0600

701-328-2643 FAX 701-328-3002

<http://www.treasurer.nd.gov>

**Senate Bill 2103
Testimony in Support
Committee: Senate Industry, Business and Labor
Date: January 10, 2011
Carlee McLeod
Deputy Treasurer**

Chairman Klein, members of the committee:


For the record, I am Carlee McLeod, Deputy Treasurer for the Office of State Treasurer. The Office of the State Treasurer supports SB 2103 relating to the placement of interest earned on moneys remaining in funds which have been repealed.

This bill clarifies an issue that developed during our last audit.

Each fund within the state treasury is directed by the legislature either to keep any interest earned by its principal or pay the interest to another fund. Most commonly, interest earned on the funds within the state treasury is paid to the general fund. However, there are a variety of funds in the state treasury that have been directed to keep the interest earned on the money remaining in those funds. These funds are tracked and credited monthly through a mechanism called the Interest Allocation.

Unless there is a directive from the legislature, when a fund is repealed, it falls to the agency controlling the fund to liquidate the money. If the fund has been created to retain its interest, it has been placed on the Interest Allocation, and the Office of the State Treasurer is left without a mechanism to remove it. Technically, the fund should no longer exist, but without a directive to move the contents of the fund, the Office of the State Treasurer continues to treat the fund as it was created until the principal is removed.

Currently, the state treasury includes a principal amount of \$0.28 in a "repealed fund". That fund was originally directed to earn its own interest. As a practical matter, no interest accrues on such an immaterial amount. However, this remainder has been scrutinized during our most recent audit because it has remained on our interest allocation. However, at its repeal, we were not given the authority to remove the fund from the interest allocation.



This bill would provide the State Treasurer's Office the authority to remove funds that have been repealed from the interest allocation. Any interest earned by the remaining principal would be credited to the general fund. This change is helpful for two reasons: first, it provides clarity in the law, and second, it encourages agencies controlling the funds to remove remaining principal from the repealed funds sooner because the incentive of earning interest has been removed. By removing the remaining principal, legislative intent for the repeal of the fund can be achieved.

There is a fiscal note attached to this bill, however, there is no fiscal impact anticipated.

We ask this committee for a DO PASS on this clarification.

Thank you.





Kelly L. Schmidt
State Treasurer

STATE OF NORTH DAKOTA

OFFICE OF STATE TREASURER

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Senate Bill 2103
Testimony in Support
Committee: House Industry, Business and Labor
Date: March 2, 2011
Carlee McLeod
Deputy Treasurer

Chairman Keiser, members of the committee:

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