15.0560.10000

FISCAL NOTE
Requested by Legislative Council
04/28/2015

Amendment to: SB 2206

1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(18,837,178)		$(26,497,735)
Expenditures			$23,212,165	$(18,837,178)	$31,065,711	$(26,497,735)
Appropriations					$31,065,711	$(26,497,735)

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties		$(23,212,165)	$(31,065,711)
Cities			
School Districts			
Townships			

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

SB2206 requires the Department; to assume responsibility from the County Social Service Boards for costs of certain social service programs, and to provide for a legislative management social services finance committee assisted by a county social services finance working group.

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.*

Section 1 of SB2206 requires county social service boards to submit their 2016 budget using the budget submitted in 2014 as a starting point and subtracting the reduction in the county's social services funding responsibility for 2014, derived from transferring the county social service costs from the county social service boards to the Department of Human Services, and applying to the resulting amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015. The 2017 budget may not exceed an amount determined using the 2015 budget as a starting point and applying to that amount the percentage salary and benefits increase provided by legislative appropriations for state employees for 2016.

The $19,312,165 of transferred costs would include the county portion of foster care and subsidized adoption assistance payments, medical assistance payments for therapeutic foster care services, service payments for the elderly and disabled (SPED), county administrative costs for providing family preservation services, computer processing costs for the technical eligibility system, and the costs of electronic benefit transfers for the supplemental nutrition assistance program (SNAP).

The Bill also requires the county share of the human service budget be funded entirely from the county's property tax levy for that purpose. The Bill does not allow the county to use funds from any other source to supplement the human services budget with the exception that the county may make use of the identifiable amount of other sources the county has used to supplement its human services budget for 2015, and any funds received from the human services grant program.
The Department of Human Services shall develop a process to review requests from county social service boards for any increases in staff needed as a result of significantly increased caseloads for state funded human service programs. The review process shall include reviews of countywide caseload information and consideration of multicounty sharing of staff.

Section 6 of SB2206 establishes a human services grant program to counties who have historically utilized the emergency human services mill levy set forth in chapter 50-03 and which is adjacent to or part of an Indian reservation, of which contains Indian trust land within the service area of a federally recognized Indian tribe and is occupied by enrolled members of the tribe or which includes the state hospital. The grant program must be implemented through rulemaking, Chapter 28-32. $3,900,000 is included in the Bill for the grant program and limits the use of the funds to $1.9 million in the first year of the biennium and $2.0 million in the second year.

Section 12 of SB2206 requires a Legislative Management interim county social services finance committee responsible for developing a transition plan for potentially transferring the costs of operating social services programs from county property tax levies to state general funds. In addition a county social services finance working group will be established with required state and county officials to make recommendations to and seek direction from the county social services finance committee. Any proposed transition plan must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, requirements of a property tax reduction for the amount of the budgeted savings brought about by the transfer of county social services costs to the state, elimination of the county social services levy, and potential legislation to implement recommended changes.

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.*

   The decrease in other revenue represents the county funds the Department will not receive due to transferring certain social service programs from the county social service boards to the Department. The revenue received from the county would decrease by $18,837,178 in the 15-17 biennium and $26,497,735 in the 17-19 biennium. The counties would have a property tax savings of $23,212,165 and $31,065,711 in the 15-17 and 17-19 biennium's, respectively.

   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.*

   In the 15-17 Biennium the Department would have an increase in General Fund expenditures of $23,212,165 and a decrease in other fund expenditures of ($18,837,178) for a net increase of $4,374,987, which includes $3,900,000 for a human service grant program. In the 2017-2019 biennium the Department would have an increase in General Fund expenditures of $31,065,711 and a decrease in other fund expenditures of ($26,497,735) for a net increase of $4,567,976, which includes $3,900,000 for a human service grant program.
   The counties would have a decrease of expenditures of $18,837,178 and $26,497,735 for the 15-17 and 17-19 biennium's, respectively.

   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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

   Appropriation for the 15-17 biennium will not need to be added since it has already been included in SB2012, which is the Department's appropriation bill. The Department's 17-19 budget would need a General Fund appropriation of $31,065,711 and a decrease in other fund appropriation of ($26,497,735).

Name: Debra A McDermott

Agency: Human Services

Telephone: 328-3695

Date Prepared: 04/28/2015

15.0560.06000

FISCAL NOTE
Requested by Legislative Council
04/24/2015

Amendment to: SB 2206

1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(18,837,178)		$(26,497,735)
Expenditures			$23,212,165	$(18,837,178)	$31,065,711	$(26,497,735)
Appropriations					$31,065,711	$(26,497,735)

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties		$(23,212,165)	$(31,065,711)
Cities			
School Districts			
Townships			

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

SB2206 requires the Department; to assume responsibility from the County Social Service Boards for costs of certain social service programs, and to provide for a legislative management social services finance committee assisted by a county social services finance working group.

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.*

Section 1 of SB2206 requires county social service boards to submit their 2016 budget using the budget submitted in 2014 as a starting point and subtracting the reduction in the county's social services funding responsibility for 2014, derived from transferring the county social service costs from the county social service boards to the Department of Human Services, and applying to the resulting amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015. The 2017 budget may not exceed an amount determined using the 2015 budget as a starting point and applying to that amount the percentage salary and benefits increase provided by legislative appropriations for state employees for 2016.

The $19,312,165 of transferred costs would include the county portion of foster care and subsidized adoption assistance payments, medical assistance payments for therapeutic foster care services, service payments for the elderly and disabled (SPED), county administrative costs for providing family preservation services, computer processing costs for the technical eligibility system, and the costs of electronic benefit transfers for the supplemental nutrition assistance program (SNAP

The Bill also requires the county share of the human service budget be funded entirely from the county's property tax levy for that purpose. The Bill does not allow the county to use funds from any other source to supplement the human services budget with the exception that the county may make use of the identifiable amount of other sources the county has used to supplement its human services budget for 2015, and any funds received from the human services grant program.
The Department of Human Services will be required to develop a process to review requests from county social service boards for any increases in staff needed as a result of significantly increased caseloads for state funded human service programs. The review process shall include reviews of countywide caseload information and consideration of multicounty sharing of staff.

Section 6 of SB2206 establishes a human services grant program to counties who have historically utilized the emergency human services mill levy set forth in chapter 50-03 and which is adjacent to or part of an Indian reservation, of which contains Indian trust land within the service area of a federally recognized Indian tribe and is occupied by enrolled members of the tribe or which includes the state hospital. $3,900,000 is included in the Bill for the grant program and limits the use of the funds to $1.9 million in the first year of the biennium and $2.0 million in the second year.

Section 12 of SB2206 requires a Legislative Management interim county social services finance committee responsible for developing a transition plan for potentially transferring the costs of operating social services programs from county property tax levies to state general funds. In addition a county social services finance working group will be established with required state and county officials to make recommendations to and seek direction from the county social services finance committee. Any proposed transition plan must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, requirements of a property tax reduction for the amount of the budgeted savings brought about by the transfer of county social services costs to the state, elimination of the county social services levy, and potential legislation to implement recommended changes.

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.*

The decrease in other revenue represents the county funds the Department will not receive due to transferring certain social service programs from the county social service boards to the Department. The revenue received from the county would decrease by $18,837,178 in the 15-17 biennium and $26,497,735 in the 17-19 biennium. The counties would have a property tax savings of $23,212,165 and $31,065,711 in the 15-17 and 17-19 biennium's, respectively.

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.*

In the 15-17 Biennium the Department would have an increase in General Fund expenditures of $23,212,165 and a decrease in other fund expenditures of ($18,837,178) for a net increase of $4,374,987, which includes $3,900,000 for a human service grant program. In the 2017-2019 biennium the Department would have an increase in General Fund expenditures of $31,065,711 and a decrease in other fund expenditures of ($26,497,735) for a net increase of $4,567,976, which includes $3,900,000 for a human service grant program.
The counties would have a decrease of expenditures of $18,837,178 and $26,497,735 for the 15-17 and 17-19 biennium's, respectively.

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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Appropriation for the 15-17 biennium will not need to be added since it has already been included in SB2012, which is the Department's appropriation bill. The Department's 17-19 budget would need a General Fund appropriation of $31,065,711 and a decrease in other fund appropriation of ($26,497,735).

Name: Debra A McDermott

Agency: Human Services

Telephone: 328-3695

Date Prepared: 04/24/2015

15.0560.04000

FISCAL NOTE
Requested by Legislative Council
04/14/2015

Amendment to: SB 2206

1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(18,837,178)		$(26,497,735)
Expenditures			$23,212,165	$(18,837,178)	$31,065,711	$(26,497,735)
Appropriations					$31,065,711	$(26,497,735)

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties		$(23,212,165)	$(31,065,711)
Cities			
School Districts			
Townships			

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

SB2206 requires the Department; to assume responsibility from the County Social Service Boards for costs of certain social service programs, and to provide a legislative management study.

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.*

Section 1 of SB2206 requires county social service boards to submit their 2016 budget identifying the reduction in county social service funding responsibility derived from transferring costs of certain social service programs from the county social service boards to the Department of Human Services. The Department shall compute the amount of budget savings for each county created by the department's assumption of certain social service program costs and report the amount to the tax commissioner. The tax commissioner shall calculate the mill levy reduction in each county made possible by the program costs assumed by the state and deduct that amount from the human services mill levy of the county in effect for taxable year 2014. Applied to the resulting mill levy will be the percentage of the salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015 to determine the mill levy limit for that county's human services mill levy for taxable year 2015. Applied to taxable year 2015 human services mill levy will be the percentage of the salary and benefits increase provided by legislative appropriations for state employees for taxable year 2016 to determine the county's human service mill levy for taxable year 2016 and each taxable year thereafter. The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and may not use funds from any other source available for that purpose, with the exception of funds received from the human services grant program.

The $19,312,165 of transferred costs would include the county portion of foster care and subsidized adoption assistance payments, medical assistance payments for therapeutic foster care services, service payments for the elderly and disabled (SPED), county administrative costs for providing family preservation services, computer processing costs for the technical eligibility system, and the costs of electronic benefit transfers for the supplemental nutrition assistance program (SNAP).

Section 6 of SB2206 establishes a human services grant program to counties who have historically utilized the emergency human services mill levy set forth in chapter 50-03 and which is adjacent to or part of an Indian reservation, of which contains Indian trust land within the service area of a federally recognized Indian tribe and is occupied by enrolled members of the tribe or which includes the state hospital. $3,900,000 is included in the Bill for the grant program and limits the use of the funds to $1.9 million in the first year of the biennium and $2.0 million in the second year.

Section 12 of SB2206 requires a Legislative Management Study to study the feasibility and desirability for a proposal to transfer the operating costs of the County Social Service programs from the county property tax levies to the State's General Fund. The study would include a timeline for the major milestones of the transition plan and estimated property tax reduction. Legislative management shall assign the study to an interim committee which would be required to report the findings to the sixty-fifth legislative assembly.

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.*

The decrease in other revenue represents the county funds the Department will not receive due to transferring certain social service programs from the county social service boards to the Department. The revenue received from the county would decrease by $18,837,178 in the 15-17 biennium and $26,497,735 in the 17-19 biennium. The counties would have a property tax savings of $23,212,165 and $31,065,711 in the 15-17 and 17-19 biennium's, respectively.

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.*

In the 15-17 Biennium the Department would have an increase in General Fund expenditures of $23,212,165 and a decrease in other fund expenditures of ($18,837,178) for a net increase of $4,374,987, which includes $3,900,000 for a human service grant program. In the 2017-2019 biennium the Department would have an increase in General Fund expenditures of $31,065,711 and a decrease in other fund expenditures of ($26,497,735) for a net increase of $4,567,976, which includes $3,900,000 for a human service grant program.
The counties would have a decrease of expenditures of $18,837,178 and $26,497,735 for the 15-17 and 17-19 biennium's, respectively.

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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Appropriation for the 15-17 biennium will not need to be added since it has already been included in SB2012, which is the Department's appropriation bill. The Department's 17-19 budget would need a General Fund appropriation of $31,065,711 and a decrease in other fund appropriation of ($26,497,735).

Name: Debra A McDermott

Agency: Human Services

Telephone: 328-3695

Date Prepared: 04/15/2015

15.0560.03000

FISCAL NOTE
Requested by Legislative Council
04/02/2015

Amendment to: SB 2206

1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(18,837,178)		$(26,497,735)
Expenditures			$23,212,165	$(18,837,178)	$31,065,711	$(26,497,735)
Appropriations					$31,065,711	$(26,497,735)

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties		$(23,212,165)	$(31,065,711)
Cities			
School Districts			
Townships			

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

SB2206 requires the Department; to assume responsibility from the County Social Service Boards for costs of certain social service programs, to establish a grant program and to establish a social service financing commission.

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.*

Section 1 of SB2206 requires county social service boards to submit their 2016 budget identifying the reduction in county social service funding responsibility derived from transferring costs of certain social service programs from the county social service boards to the Department of Human Services. The Department shall compute the amount of budget savings for each county created by the department's assumption of certain social service program costs and report the amount to the tax commissioner. The tax commissioner shall calculate the mill levy reduction in each county made possible by the program costs assumed by the state and deduct that amount from the human services mill levy of the county in effect for taxable year 2014. Applied to the resulting mill levy will be the percentage of the salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015 to determine the mill levy limit for that county's human services mill levy for taxable year 2015. Applied to taxable year 2015 human services mill levy will be the percentage of the salary and benefits increase provided by legislative appropriations for state employees for taxable year 2016 to determine the county's human service mill levy for taxable year 2016 and each taxable year thereafter. The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and may not use funds from any other source available for that purpose, with the exception of funds received from the human services grant program.

The $19,312,165 of transferred costs would include the county portion of foster care and subsidized adoption assistance payments, medical assistance payments for therapeutic foster care services, service payments for the elderly and disabled (SPED), county administrative costs for providing family preservation services, computer processing costs for the technical eligibility system, and the costs of electronic benefit transfers for the supplemental nutrition assistance program (SNAP).

Section 6 of SB2206 establishes a human services grant program to counties who have historically utilized the emergency human services mill levy set forth in chapter 50-03 and which is adjacent to or part of an Indian reservation, of which contains Indian trust land within the service area of a federally recognized Indian tribe and is occupied by enrolled members of the tribe or which includes the state hospital. $3,900,000 is included in the Bill for the grant program and limits the use of the funds to $1.9 million in the first year of the biennium and $2.0 million in the second year.

Section 10 of SB2206 establishes a Social Services Financing Commission to assist in the development of a transition plan for transferring the cost of operating social service programs from county property tax levies to state General Fund appropriation.

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.*

   The decrease in other revenue represents the county funds the Department will not receive due to transferring certain social service programs from the county social service boards to the Department. The revenue received from the county would decrease by $18,837,178 in the 15-17 biennium and $26,497,735 in the 17-19 biennium. The counties would have a property tax savings of $23,212,165 and $31,065,711 in the 15-17 and 17-19 biennium's, respectively.

   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.*

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   The counties would have a decrease of expenditures of $18,837,178 and $26,497,735 for the 15-17 and 17-19 biennium's, respectively.

   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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

   Appropriation for the 15-17 biennium will not need to be added since it has already been included in SB2012, which is the Department's appropriation bill. The Department's 17-19 budget would need a General Fund appropriation of $31,065,711 and a decrease in other fund appropriation of ($26,497,735).

Name: Debra A McDermott

Agency: Human Services

Telephone: 328-3695

Date Prepared: 04/06/2015

15.0560.02000

FISCAL NOTE
Requested by Legislative Council
01/13/2015

Revised
Amendment to: SB 2206

1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(18,837,178)		$(26,497,735)
Expenditures			$23,212,165	$(18,837,178)	$31,065,711	$(26,497,735)
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1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties		$(23,212,165)	$(31,065,711)
Cities			
School Districts			
Townships			

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

SB2206 requires the Department; to assume responsibility from the County Social Service Boards for costs of certain social service programs, to establish a grant program and to establish a social service financing commission.

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.*

Section 1 of SB2206 requires county social service boards to submit their 2016 budget identifying the reduction in county social service funding responsibility derived from transferring costs of certain social service programs from the county social service boards to the Department of Human Services. The $19,312,165 of transferred costs would include the county portion of foster care and subsidized adoption assistance payments, medical assistance payments for therapeutic foster care services, service payments for the elderly and disabled (SPED), county administrative costs for providing family preservation services, computer processing costs for the technical eligibility system, and the costs of electronic benefit transfers for the supplemental nutrition assistance program (SNAP).
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Section 10 of SB2206 establishes a Social Services Financing Commission to assist in the development of a transition plan for transferring the cost of operating social service programs from county property tax levies to state General Fund appropriation.

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.*

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the county would decrease by $18,837,178 in the 15-17 biennium and $26,497,735 in the 17-19 biennium. The counties would have a property tax savings of $23,212,165 and $31,065,711 in the 15-17and 17-19 biennium's, respectively.

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.*

In the 15-17 Biennium the Department would have an increase in General Fund expenditures of $23,212,165 and a decrease in other fund expenditures of ($18,837,178) for a net increase of $4,374,987, which includes $3,900,000 for a human service grant program. In the 2017-2019 biennium the Department would have an increase in General Fund expenditures of $31,065,711 and a decrease in other fund expenditures of ($26,497,735) for a net increase of $4,567,976, which includes $3,900,000 for a human service grant program.
The counties would have a decrease of expenditures of $18,837,178 and $26,497,735 for the 15-17 and 17-19 biennium's, respectively.

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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Appropriation for the 15-17 biennium will not need to be added since it has already been included in SB2012, which is the Department's appropriation bill. The Department's 17-19 budget would need a General Fund appropriation of $31,065,711 and a decrease in other fund appropriation of ($26,497,735).

Name: Debra A McDermott

Agency: Human Services

Telephone: 328-3695

Date Prepared: 01/26/2015

15.0560.01000

FISCAL NOTE

Requested by Legislative Council
01/13/2015

Revised
Bill/Resolution No.: SB 2206

1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(18,837,178)		$(26,497,735)
Expenditures			$23,212,165	$(18,837,178)	$31,065,711	$(26,497,735)
Appropriations					$31,065,711	$(26,497,735)

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties		$(23,212,165)	$(31,065,711)
Cities			
School Districts			
Townships			

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

SB2206 requires the Department; to assume responsibility from the County Social Service Boards for costs of certain social service programs, to establish a grant program and to establish a social service financing commission.

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.*

Section 1 of SB2206 requires county social service boards to submit their 2016 budget identifying the reduction in county social service funding responsibility derived from transferring costs of certain social service programs from the county social service boards to the Department of Human Services. The $19,312,165 of transferred costs would include the county portion of foster care and subsidized adoption assistance payments, medical assistance payments for therapeutic foster care services, service payments for the elderly and disabled (SPED), county administrative costs for providing family preservation services, computer processing costs for the technical eligibility system, and the costs of electronic benefit transfers for the supplemental nutrition assistance program (SNAP).
Section 6 of SB2206 establishes a human services grant program to counties who have historically utilized the emergency human services mill levy set forth in chapter 50-03 and which is adjacent to or part of an Indian reservation, of which contains Indian trust land within the service area of a federally recognized Indian tribe and is occupied by enrolled members of the tribe or which includes the state hospital. $3,900,000 is included in the Bill for the grant program and limits the use of the funds to $1.9 million in the first year of the biennium and $2.0 million in the second year.
Section 10 of SB2206 establishes a Social Services Financing Commission to assist in the development of a transition plan for transferring the cost of operating social service programs from county property tax levies to state General Fund appropriation.

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.*

The decrease in other revenue represents the county funds the Department will not receive due to transferring certain social service programs from the county social service boards to the Department. The revenue received from

the county would decrease by $18,837,178 in the 15-17 biennium and $26,497,735 in the 17-19 biennium. The counties would have a property tax savings of $23,212,165 and $31,065,711 in the 15-17and 17-19 biennium's, respectively.

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.*

In the 15-17 Biennium the Department would have an increase in General Fund expenditures of $23,212,165 and a decrease in other fund expenditures of ($18,837,178) for a net increase of $4,374,987, which includes $3,900,000 for a human service grant program. In the 2017-2019 biennium the Department would have an increase in General Fund expenditures of $31,065,711 and a decrease in other fund expenditures of ($26,497,735) for a net increase of $4,567,976, which includes $3,900,000 for a human service grant program.
The counties would have a decrease of expenditures of $18,837,178 and $26,497,735 for the 15-17 and 17-19 biennium's, respectively.

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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Appropriation for the 15-17 biennium will not need to be added since it has already been included in SB2012, which is the Department's appropriation bill. The Department's 17-19 budget would need a General Fund appropriation of $31,065,711 and a decrease in other fund appropriation of ($26,497,735).

Name: Debra A McDermott

Agency: Human Services

Telephone: 328-3695

Date Prepared: 01/26/2015

15.0560.01000

FISCAL NOTE
Requested by Legislative Council
01/13/2015

Bill/Resolution No.: SB 2206

1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(18,837,178)		$(26,497,735)
Expenditures			$23,212,165	$(18,837,178)	$(31,065,711)	$(26,497,735)
Appropriations					$(31,065,711)	$(26,497,735)

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties		$(23,212,165)	$(31,065,711)
Cities			
School Districts			
Townships			

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

SB2206 requires the Department; to assume responsibility from the County Social Service Boards for costs of certain social service programs, to establish a grant program and to establish a social service financing commission.

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.*

Section 1 of SB2206 requires county social service boards to submit their 2016 budget identifying the reduction in county social service funding responsibility derived from transferring costs of certain social service programs from the county social service boards to the Department of Human Services. The $19,312,165 of transferred costs would include the county portion of foster care and subsidized adoption assistance payments, medical assistance payments for therapeutic foster care services, service payments for the elderly and disabled (SPED), county administrative costs for providing family preservation services, computer processing costs for the technical eligibility system, and the costs of electronic benefit transfers for the supplemental nutrition assistance program (SNAP).
Section 6 of SB2206 establishes a human services grant program to counties who have historically utilized the emergency human services mill levy set forth in chapter 50-03 and which is adjacent to or part of an Indian reservation, of which contains Indian trust land within the service area of a federally recognized Indian tribe and is occupied by enrolled members of the tribe or which includes the state hospital. $3,900,000 is included in the Bill for the grant program and limits the use of the funds to $1.9 million in the first year of the biennium and $2.0 million in the second year.
Section 10 of SB2206 establishes a Social Services Financing Commission to assist in the development of a transition plan for transferring the cost of operating social service programs from county property tax levies to state General Fund appropriation.

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.*

The decrease in other revenue represents the county funds the Department will not receive due to transferring certain social service programs from the county social service boards to the Department. The revenue received from

the county would decrease by $18,837,178 in the 15-17 biennium and $26,497,735 in the 17-19 biennium. The counties would have a property tax savings of $23,212,165 and $31,065,711 in the 15-17and 17-19 biennium's, respectively.

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.*

In the 15-17 Biennium the Department would have an increase in General Fund expenditures of $23,212,165 and a decrease in other fund expenditures of ($18,837,178) for a net increase of $4,374,987, which includes $3,900,000 for a human service grant program. In the 2017-2019 biennium the Department would have an increase in General Fund expenditures of $31,065,711 and a decrease in other fund expenditures of ($26,497,735) for a net increase of $4,567,976, which includes $3,900,000 for a human service grant program.
The counties would have a decrease of expenditures of $18,837,178 and $26,497,735 for the 15-17 and 17-19 biennium's, respectively.

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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Appropriation for the 15-17 biennium will not need to be added since it has already been included in SB2012, which is the Department's appropriation bill. The Department's 17-19 budget would need a General Fund appropriation of $31,065,711 and a decrease in other fund appropriation of ($26,497,735).

Name: Debra A McDermott

Agency: Human Services

Telephone: 328-3695

Date Prepared: 01/26/2015

2015 SENATE HUMAN SERVICES

SB 2206

2015 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Red River Room, State Capitol

SB 2206
1/27/2015
22603

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature	Donald Mueller

Explanation or reason for introduction of bill/resolution:

A bill relating to the Department of Human Services assuming certain costs of certain social service programs and to the establishment of a human services grant program; relating to county social service board budgets and programs funded at state expense; relating to the county's share of medical assistance for therapeutic foster care, service payments to the elderly and disabled, and the county share of foster care costs; to establish a social services financing commission; to provide an effective date; to provide an expiration date; and to declare an emergency.

Minutes:

Attach #1: Testimony by Maggie Anderson
Attach #2: Testimony by Terry Traynor
Attach #3: County Expenditures for Human Services Programs and Potential Mill Reduction
Attach #4: Testimony by Bruce Strinden
Attach #5: Testimony by Randi Suckut
Attach #6: Testimony by Kim Jacobson
Attach #7: Testimony by Laney Herauf
Attach #8: Testimony by Pam Sharp

Senator Dever (district 32) introduced SB 2206 to the committee. Senator Dever provided overview, recognizing property tax reduction as one of the goals, in shifting costs from the county to the state, allow counties to function as they do, and have accountability. Why are counties responsible now? Just because. We can transfer the costs without changing the programs. We have had similar considerations in prior sessions. This bill addresses many of those concerns.
(ends 4:00)

Maggie Anderson, Director of Department of Human Services, testified IN FAVOR of SB 2206, and provided an overview of the bill. (attach #1) (4:25-11:20 - break in testimony)

Senator Warner asked for clarification on the bottom of page 2, where you require county commissioners to estimate their costs. Is this just for the first biennium or is this an onging thing. This seems problematic that they would be expected to generate data relative to costs that they are not incurring to prove as they go forward, especially as programs change in the future.

Maggie Anderson (DHS) stated that included in the bill so we can identify those savings per calendar year for 2016 and 2017 When you get to section 10, there is a proposal for a commission to further study this. The work of the commission will include identifying next steps, reporting requirements, so we would know the ultimate savings are to property tax payers.

V. Chairman Oley Larsen asked for an explanation of section 3, removing foster care costs, and what is the other one.

Maggie Anderson (DHS) line 12, family preservation services.

Maggie Anderson (DHS) continued her testimony (from attach #1) (13:32-20:25)

Pam Sharp, Office of Management and Budget continued the testimony started by Maggie Anderson (DHS), (also included in Attach #1. Also provided her written testimony after the hearing, refer to Attach #8) (20:25-25:15)

Senator Dever there was a question should it be in human services or finance or tax. It depends how we look at it.

Chairman Judy Lee indicated that Sen. Cook is comfortable that the bill is in the Senate Human Services Committee.

Terry Traynor, Assistant Director of North Dakota Association of Counties, testified IN FAVOR of SB 2206 (attach #2) (around 27:00 start, end 33:00)

V. Chairman Oley Larsen how many mills per county will this be that taxpayer will see in reduction.

Maggie Anderson (DHS) provided handout, Department of Human Services County Expenditures for Human Service Programs and Potential Mill Reduction. (attach #3). **Mr. Traynor** went through the chart, costs by tax department by county. (34:32)

V. Chairman Oley Larsen talking with constituents about tax relief, they like the idea of the lower mills. Will the county come back and gain the mills for different spending? Is there a way to cap that, or is there a way we will give tax savings and county will not go back for.

Mr. Traynor answered it intersects with property tax reform as well. The hold-harmless appropriation in Section 6 is important. The Task force is proposing a restructuring of the levy authority of counties. If that passes, counties will have significantly smaller social service levying capacity because of that bill. Would the county raise how they are spending in roads? There is nothing in the bill that they can't, but the legislative will be watching that along with the association of counties.

Chairman Judy Lee indicated that the bill is dollar for dollar reduction and it has to be reported. When talking about caps, federal funding has been reduced in areas such as law enforcement. There are other sources of funds not property taxes, that are diminished.

Sen. Axness stated this is a property tax relief bill. At the last session, debate counties support continuation of local delivery of these services. Has Department of Human Services confirmed that is the case and that there will not be a move to the regional Human Service Centers to deliver the services.

Mr. Traynor indicated yes, that concern is there and there has been discussion with Department of Human Services and governor's office and the local offices. There has been communication to alleviate that concern with the commission to look at that.

Chairman Judy Lee indicated that we did it previously with the courts and child support, and the services are still being provided in the counties. It's not exactly the same example, but similar.

Bruce Strinden, Morton County Commissioner, spoke IN FAVOR of SB 2206. (attach #4) (39:28-44:30)

Randi Suckut, Commissioner from Wells County, testified IN FAVOR of SB 2206. (attach #5), (45:00-48:50)

Kim Jacobson, Director of Traill County Social Services, testified IN FAVOR of SB 2206 (attach #6). (49:10-53:20)

Senator Axness asked Ms. Jacobson to walk through the process 5 years from now that they have to add an employee because demand is higher. Will that go through the commission and request come through the Department of Human Services?

Ms. Jacobson indicated that it would be addressed by the committee that would be formed from further study. From her understand, this bill would transfer program costs, but county employees would remain county employees. There could possibly be some type of reimbursement based on caseloads.

Laney Herauf, Greater North Dakota Chamber of Commerce, testified IN FAVOR of SB 2206. (attach #7)(54:30-55:30)

Kristi Schlosser-Carlson, Farmers Union, spoke IN FAVOR of SB 2206. We want to make sure the delivery system remains at the county level, and Ms. Carlson shared her support for the bill and tax relief.

Chairman Judy Lee thanked the interest of public and business organizations.

<u>OPPOSITION TO SB 2206</u>
No opposing testimony

<u>NEUTRAL TO SB 2206</u>
No neutral testimony

Closed Public Hearing.

2015 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Red River Room, State Capitol

SB 2206
1/27/2015
22626

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Donald Mueller

Explanation or reason for introduction of bill/resolution:

A bill relating to the Department of Human Services assuming certain costs of certain social service programs and to the establishment of a human services grant program; relating to county social service board budgets and programs funded at state expense; relating to the county's share of medical assistance for therapeutic foster care, service payments to the elderly and disabled, and the county share of foster care costs; to establish a social services financing commission; to provide an effective date; to provide an expiration date; and to declare an emergency.

Minutes:

No attachments

These are the minutes from the Senate Human Services Committee on January 27, 2015.

Chairman Judy Lee indicated that she doesn't agree that having a minority representative from the Senate and an appropriations member from the House is equal representation. Chairman Judy Lee would like to see have a minority representation from both houses and an appropriations person from each house.

Senator Dever suggested also having a finance and tax person on the committee.

Chairman Judy Lee stated it would not be her impression that having someone from Appropriations is the same as having somebody from Senate Appropriations, and the same with the minority representatives, and also consider someone from Finance and Tax.

Senator Howard Anderson, Jr. has problem understanding some of the fiscal notes. It talks about 2015 and 2017 biennium, expenditures, then minus on the other part, and the next biennium it looks like we are saving money. Why is that?

Chairman Judy Lee stated that she reads body of fiscal note. Pam Sharp's testimony may help.

V. Chairman Oley Larsen I don't see where the costs are going to go down. Discussion with counties with foster care, that case worker has to fly to an out-of-state location, and I don't see those costs going down.

Chairman Judy Lee indicated the costs are not going to be reduced. The other fund from revenue is not from the county.

V. Chairman Oley Larsen indicated Sioux county doesn't have tax revenue there. As the future goes, and the high impact counties, is the state going to say we need to send this amount of funding down there to tip that, or as a state are we just going to give the mills, is that going to enter into this for the committee. Referred to **Senator Dever**, but **V. Chairman Oley Larsen** reviewed the chart from original testimony.

Chairman Judy Lee indicated it will be up to the committee for distribution, but need is a part of the discussion - services provided. For example, suicide is a big issue.

V. Chairman Oley Larsen are we just going to put 4 mills into it, when we are dealing with the percentage? The percentage never seems to go down.

Chairman Judy Lee stated it is not intended to change the services provided. Service delivery is a separate question that needs to be addressed.

V. Chairman Oley Larsen stated on the foster care, they had talked about a lot of their youth go out of state if they can't find a native family.

Chairman Judy Lee that's thanks to the feds.

Senator Howard Anderson, Jr. many of these counties have high costs because people from the reservations come up for services (Sioux to Morton for example). Why the fiscal note looks the way it does? What does it mean? Looking at 2017-2019 is negative, but looking at section 2 in counties, that is also a minus.

Senator Dever the $23m are state expenditures, $18m in other funds is property taxes, which are going to be reduced.

Senator Howard Anderson, Jr. then we get to the next biennium. It appears the fiscal note is incorrect.

Chairman Judy Lee indicated there is a delayed implementation for some of the things. She stated that we will get clarification of the fiscal note from Department of Human Services.

Recess.

2015 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Red River Room, State Capitol

SB 2206
1/27/2015
22647

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Donald Mueller

Explanation or reason for introduction of bill/resolution:

A bill relating to the Department of Human Services assuming certain costs of certain social service programs and to the establishment of a human services grant program; relating to county social service board budgets and programs funded at state expense; relating to the county's share of medical assistance for therapeutic foster care, service payments to the elderly and disabled, and the county share of foster care costs; to establish a social services financing commission; to provide an effective date; to provide an expiration date; and to declare an emergency.

Minutes:

No Attachments

These minutes are from Senate Human Services Committee on January 27, 2015.

Maggie Anderson, Director of Department of Human Services, discussed the fiscal note.

Senator Howard Anderson, Jr. stated his confusion is when looking at the 2015-2017 biennium, the figures are fine. However, when looking at the 2017-2019 biennial, all figures are in parenthesis, meaning savings. When going below, he can understand the counties in parenthesis, but going to the right it is in parenthesis again. We cannot save money on both ends.

Maggie Anderson (DHS) agreed that this would be an error. Ms. Anderson indicated that they would provide a revised fiscal note.

Senator Howard Anderson, Jr. is this the one with concerns about makeup of the group?

Chairman Judy Lee indicated yes, everyone who is in the committee is fine, but would like to consider adding a member of the minority party in the House and a Senate Appropriations committee member to offset that we have a minority member in the Senate and a House Appropriations member.

Senator Dever asked if there were other persons, such as someone from Finance and Tax. There is a question if it is human services or tax, and we are happy to have the bill in Human Services.

Chairman Judy Lee indicated that Maggie Anderson (DHS) was involved in this process. Any insight?

Maggie Anderson (DHS) stated part of the thought was to keep the group to manageable size. While it results in property tax, the discussion in the commission will be around caseload, operations, how counties do their work, if funding formula is tied to caseloads, urban and rural, those are human service have more experience. End result, is property tax savings.

Senator Warner does the inclusion of agency people on the bill give them voting rights?

Maggie Anderson (DHS) stated the way it is laid out in the bill, the tax commission, the Chief Financial Officer from the Department of Human Services and the Department of Human Services Executive Director will have voting rights.

Senator Dever read from the bill, where the commission shall develop a report to be provided to the Governor and Legislative Management by 10/01/2016. It seems like they are not advancing a bill for consideration at the session, but providing a report for which a committee of Legislative Management might prepare a bill.

Chairman Judy Lee made a motion to Amend Section 10 of SB 2206 to add to the list of members of the Social Services Financing Commission a representative from Senate Appropriations with a focus on Human Services and a member of a minority member in the House. The motion was seconded by **Senator Axness**.

Discussion:
Senator Dever asked for clarification, that the commission would then have 6 legislators. **Chairman Judy Lee** confirmed.

V. Chairman Oley Larsen does somebody in the group know how many times these folks meet?

Chairman Judy Lee whenever they want to get the work done.

Senator Howard Anderson, Jr. there would be 10 voting members, 4 on top and 6 members of the legislative assembly.

Senator Dever indicated also the Department of Human Services Director and CFO of Department of Human Services.

Senator Warner asked who presides over the committee.

V. Chairman Oley Larsen indicated the governor or the governor's designee.

Chairman Judy Lee thinks it was worth the discussion, but this is not urgent to pass.

Senator Warner indicated that there will be a better reception on the floor if the amendment was approved, so legislative or executive has equal balance.

Roll Call Vote for Amendment
6 Yes, 0 No, 0 Absent. Motion passed.

Senator Howard Anderson, Jr. moved to recommend a DO PASS as Amended and re-refered to Appropriations for SB 2206. The motion was seconded by **Senator Dever**.

Roll Call Vote
6 Yes, 0 No, 0 Absent. Motion carried.

Senator Dever will carry SB 2206 to the floor.

15.0560.01001
Title.02000

Adopted by the Human Services Committee

January 27, 2015

TD
1/27/15

PROPOSED AMENDMENTS TO SENATE BILL NO. 2206

Page 7, line 17, replace "four" with "six"

Page 7, line 21, after the comma insert "the chairman of the senate subcommittee on appropriations responsible for the department of human services budget during the sixty-fourth legislative assembly or designee,"

Page 7, line 24, remove "and"

Page 7, line 25, after "leader" insert ", and one member of the house who served during the sixty-fourth legislative assembly appointed by the house minority leader"

Renumber accordingly

Date: 01/27 2015
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB2206

Senate Human Services Committee

☐ Subcommittee

Amendment LC# or Description: 15.0560.01001 Title.02000 To Include members on Committee

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ ______

Motion Made By Lee Seconded By Axness

Senators	Yes	No	Senators	Yes	No
Senator Judy Lee (Chairman)	✓		Senator Tyler Axness	✓	
Senator Oley Larson (V-Chair)	✓		Senator John M. Warner	✓	
Senator Howard C. Anderson, Jr.	✓				
Senator Dick Dever	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment ______

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

Date: 01/27 2015
Roll Call Vote #: 2

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB2206

Senate Human Services Committee

☐ Subcommittee

Amendment LC# or Description: 15.0560.01001 Title 02000

Recommendation:
☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☒ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions:
☐ Reconsider ☐

Motion Made By Anderson Seconded By Dever

Senators	Yes	No	Senators	Yes	No
Senator Judy Lee (Chairman)	✓		Senator Tyler Axness	✓	
Senator Oley Larson (V-Chair)	✓		Senator John M. Warner	✓	
Senator Howard C. Anderson, Jr.	✓				
Senator Dick Dever	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Dever

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

REPORT OF STANDING COMMITTEE

SB 2206: Human Services Committee (Sen. J. Lee, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2206 was placed on the Sixth order on the calendar.

Page 7, line 17, replace "four" with "six"

Page 7, line 21, after the comma insert "the chairman of the senate subcommittee on appropriations responsible for the department of human services budget during the sixty-fourth legislative assembly or designee,"

Page 7, line 24, remove "and"

Page 7, line 25, after "leader" insert ", and one member of the house who served during the sixty-fourth legislative assembly appointed by the house minority leader"

Renumber accordingly

2015 SENATE APPROPRIATIONS

SB 2206

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2206
2/4/2015
Job # 23159

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature	Alice Delzer

Explanation or reason for introduction of bill/resolution:

A BILL relating to DHS regarding social service programs and the establishment of a human services grant program; relating to county social service board budgets and programs funded at state expense; relating to the county's share of medical assistance for therapeutic foster care, service payments to the elderly and disabled, and the county share of foster care costs; to establish a social services financing commission; and to declare an emergency.

Minutes:

Testimony # 1 - 6

Chairman Holmberg called the committee to order on Wednesday, February 04, 2015, at 8:30 am in regards to SB 2206. Roll Call was taken. All committee members were present. Michael Johnson, Legislative Council, and Lori Laschkewitsch, OMB, were also present. We want to know about the money, what this bill does for permanent tax relief and where the money comes from.

Senator Dever, District 32 introduced the bill. This bill proposes to transfer some costs from the counties to the state. For example the costs of foster services are borne now by the county and they could just as appropriately be covered by the state. The bill also proposes to put together a commission led by the governor to explore other costs that could be transferred. As the bill was introduced that included 4 legislators, one from House DHS committee; one from House appropriations committee; one from Senate DHS committee and one appointed by the Senate Minority leader. And we thought in order to equal things out that we should add to that so we added one more House member and one more Senator and that was the change from the previous bill. (3.34)

Maggie Anderson, Director DHS: testified in favor of SB 2206 and presented two handouts: Testimony Attached # 1- Senate Bill 2206 Bill Summary. Testimony Attached # 2-County Expenditures for Human Service Programs and Potential Mill Reduction. She stated in the Bill there is no appropriation. The funding for that is in SB 2012. There is nothing in the bill that proposes the transfer of any FTE from the county to the state. She then explained the bill by each section and how it coincides with her testimony #1. (8.23)

Chairman Holmberg commented regarding the mills that would be deducted from their mill levies that they would be assessing in the county if it was 3 mills that the state had picked up, this would automatically be deducted and then reported to the tax commissioner.

Ms. Anderson: I will clarify: There is no mandatory reduction in the Human Services levy as a result of this bill. So that's levy 1220, and there's nothing in the bill that says that right now they can levy 20 mills in 1220 and there is nothing in the bill that says they can only levy 18 or 17, they just have to report that savings.

Chairman Holmberg made comments about the school levy reduction in the past and the effect it had on tax relief.

Ms. Anderson: Because there are a lot of code changes that have to happen within the Human Services code to make all these changes to add the authority for the state to pay it; for the authority to remove it, That's what a lot of these next sessions are. She continued with Section 2 of the bill and went through section 12. (18.09)

Senator Mathern: had questions about supervision of staff and the money in this bill.

Ms. Anderson: Certainly we would expect a lot of that conversation to happen within the commission. It's possible that an eventual system will be tied to the types of caseloads and the types of work that counties do and to build those controls into a payment mechanism so we are all accountable for the dollars. The dollars will funnel through DHS. You will hold us accountable for that. We will work with the counties and the commission to provide legislators the assurance that it's just not a continued increase in expenditures without an understanding of what's behind that. I think there is a way to build a reimbursement mechanism. It may not look like it does today but again that's part of the work of the commission.

Pam Sharp, OMB Director: Presented Testimony Attached # 3 which states this $23.2M is property tax relief and shares how this bill could fit into the big picture and how this proposal could transition into the budget moving forward. (22.21)

Chairman Holmberg: So what you would do with this suggestion, which certainly has appeal because of the less revenue projections that are there is one would do both, but the money would not be $23M general fund dollars in the DHS budget but it would be a shifting of the 12% reduction in the treasurer's office down to 11% or whatever it covers and then this would then be funded and then as you go forward over the next couple of years and transition to move potentially an entire program over to the state, there is a revenue source for that already built into the budget. He was told that was exactly what she is suggesting.

Senator Kilzer: In section 1, subsection B, there is this accountability statement that is to be provided. When we did this transfer of financial support for the child support and clerks of court was a similar statement of accountability requested after that was done.

Debra McDermott, Chief Financial Director of DHS: I would have to look at the specific language but there was some reporting that was required by the counties at the time when they took over the child support a couple bienniums ago.

V. Chairman Krebsbach: I think I heard that the employees would not be transferred to the state in this case. In child care they were transferred to the state. That was confirmed.

Chairman Holmberg but is that possible for that to occur after the 2 year period where this has been paid for by the state and committee comes up with recommendations as to having the state assume the entire costs? That could be part of that phase 2 of this movement is that not correct?

Ms. Anderson: I do believe that could be part of the discussion from the commission.

V.Chairman Bowman had questions regarding the true property tax relief and if it should be in the bill and be offset by a reduction in the mills. Then it's directly property tax relief because your mills are lowered at the county level and then people can see that when they pay their taxes. But if you don't put it in there, that gives them a cushion to tax the people more than what the reduction is supposed to be.

Ms. Anderson: Are you talking about specific reduction to the levy? Because in section 2B on page 2 of the bill is an explanation of that. (27.25) While it is not true reduction on the bills, and part of that the counties still do have increased costs in other areas. Testimony # 2 shows what the estimated reductions would be.

Chairman Holmberg asked what is Lake's District and Dakota is on your list of 53 counties.

Ms. Anderson: It's Ramsey and Towner. Dakota is Mercer, Oliver, Sheridan and McLean is the fourth one.

Chairman Holmberg: Did the policy discuss putting specific language that required mill levy reduction or were they comfortable with that language?

Terry Traynor, ND Association of Counties testified in favor of SB 2206 and presented Testimony Attached # 4 stating the Association gives their strong support for this proposal to relief property tax payers for the significant burden over which local officials have little control. To answer that question regarding specific language, I don't believe they discussed that.

Chairman Holmberg: You are aware that in the school change last time there were one county school district that was inattentive to what the legislature was talking about. But that is not your problem, they are not members of the Association of Counties.

Mr.Traynor: Schools are different than counties. There is actually 4 levies that are available to counties for social services. The SB 2144, the proposal there is to eliminate 3 of those and leave one levy of twenty mills available, which many of the parts of this bill are critical to making that property tax reform work. The only thing counties can use those levies for is social services. Counties have little control over the costs of social services. If their costs go down, they can't use those levies for something else. Their levies will go down, but if state employees gets a 4% increase in salaries, generally, County Social Services will get a 4% increase in salaries because they are governed by HRMS state merit system of salary classification. He continued reading his testimony. The Association of Counties requests passage of this bill. (35.07)

Chairman Holmberg: Do you know the nature of where SB 2144 is?

Mr. Traynor: That has been heard in Finance and Tax but has not been reported out.

Steven Riser, Director of Dakota Central Social Services: Testified in favor of SB 2206 and provided written Testimony Attached # 5. (38.52)

Chairman Holmberg: Do you have any angst about the legislature passing this bill but changing the source of the money as was described by Pam Sharp of OMB? He was told no.

Senator Mathern: Are you aware what the input is going to be in this commission regarding tribal lands? (39.47)

Mr. Riser: Right now the commission has two county directors that will be placed upon it that would be non-voting members. In our association we identified 4 different types of counties: large counties; medium counties; very rural counties and then we have the Indian counties. So we are pretty aware of the 4 types of counties so I believe that whoever the association choses as it's representatives, they would make sure those interests would be attended to and looked out for.

Laney Herauf, Government and Regulatory Affairs Specialist for the Greater North Dakota Chamber (GNDC) testified in favor of SB 2206 and submitted Testimony Attached # 6.

Chairman Holmberg announced the subcommittee for SB 2005 (Senator Carlisle, Senator Bowman and Senator Robinson) will take a look at this bill and maybe work with Senator Kilzer concerning the money that may be put into his budget for SB 2012. The hearing was closed on SB 2206.

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2206
2/12/2015
Job # 23749

☒ Subcommittee
☐ Conference Committee

Committee Clerk Signature	Donald Mueller for Alice Delzer

Explanation or reason for introduction of bill/resolution:

A Subcommittee hearing for Department of Human Services (assuming social service programs)

Minutes:

No attachments

Senator Kilzer called the subcommittee to order on Thursday, February 12, 2015 at 11:00 am in the Harvest Room in regards to SB 2206.

Present: Senator Kilzer, Senator Erbele, Senator Mathern, Nick Creamer, Office of Management and Budget, and Michael Johnson, Legislative Council.

Bill relating to the transfer of duties from the counties to the Department of Human Services. We have heard about the policy and the fiscal note.

Senator Mathern: I am concerned that this is not a legislative council study that's in here. At some point, there will be a lot of dollars that will have to be addressed. This study would help us with future fiscal notes. He suggested that if we are going to change expenditures, we have to also look at the regional human service centers, and that is not in this study. At some point in the future, we will have two layers of the public system, and that's a state and local.

Senator Kilzer asked Department of Human Services regarding fiscal note as proposed for the 2017-2019 biennium, what is the $4,600,000 difference between the general funds and the other funds.

Ms. Deb McDermott, Department of Human Services, stated the difference between the 2015-2017 and the 2017-2019 biennium is for the 2015-2017 is proposed to start on January 1, 2016, and so it is only for 18 months, and the full 24 months for the 2017-2019 biennium. The reason it was proposed to begin January 1, 2016 was that coincides with the counties budgeting year.

Senator Erbele asked if there are any requirements for the counties to reduce mills in the amount of the dollars in the bill.

Ms. McDermott stated there isn't a specific reduction of mills. On the bottom of Page 2, Section B, it states that the amount of savings must be deducted from the each of the counties mill levy calculation beginning in 2016.

Senator Erbele asked if that was safe enough and not shift those dollars to another area.

Ms. McDermott responded yes, basically for the first year, they are still limited to the 20 mills. They would have to deduct the amount that the Department of Human Services would project for them that they would have billed them for that time period. In going forward, it would be the commission that would look at the proposal going forward into the next biennium and how that would work. Ms. McDermott continued that on the bottom of page 2, line 27, it is based on the year 2014 so it is based on the past.

Senator Mathern asked if this bill were to be passed, how would this show in the budget? Would it be an actual line item as an expenditure or would it be a separate Office of Management and Budget expenditure? Is this going to inflate the Department of Human Services budget because it won't be more services but doing tax reduction?

Ms. McDermott responded that the budget currently shows county funds for the amount they bill the counties, so they are listed as special funds where it is revenue that we receive from the counties. So instead of receiving that revenue into the department, we will need general funds. So it is a replacement of general funds that was previously given to us from the county special funds. Our total budget will not change, but there will be an increase in general funds and less other funds.

Senator Mathern stated the recognition of additional general funds, so the person not into the details would see this as the Department of Human Services increasing its budget, but there really wouldn't be a change in services.

Ms. McDermott indicated not in total, but in general funds, yes. It is a property savings to the counties, but the savings will be paid by the additional general funds to the Department of Human Services.

Senator Mathern how does this relate to what was anticipated in the executive budget.

Ms. McDermott stated these moneys are included in the SB 2012 executive budget. She reconfirmed that the exact dollar amount is in SB 2012.

Senator Kilzer is this the only bill that relates to the $23,000,000?

Ms. McDermott that is correct. The grant costs that she previously discussed was $19,300,000, and then also included in this bill is a grant program to counties that was previously levied under the emergency levy 1222, and that is $3,900,000, so together they add up to $23,200,000.

Maggie Anderson (DHS) indicated that the big property tax reform bill does have the removal of levy 1222. So while the money is in the Department of Human Services budget to replace that with a grant program, there is another bill that affects this, which is the overall property tax reform bill.

Senator Mathern moved a DO PASS on SB 2206 AS AMENDED by Senate Human Services Committee (.2000). The motion was seconded by **Senator Erbele**.

Roll Call Vote
3 Yes, 0 No, 0 Absent.

Senator Mathern will bring this to the full appropriation committee.

Senator Kilzer closed the hearing on SB 2206.

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2206
2/13/2015
Job # 23806

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature	Alice Delzer

Explanation or reason for introduction of bill/resolution:

A BILL for an Act regarding the DHS assuming costs of some social service programs (Do Pass)

Minutes: "Click to enter attachment information."

Chairman Holmberg called the committee to order on Friday, February 13, 2015 in regards to SB 2206. All committee members were present. Brady Larson, Legislative Council and Chris Kadrmas, Legislative Council and Tammy Dolan, OMB were also present. He asked if there is a motion on the bill.

Senator Carlisle: moved a Do Pass on the Engrosses Bill. 2nd by Senator Kilzer.

Chairman Holmberg: that's an original bill.

Senator Mathern: The engrossment relates to the fact that the policy committee added other individuals to this advisory committee that would be operating in the interim to iron out the details between the counties and the state. This bill does not contain any money, contains only the policy that the state would take over some of the program funding from the counties and the counties should be able to reduce their mill levy by $23M and it would essentially set us on a new path.

Senator Kilzer: When you look at the fiscal note, the fiscal note for the next biennium is not as high as the subsequent biennium and the reason for that is that this wouldn't start until 6 months into the first biennium.

Chairman Holmberg: Call the roll on a Do Pass on Engrossed Bill 2206.

A Roll Call vote was taken. Yea: 13; Nay: 0; Absent: 0. Senator Dever from Human Services will carry the Bill. The hearing was closed on SB 2206.

Date: 2-12-15
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2206

Senate Appropriations Subcommittee Committee

~~☐~~ Subcommittee

Amendment LC# or Description: ______

Recommendation: ☐ Adopt Amendment
☑ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☑ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ ______

Motion Made By Mathern Seconded By Erbele

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg			Senator Heckaman		
Senator Bowman			Senator Mathern	✓	
Senator Krebsbach			Senator O'Connell		
Senator Carlisle			Senator Robinson		
Senator Sorvaag					
Senator G. Lee					
Senator Kilzer	✓				
Senator Erbele	✓				
Senator Wanzek					

Total (Yes) ______ No ______

Absent Discuss in App. Com.

~~Floor Assignment~~ Mathern

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

Date: 2-13-15
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2206

Senate Appropriations Committee

☐ Subcommittee

Amendment LC# or Description:

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐

Motion Made By Carlisle Seconded By Kilzer

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Heckaman	✓	
Senator Bowman	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator O'Connell	✓	
Senator Carlisle	✓		Senator Robinson	✓	
Senator Sorvaag	✓				
Senator G. Lee	✓				
Senator Kilzer	✓				
Senator Erbele	✓				
Senator Wanzek	✓				

Total (Yes) 13 No 0

Absent

Floor Assignment Human Serv. Dever

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

REPORT OF STANDING COMMITTEE

SB 2206, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2206 was placed on the Eleventh order on the calendar.

2015 HOUSE HUMAN SERVICES

SB 2206

2015 HOUSE STANDING COMMITTEE MINUTES

Human Services Committee
Fort Union Room, State Capitol

SB 2206
3/18/2015
25059

☐ Subcommittee
☐ Conference Committee

Explanation or reason for introduction of bill/resolution:

Relating to the county's share of medical assistance for therapeutic foster care. Provide an effective date, expiration date and declare an emergency.

Minutes: Attachment 1, 2, 3, 4, 5

Chairman Weisz: Opened the hearing on SB 2206.

Sen. Dick Dever: Introduced and testified in support of the bill. SB 2206 has to do with transferring some costs from the counties to the state. Every government everywhere at any level is funded somehow and those mixes of funding are different from one to another and when we compare property taxes from North Dakota to other states for sales tax there are variables that really make those not comparable. What we are looking at transferring in this circumstance are some expenses that are assessed at the county level instead of the state. SB 2206 purposes to transfer some of those costs as a matter of actual real property tax reform not just relief and this takes a first step. It would continue by creating a task force under the governor's office that would look at other expenses that would be appropriate to transfer also. We heard these issues in previous sessions and we failed to act on them in part because there was no guarantee that we weren't just providing another base to increase property tax. Those concerns are addressed in the bill. I think that with the governor's task force in place they will be taking a pretty serious look at how those costs are assessed. At this moment we are starting a report on the budget. You need t not think of this as additional property tax but replacing property tax relief that we are already doing. This is reform not just subsidizing expenses but assuming those costs.

Rep. Porter: On page 2 on the bottom on how the savings are put forth to the tax payers. We used a system to take the mills off the table from the counties so that they weren't available any longer to guarantee that the savings were passed on and that they didn't just back fill inside of their budgets. When you were putting this together did you mirror Representative Bellew's former bill or did you start from scratch with the language?

Sen. Dever: I was asked by the Governor to put this bill forward. I think it is the ultimate goal to remove the mill levy authority on those expenses but in the process I think they put the controls in place to ensure that.

Sen. Judy Lee: Testified in support of the bill. I firmly support what the Governor's taskforce has put together. A sheriff said to me, make sure when you are looking at what you are doing in Bismarck at the fact that some of the other sources of funding aren't the same as they were before. There is one particular area for law enforcement that he mentioned that now they are getting 40 percent of what they used to get from the FEDs. So if we expect to have the services that we currently have and enhance those in one way or another as our counties need them and we create too many caps because we think we are smarter than the people in the county commission I have concerns about some of the losses that we might suffer because of that. We have had experience in the state with this before, the district court system has now moved from the old county court system so we have had practice there, child support collections and distributions also have moved from county to state and it is working very well. So we have some experience in how we can make this work. I think the reservations of the county social services workers who had concerns about it initially that they were going to lose workers. We want those services to continue to be provided in the areas where they are currently needed.

Sen. Dick Dever: I should have mentioned the amendments that were put on this bill in the Senate. As the bill was introduced the make-up of the governor's task force included two members from the House and two from the Senate. On the house side it would have been the chair of human services and the chair of the subcommittee on appropriations that deals with human services. On the Senate side it was the chair of human services and a member of the minority party. We felt that didn't quite work, that the minority in the house was under represented so we set it up so that two members of the majority and a member of the minority in each chamber. There are six members of the executive branch on the committee so that would make it six members of the legislative branch as well.

Maggie Anderson ~ Director of DHS: Provided information on the bill. (See Testimony #1 and Handout #2)

Chairman Weisz: Is there a reason in Section 6 you want to eliminate all rule making and not even have emergency rule making?

M. Anderson: The grant program maybe in existence for one biennium and maybe part of the overall picture. So to do rule making for something that is one time or a portion of a period of time. The other thing is there are really nine counties that have levied in that area and have historically used that. We have their historical information, what they have levied and we just felt that with the timelines to try and get this done and the dollars awarded and out to them we just wouldn't have time to get rule making done.

Rep. Hofstad: Back to section 1 sub B, you are going to establish a baseline in the counties budgeting process for these programs and as we move forward to the full implementation of this program is it that baseline then that you will use going forward to determine what those savings would be?

M. Anderson: Part of Subsection B is tied back to the commission. We wouldn't see this as a forever statement, because at the point where we took over all of the county social service expenditures then this wouldn't be part of that. Essentially that would eliminate the human services levy or leave some residual authority there for county only programs, that all has to be discussed by the commission. They would need to report this for the next biennium, because after so many years after SWAP we have had the conversations who won on SWAP? This wasn't intended to be a permanent report or comparison but we would see as we moved into the full cost of county social services that we would work with the counties to assure that we could control costs and look at that. A big chunk of costs is their staff.

Rep. Mooney: Section 6, are those referring specifically to counties who have surpass the 20 mill lump limitation?

M. Anderson: Yes, they would have levied the 20 mills in 1220 but it was not enough to cover their expenditures so they also levied in 1222.

Rep. Mooney: The next question goes to the 12 percent from the 11 percent, as I recall in the 2013 session we passed some legislation that requires that currently counties have to very specifically articulate the amount of tax relief as it compares to what was arrived at from the state. We give them money and that has to be drilled down per parcel. So then if we are going to take and move from the 12 percent to the 11 percent is there going to be confusion on the part of actually drilling that information out then as a practical stand point at the end of the year as far as the auditors are concerned and how muddy does the transparency actually get then at that particular point?

M. Anderson: I don't know. I certainly am not the property tax expert.

Rep. Rich Becker: Why now are we taking responsibility to take money out of the county and put them back in the state? Why is now the time to be doing it and is it just the fact that the state is in a better position to administer and control this than the counties are?

M. Anderson: In the previous bills there were not a lot of conversations or planning of it. The difference is the Governor has had his interim property tax commission where they have been looking at the overall picture of property tax. Certainly it has been in interest of the citizens and the legislature to look at property tax reform. So while this idea had some discussion in the past, it is the maturity of those discussion and the ideas that are reflected in SB 2206 with a plan for how do we get to that. The department is 100 percent confident in being able to administer what is being purposed in 2206.

Rep. Rich Becker: I see some different names on this handout you gave us. Is this an example of consolidating some functions within those counties and calling them Dakota Central for example?

M. Anderson: Yes.

Rep. Mooney: Apart of the conversation as I would understand it with the commission and the interim period then would be the continued dialog not only of potential efficiencies on an administrative level but the necessity of local delivery of services, would I be correct in that?

M. Anderson: That would be part of the conversation the current frame work that is in place and are there any changes that need to be made and how do we make sure that because of the important person to person piece of the programs and services that we deliver the department and through county social services that all needs to be part of the conversation.

Terry Traynor ~ Assistant Director of ND Association of Counties: Testified in support of the bill. (See Testimony #3)

Chairman Weisz: The language on page 2 sub section B, it appears the department will determine what your cost would have been and then you are supposed to reflect that into your budget correct?

Traynor: That is my understanding. The counties submit tall their budget information as well as all their expenditure information throughout the year so the department has complete books on social service vending.

Chairman Weisz: The department now is going to have to determine what those program costs would have been and then pass those on to you and you are going to have to make those adjustments in the budget because they aren't going to be relevant to what you spent in 2013 or 2014 correct?

Traynor: That is my understanding.

Rep. Mooney: How will auditors at the end of the year articulate that out to the average citizen?

Traynor: The 12 percent is easier to put on the property tax form because at 12 percent we can calculate that. It is a dollar amount that is plugged into the property tax software system that has been subtracted off in equal shares among all the effective parcels. Presumably by budget time we will know what our savings will be here. I am assuming we can take the 11 percent plus the individual county savings add them together and you have a number to plug into the system to reduce it if that is the direction that the legislature choses to go. Right now as I read the bills the requirement is just attached to the 11 percent, which would certainly be simpler to do that. It would also be more equitable because everyone will get 11 percent in those jurisdictions particularly the impacted jurisdictions that are levying well beyond 20 mills right now they may get more than 12 percent.

Randi Suckut ~ Commissioner from Wells County testified in support of the bill. (See Testimony #4)

Kim Jacobson: Director of Trail County Social Services testified in support of the bill. (See Testimony #5)

Chairman Weisz: What is the average mill levy now across all the counties?

Traynor: 16 something right now.

Chairman Weisz: That includes those with the excess levy?

Traynor: Yes.

NO OPPOSITION

2015 HOUSE STANDING COMMITTEE MINUTES

Human Services Committee
Fort Union Room, State Capitol

SB 2206
3/31/2015
SB 2206
Job #25670
☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature	Vicky Crabtree

Minutes:

Chairman Weisz: Let's look at 2206. This bill has been in front of this committee in various forms for the last three sessions. The biggest issue of concern that people have come to me about have to do with ensuring the counties will reduce their budgets by the $23,000,000 approximately that is in the bill. If we send this out of here I want to make sure this bill passes. I'll try to answer any questions anyone may have. We aren't going to vote on this now. We'll be coming back again on this one.

2015 HOUSE STANDING COMMITTEE MINUTES

Human Services Committee
Fort Union Room, State Capitol

SB 2206
4/1/2015
Job #25707

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature	Ri Mae Kuehn

Relating to the county's share of medical assistance for therapeutic foster care.

Minutes: | Handout #1 |

Chairman Weisz: We will take up SB 2206 and I'll pass out the amendments. (See Handout #1) Part of the concern is this legislation only goes part way. We are not taking over social service. We are just finishing taking over the program costs. There is a lot of concern that if the state is putting up $23 million that they can end up back filling and spending more anyway.

The amendment is intended for that two-year transition between taking over the program costs and taking over all the costs in two years. This language will freeze the budgets for two years plus any salary benefit increases that the legislature passes for its state employees. If we get through this biennium, we allocate the $23 million. The next biennium, based on the language the commission puts together, the state takes over the other $100 million or more which should be a state responsibility anyway.

Rep. Fehr: There is a typo--page 2, line 27 should be line 29.

Chairman Weisz: They will correct that.

Rep. Mooney: In the western side of the state where they are having extreme cases and can't keep up, how does a two-year freeze negatively impact them to do their jobs?

Chairman Weisz: Their increases have been occurring at a higher rate based on the 2014 budget.

Rep. Mooney: In the original bill draft there was a provision that if there was an absolute need, they could go to the county commission for a general levy.

Chairman Weisz: That would be gone.

Rep. Mooney: To clarify, when we refer to freezing the budget, we mean the Social Services budget.

Chairman Weisz: Yes. It has no effect on general fund levies or anything else the county may be doing.

Rep. Mooney: I've heard for a long time about out of control counties and how they are unable to manage their budgets and keeping their spending down. The needs of all counties are due to circumstances that are out of their control. I see people on the local level giving all the energy they have to give their best to the local services.

Chairman Weisz: Human Service budgets in most cases are the largest budget in a county. It makes up a huge part of the total levy.

Rep. Hofstad: I move the amendment .02004.

Rep. Porter: Seconded the motion.

Rep. Fehr: I am going to resist the motion. I think it is too much micromanaging.

Rep. Oversen: Did you say there are mistakes in the amendments?

Chairman Weisz: Page 2, line 27, didn't specify that you can't backfill it with general fund levies. It does limit it to the Human Service levy.

Rep. Oversen: Is the expiration date correct?

Chairman Weisz: Yes, that is intended because that goes away. The legislature has to address it or the freeze also goes away.

Rep. Oversen: Section 12--we are keeping the commission in place?

Chairman Weisz: The commission is staying in place.

Rep. Oversen: Do we need to remove an expiration date in Section 12?

Chairman Weisz: I think that is for the commission because that would expire because we don't need it after that.

Rep. Oversen: But on the amendment that changes to say Sections 1 and 12 expire not Section 10.

Chairman Weisz: We have to make sure it is Section 10 that is going away.

Voice Vote taken. Motion carried.

Rep. Oversen: Moved Do Pass as amended and rerefer to appropriations.

Rep. D. Anderson: Seconded the motion.

A Roll Call vote was taken: Yes _10_, No _3_, Absent _0_.

Do Pass as amended carries. (rerefer to appropriations)

Chairman Weisz will carry the bill.

15.0560.02004
Title.

Prepared by the Legislative Council staff for
Representative Weisz
March 31, 2015

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2206

Page 1, line 4, after "50-24.1-14" insert ", subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7"

Page 1, line 6, after "expense" insert "and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense"

Page 2, line 22, after the second "department" insert "of human services"

Page 2, line 24, after the underscored period insert "The department of human services shall compute the amount of budget savings for each county created by the department's assumption of program costs in subdivision a and shall report that amount to the tax commissioner."

Page 2, line 27, after the underscored period insert "The tax commissioner shall calculate the mill levy reduction in each county made possible by the grant funds and deduct that amount from the human services mill levy of the county in effect for taxable year 2014, apply to the resulting mill levy amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015, and shall inform the auditor in each county that the amount so determined for the county is the mill levy limit for that county's human services mill levy for taxable year 2015. The tax commissioner shall increase the taxable year 2015 human services mill levy limit determined under this subdivision for each county by the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2016, and shall inform the auditor in each county that the amount so determined for the county is the mill levy limit for that county's human services mill levy for taxable year 2016 and each taxable year thereafter."

Page 2, line 27, remove "Each board of county commissioners shall report to the office of"

Page 2, remove lines 30 and 31

Page 7, after line 6, insert:

"**SECTION 9. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

    a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

e. If the base year is a taxable year before 2016, reduced by the amount of the savings from the reduction in the county's social service funding responsibility derived from transferring the county social service costs to the department of human services as calculated for the budget year and adjusted for the percentage salary and benefits increase provided by legislative appropriations for state employees for the taxable year under subsection 2 of section 11-23-01.

SECTION 10. AMENDMENT. Subsection 34 of section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

34. Counties levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the limitation as determined under section 11-23-01."

Page 8, line 15, remove "and"

Page 8, line 15, after "9" insert ", 10, and 11"

Page 8, line 17, replace "Section 10" with "Sections 1 and 12"

Page 8, line 17, replace "is" with "are"

Page 8, line 18, replace "is" with "are"

Renumber accordingly

SC 4/2/15 1/6

15.0560.02006
Title.03000

Prepared by the Legislative Council staff for
House Human Services Committee
April 1, 2015

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2206

Page 1, line 4, after "50-24.1-14" insert ", subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7"

Page 1, line 6, after "expense" insert "and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense"

Page 2, line 22, after the first "department" insert "of human services"

Page 2, line 22, after the second "department" insert "of human services"

Page 2, line 24, after the underscored period insert "The department of human services shall compute the amount of budget savings for each county created by the department's assumption of program costs in subdivision a and shall report that amount to the tax commissioner."

Page 2, line 27, remove "the full amount of the savings calculated for each year must be deducted"

Page 2, replace lines 28 through 31 with "The tax commissioner shall calculate the mill levy reduction in each county made possible by the program costs assumed in subdivision a and deduct that amount from the human services mill levy of the county in effect for taxable year 2014, apply to the resulting mill levy amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015, and shall inform the auditor in each county that the amount so determined for the county is the mill levy limit for that county's human services mill levy for taxable year 2015. The tax commissioner shall increase the taxable year 2015 human services mill levy limit determined under this subdivision for each county by the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2016, and shall inform the auditor in each county that the amount so determined for the county is the mill levy limit for that county's human services mill levy for taxable year 2016 and each taxable year thereafter. The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source available to the county for that purpose, with the exception of grant funds that may be available to the county under section 50-06-20.1."

Page 7, after line 6, insert:

"**SECTION 9. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

    a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final

2/2

base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

e. If the base year is a taxable year before 2016, reduced by the amount of the savings from the reduction in the county's social service funding responsibility derived from transferring the county social service costs to the department of human services as calculated for the budget year and adjusted for the percentage salary and benefits increase provided by legislative appropriations for state employees for the taxable year under subsection 2 of section 11-23-01.

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Page 8, line 15, remove "and"

Page 8, line 15, after "9" insert ", 10, and 11"

Page 8, line 17, replace "Section 10" with "Sections 1 and 12"

Page 8, line 17, replace "is" with "are"

Page 8, line 18, replace "is" with "are"

Renumber accordingly

Date: 4-1-15
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2206

House Human Services Committee

☐ Subcommittee

Amendment LC# or Description: See amendment #1 02004

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ ______

Motion Made By Rep. Hofstad Seconded By Rep. Porter

Representatives	Yes	No	Representatives	Yes	No
Chairman Weisz			Rep. Mooney		
Vice-Chair Hofstad			Rep. Muscha		
Rep. Bert Anderson			Rep. Oversen		
Rep. Dick Anderson					
Rep. Rich S. Becker					
Rep. Damschen					
Rep. Fehr					
Rep. Kiefert					
Rep. Porter					
Rep. Seibel					

Voice Vote

Motion Carried

Total (Yes) ______ No ______

Absent ______

Floor Assignment ______

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

Date: 4-1-15
Roll Call Vote #: 2

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2206

House Human Services Committee

☐ Subcommittee

Amendment LC# or Description:

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☒ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐

Motion Made By Rep. Oversen Seconded By Rep. D. Anderson

Representatives	Yes	No	Representatives	Yes	No
Chairman Weisz	✓		Rep. Mooney		✓
Vice-Chair Hofstad	✓		Rep. Muscha		✓
Rep. Bert Anderson	✓		Rep. Oversen	✓	
Rep. Dick Anderson	✓				
Rep. Rich S. Becker	✓				
Rep. Damschen	✓				
Rep. Fehr		✓			
Rep. Kiefert	✓				
Rep. Porter	✓				
Rep. Seibel	✓				

Total (Yes) 10 No 3

Absent

Floor Assignment Rep. Weisz

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

REPORT OF STANDING COMMITTEE

SB 2206, as engrossed: Human Services Committee (Rep. Weisz, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (10 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2206 was placed on the Sixth order on the calendar.

Page 1, line 4, after "50-24.1-14" insert ", subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7"

Page 1, line 6, after "expense" insert "and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense"

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Page 2, line 22, after the second "department" insert "of human services"

Page 2, line 24, after the underscored period insert "The department of human services shall compute the amount of budget savings for each county created by the department's assumption of program costs in subdivision a and shall report that amount to the tax commissioner."

Page 2, line 27, remove "the full amount of the savings calculated for each year must be deducted"

Page 2, replace lines 28 through 31 with "The tax commissioner shall calculate the mill levy reduction in each county made possible by the program costs assumed in subdivision a and deduct that amount from the human services mill levy of the county in effect for taxable year 2014, apply to the resulting mill levy amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015, and shall inform the auditor in each county that the amount so determined for the county is the mill levy limit for that county's human services mill levy for taxable year 2015. The tax commissioner shall increase the taxable year 2015 human services mill levy limit determined under this subdivision for each county by the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2016, and shall inform the auditor in each county that the amount so determined for the county is the mill levy limit for that county's human services mill levy for taxable year 2016 and each taxable year thereafter. The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source available to the county for that purpose, with the exception of grant funds that may be available to the county under section 50-06-20.1."

Page 7, after line 6, insert:

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3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

    a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

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e. If the base year is a taxable year before 2016, reduced by the amount of the savings from the reduction in the county's social service funding responsibility derived from transferring the county social service costs to the department of human services as calculated for the budget year and adjusted for the percentage salary and benefits increase provided by legislative appropriations for state employees for the taxable year under subsection 2 of section 11-23-01.

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Renumber accordingly

2015 HOUSE APPROPRIATIONS

SB 2206

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2206
4/6/2015
Job #25844

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature *Kenneth M. Tarteban*

Explanation or reason for introduction of bill/resolution:
Relating to the department of human services assuming certain costs of certain social service programs and to the establishment of a human services grant program; to county social service board budgets and programs funded at state expense and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense

Minutes:

Chairman Jeff Delzer called the meeting to order.

Representative Robin Weisz, Dist. 14, spoke on the bill: SB 2206 is an old friend that's been around for a while. This bill is taking over 100 percent of the program costs that remain with the counties. We started this process back in 1997 with the swap legislation, because, at that time, counties paid for a portion of all costs; a portion of administrative, a portion of all the program costs. At that time we made a switch and the counties were responsible for 100 percent of administrative costs, the state took over some of the program costs. And then, 2003 or 2005, somewhere in there, we took over child support, and we added that, which has been very successful. So that was taken over as a state responsibility. What you see in front of us is the next step.

Chairman Jeff Delzer: Child support was done more for efficiency of the program. There wasn't any thought of property tax relief on that side.

Rep. Weisz: That's not completely correct. When we had our discussions in committee, that discussion came up of child support from the standpoint of it was also a cost-saving, and I forget what it was, roughly $5 ½ million when we actually made the transfer. The biggest reason was efficiency, and there was also issues with some of the regions, where it appeared their performance was not where it should have been in dealing with the issues. So we took care of those.

Chairman Jeff Delzer: That wasn't in '97; it was after that.

Rep. Weisz: The swap was in '97, but we had the discussion at that time; we didn't do anything because we didn't have the $5 ½ million. I believe it was either '03 or '05, it could even have been '07 that we actually made the transition, and taken child support. It was '07. But that did have a savings for the counties. This is, again, the next step. This does take care of all the program costs currently that counties are paying. It's roughly the $23-million that you'll see in the fiscal note. What your committee did, really the only real change your committee made to the bill as it came over; a lot of concerns having to do with the current human service mill levy, which is capped at 20 mills, and if we take over the $23-million, how do you insure, if there's concerns that you can't end up back-filling or ending up funding additional administration costs or whatever. So the language that's in place freezes the Human Service budget at 2014 levels; the Human Service levy then: you take the 2014 budget, you subtract out what the department would have required the counties to pay for the program costs, because the way it is now, the counties get billed for those program costs, and then they pay DHS. So you'd subtract those costs out, which is the $23-million that's in the bill, you subtract those costs out, and then that's the budget for 2015-2017, plus the only increase in the budget allowed is whatever this body passes for the benefits for state employees. So if there's a 3-plus-3 salary increase plus the medical benefits, that also includes, because all of these county employees are under the state PERS salary plan. So if this body ends up with a 3-plus-3, they can give the 3-plus-3; if we kick out a 2-and-2, or a 4-and-4, whatever it might be. Otherwise, their budget is frozen for the next two years, until this legislature comes back here in 2017. That's really what your committee looked at, because of the concerns there were to insure that the counties, and I realize there's maybe going to be some angst from the counties on being frozen, but it does allow them the normal increases; it frees their staffing, frees their budget. They won't have any ability to use general fund levies or any other levy to come back in, because it's the budget that's capped, not the mill levy for Human Service that's capped. That was the amendment that was adopted by your Human Service committee.

Chairman Jeff Delzer: Where is that at?

Rep. Weisz: On 2004, should be the amendments. Page 2, line 7 on 3000. Where it talks about the Tax Commissioner shall calculate the mill levy. On Page 3, starting on line 2. But if you start on the new language on Page 3, line 6, where it says the Tax Commissioner shall calculate the mill levy reduction in each county, made possible by the program.

Chairman Jeff Delzer: But the rest of this was already in there? You just added that?

Rep. Weisz: No, this whole language is new.

Chairman Jeff Delzer: The first parts, 1-6, sub-paragraph in Section 1? That was already there?

Rep. Weisz: That's the trouble. We're looking at two different bills here. On 2000, the original bill that we had started with, You're looking at which version?

Chairman Jeff Delzer: 3000.

Rep. Weisz: Could somebody hand me 3000? OK, what section are you referring to?

Chairman Jeff Delzer: Section 1.

Rep. Weisz: Section 1; that language states...

Chairman Jeff Delzer: That all shows to be new language, but the only part you added was starting on page 3, line 2.

Rep. Weisz: Correct. That was all in the bill. Where we started was, and that language starting on line 2 in Section 1 is the one that says you have the frozen budget, you have the increases provided by legislative appropriations, and then it says the Tax Commissioner shall increase the taxable year human services mill levy determined under this for each county by the percentage salary and benefits increase. And then if you see the language at the bottom on line 18 and 19, it says that they cannot use funds from any other source available to the county for that purpose. So that's where it prohibits them from back-filling, so to speak, with general fund levy or whatever they might want to do. So it's definitely froze from a standpoint of they do not have the ability to increase.

Chairman Jeff Delzer: Did you do any changes to what is now Section 12? That was Section 10 of the bill.

Rep. Weisz: No, we did not. None whatsoever.

Chairman Jeff Delzer: Then how come the fiscal note changed so much? Because the fiscal note does not take into effect that section?

Rep. Weisz: I hadn't seen the new fiscal note since we kicked it out, so I can't explain why. I don't know why it should have changed.

Chairman Jeff Delzer: The original fiscal note certainly had $100-million in for next time.

Rep. Weisz: I would assume that is still where the bill is leading up to.

Chairman Jeff Delzer: Any questions by the committee?

Rep. Pollert: On Section 12, could it be the chairman of that section of HR or a designee?

Chairman Jeff Delzer: No; it says the chairman.

Rep. Pollert: I think the way the bill was written, there's some possible. Does this mean we're held down to do the $100-million next session?

Chairman Jeff Delzer: The way I read that, it would tell us how to do that and come in with the transformation.

Rep. Weisz: That's correct. That's the intent of Section 12. But, like everything we do, the 2017 Legislature will decide if it wants to go forward. I have been a supporter of the idea of doing the whole works for quite a while. But part of the argument has always been, how are you going to do it? We need to figure out how you're going to make the transition if, indeed, you're going to do it. This does add in Section 12, this body can decide in 2017, for whatever reason, there's nothing that we can't force the hand of the legislature going forward. The intent is to transition the whole administrative costs over to the state. That's what Section 12 does.

Chairman Jeff Delzer: But it also leaves it in the Governor's Office, basically. It puts a few people from the Legislature on there, but the governor's designee shall serve as chairman. I, personally, have a lot of problems with setting up commissions that give legislative authority to non-elected people. But that's a discussion we'll have.

Rep. Pollert: It's almost like the standing committee. If you're on this standing committee, you're committing yourself to vote yes. That's what this looks like to me. And it doesn't matter if it's me there. Whoever serves on that as a legislator, you're basically voting yes to bring that forward in two years.

Chairman Jeff Delzer: It normally happens that you serve on a commission or a board, you end up, the push is to be made an advocate for whatever that board or commission does.

Rep. Weisz: I don't necessarily disagree, but in the end, this body, the committees will hear whatever they come up with, and this body will decide if it likes what they came up with, or doesn't. Like anything else. But part of the resistance has always been, we don't have a way of how we're going to make the transition.

Chairman Jeff Delzer: Any further questions on what the bill does. We'll certainly have some discussion about how we support it or whatever.

Representative Skarphol: Do the county employees that are currently doing this become state employees?

Rep. Weisz: One, that's in theory what the commission is supposed to come up with. I know that the idea that's been floated around would be they would stay county employees, the payments would be made potentially based on you might say FTE, need. So if you have a caseload of 10 and it requires 3-tenths FTE, the county gets paid for 3-tenths of an FTE. That's some of the ideas that are out there.

Chairman Jeff Delzer: Rep. Skarphol, are you talking about the $23-million for the program?

Rep. Weisz: No, there is no transfer on the 23.

Rep. Skarphol: The employees that are going to implement and use that $23-million; are they going to become state employees ultimately?

Rep. Weisz: Ultimately, I don't know.

Chairman Jeff Delzer: In this biennium, they remain county employees.

Rep. Weisz: There is no transition, and they are froze by the number of employees they can have outside of the increases that we pass.

Chairman Jeff Delzer: They are not froze on the number necessarily; they are froze on the dollars.

Rep. Weisz: I guess unless you want to cut their salaries in half and add one. That's the only way they could add employees.

Chairman Jeff Delzer: Any further questions on SB 2206?

Chairman Jeff Delzer adjourned the hearing on SB 2206.

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2206
4/10/2015
26044

☐ Subcommittee
☐ Conference Committee

Explanation or reason for introduction of bill/resolution:

Relating to the department of human services assuming certain costs of certain social service programs and to the establishment of a human services grant program; to county social service board budgets and programs funded at state expense and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense

Minutes:

Chairman Jeff Delzer: 2206 is a bill that came out of human services. It deals with shifting the economic assistance portions of 2212, the human service budget that the counties pay. The counties currently pay 5 percent on sped and expanded sped, they pay 25 percent of the non-federal share on foster care, subsidized adoptions and other things. This amounts to around 23.5 million dollars. The money is in 2012, this does ship it. The amendments that the House human service committee put on tried to tighten it up so there had to be tax relief for that portion. The original bill as it came over from the Senate and human services would kind of force us into a plan of taking over all social services without real definition of how it is done. It was supposed to set up a commission that did this mostly of non-legislatures who would come in and it also has a pretty specific list of what members of the legislature would be part of that. Personally I have a real problem with us being that tight especially after some people got so upset over 2304 and what we were having for a committee there. So what this amendment, .0560.02009, would remove those sections that puts this going forward without any question, creates a management study and Carlson asked me to change the shall consider to shall, so it would be a forced study, it will happen. Studying the feasibility and desirability and developing a proposal and options for transferring the costs of operating social service programs from county proper tax levies to state general fund appropriations. The tax ramifications of the transfer the costs and benefits of the transfer to the state and the state citizens if developed the proposal and options may include a time line for major milestones of transition plan, considerations for a transitions estimated cost, property tax reduction for the amount of budgeted savings brought about by a transfer of county social service costs to the state and elimination of the county social service levy under 5006.205. The study may include input from counties and effective executive branch agencies, which these are all the agencies that were listed in that other group. The four or five words of subsection 2 probably would not have to stay in there. Legislative management shall assign the study during an interim committee that studies tax issues and what Representative Carlson had said there was that he would try to work to make sure the proper people from the legislature were on that committee but he doesn't want to name a new committee and start another committee. We also want to make sure it is looked at on the taxing side because the human service side has looked at this number of times but we haven't necessarily looked at it on the taxing side. There are some real questions when you go talking into the taxing issues, some counties are above their social service level and some are way below. It is not a simple question you just say this is everything. Management shall report its findings and recommendations back to the next legislative assembly which would leave that legislative assembly with the decision to go forward or not which we should not be trying to tell them where they have to go and that is what this does.

Representative Bellew: I move to adopt amendment .02009

Representative Kreidt: Second.

Chairman Jeff Delzer: We would be further amending, we are just adding to it we aren't taking anything out with the exception of removing lines 9 through 31 on page 7 and 1 through 14 on page 8 of the amended bill.

Representative Skarphol: And remove the first five words of subsection 2.

Representative Hogan: This is an issue that I have been following since 1993, I think this is a good plan. I think taxation is half of the piece and the other half of the piece are assuring that vulnerable people particularly the elderly and people without transportation have access to service. I think we will just track it very carefully and I am totally ok with it going to the taxation committee but I want this committee to know that I think this is an important study about how we serve our vulnerable people. Tax is half of it but service is the other half.

Chairman Jeff Delzer: This needs to be looked at to make sure it is good for the citizens and not just for the county.

Representative Hogan: This is the biggest systems change we have looked at since 1981 when the department of human services was formed.

Motion to further amend and adopt amendment .02009.
Motion made by Representative Bellew.
Seconded by Representative Kreidt.
Voice vote.
Motion carries.

Representative Glassheim: This is a 23 million dollar general fund expenditure?

Chairman Jeff Delzer: In the bill. We are currently taking over 23, this study would look at taking over another 100.

Representative Bellew: I move a Do Pass As Amended.

Representative Kreidt: Second.

Motion for a Do Pass As Amended on SB 2206.
Motion made by Representative Bellew.
Seconded by Representative Kreidt.
Total yes 17. No 6. Absent 0.
Motion carries.
Floor assignment Representative Bellew.

15.0560.02009
Title.

Prepared by the Legislative Council staff for
Representative Delzer
April 9, 2015

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2206

In addition to the amendments adopted by the House as printed on pages 1311-1313 of the House Journal, Engrossed Senate Bill No. 2206 is further amended as follows:

Page 1, line 9, replace "establish a social services financing commission" with "provide for a legislative management study"

Page 7, remove lines 9 through 31

Page 8, replace lines 1 through 14 with:

"**SECTION 12. SOCIAL SERVICES FINANCING - LEGISLATIVE MANAGEMENT STUDY.**

1. During the 2015-16 interim, the legislative management shall consider studying the feasibility and desirability of developing a proposal and options for transferring the cost of operating social service programs from county property tax levies to state general fund appropriations, the tax ramifications of the transfer, and the cost and benefits of the transfer to the state and the state's citizens. If developed, the proposal and options may include a timeline for the major milestones of a transition plan, considerations for a transition, estimated costs, the property tax reduction for the amount of budgeted savings brought about by a transfer of county social services costs to the state, and the elimination of the county social services levy under section 50-06.2-05. The study may include input from counties and affected executive branch agencies.

2. If prioritized for study, the legislative management shall assign the study to an interim committee that studies taxation issues.

3. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Renumber accordingly

Prepared by the Legislative Council staff for
House Appropriations Committee
April 10, 2015

SK
4/13/15

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2206

In addition to the amendments adopted by the House as printed on pages 1311-1313 of the House Journal, Engrossed Senate Bill No. 2206 is further amended as follows:

Page 1, line 9, replace "establish a social services financing commission" with "provide for a legislative management study"

Page 7, remove lines 9 through 31

Page 8, replace lines 1 through 14 with:

"SECTION 12. SOCIAL SERVICES FINANCING - LEGISLATIVE MANAGEMENT STUDY.

1. During the 2015-16 interim, the legislative management shall study the feasibility and desirability of developing a proposal and options for transferring the cost of operating social service programs from county property tax levies to state general fund appropriations, the tax ramifications of the transfer, and the cost and benefits of the transfer to the state and the state's citizens. If developed, the proposal and options may include a timeline for the major milestones of a transition plan, considerations for a transition, estimated costs, the property tax reduction for the amount of budgeted savings brought about by a transfer of county social services costs to the state, and the elimination of the county social services levy under section 50-06.2-05. The study may include input from counties and affected executive branch agencies.

2. The legislative management shall assign the study to an interim committee that studies taxation issues.

3. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Renumber accordingly

Date: 4/10/15

Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2206

House: Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: 15.0560.02009 plus Change wording below

Recommendation: ☑ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ ______

Motion Made By: Bellew Seconded By: Kreidt

Representatives	Yes	No	Absent
Chairman Jeff Delzer			
Vice Chairman Keith Kempenich			
Representative Bellew			
Representative Brandenburg			
Representative Boehning			
Representative Dosch			
Representative Kreidt			
Representative Martinson			
Representative Monson			
Representative Nelson			
Representative Pollert			
Representative Sanford			
Representative Schmidt			
Representative Silbernagel			
Representative Skarphol			
Representative Streyle			
Representative Thoreson			
Representative Vigesaa			
Representative Boe			
Representative Glassheim			
Representative Guggisberg			
Representative Hogan			
Representative Holman			
TOTALS			

Voice Vote
Motion carries

Floor Assignment: ______

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

To make the Study mandatory

Date: 4/10/15

Roll Call Vote #: 2

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2206

House: **Appropriations Committee**

☐ Subcommittee

Amendment LC# or Description: 15.0560.02010

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ ______

Motion Made By: Bellew Seconded By: Kreidt

Representatives	Yes	No	Absent
Chairman Jeff Delzer		✓	
Vice Chairman Keith Kempenich	✓		
Representative Bellew	✓		
Representative Brandenburg	✓		
Representative Boehning	✓		
Representative Dosch		✓	
Representative Kreidt	✓		
Representative Martinson	✓		
Representative Monson	✓		
Representative Nelson	✓		
Representative Pollert	✓		
Representative Sanford	✓		
Representative Schmidt	✓		
Representative Silbernagel	✓		
Representative Skarphol	✓		
Representative Streyle		✓	
Representative Thoreson		✓	
Representative Vigesaa		✓	
Representative Boe	✓		
Representative Glassheim		✓	
Representative Guggisberg	✓		
Representative Hogan	✓		
Representative Holman	✓		
TOTALS	17	6	0

Floor Assignment: Bellew

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

REPORT OF STANDING COMMITTEE

SB 2206, as engrossed and amended: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (17 YEAS, 6 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2206, as amended, was placed on the Sixth order on the calendar.

In addition to the amendments adopted by the House as printed on pages 1311-1313 of the House Journal, Engrossed Senate Bill No. 2206 is further amended as follows:

Page 1, line 9, replace "establish a social services financing commission" with "provide for a legislative management study"

Page 7, remove lines 9 through 31

Page 8, replace lines 1 through 14 with:

"**SECTION 12. SOCIAL SERVICES FINANCING - LEGISLATIVE MANAGEMENT STUDY.**

1. During the 2015-16 interim, the legislative management shall study the feasibility and desirability of developing a proposal and options for transferring the cost of operating social service programs from county property tax levies to state general fund appropriations, the tax ramifications of the transfer, and the cost and benefits of the transfer to the state and the state's citizens. If developed, the proposal and options may include a timeline for the major milestones of a transition plan, considerations for a transition, estimated costs, the property tax reduction for the amount of budgeted savings brought about by a transfer of county social services costs to the state, and the elimination of the county social services levy under section 50-06.2-05. The study may include input from counties and affected executive branch agencies.

2. The legislative management shall assign the study to an interim committee that studies taxation issues.

3. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Renumber accordingly

2015 CONFERENCE COMMITTEE

SB 2206

2015 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Red River Room, State Capitol

SB 2206
4/20/2015
26269

☐ Subcommittee
☒ Conference Committee

Committee Clerk Signature mmorison Donald Mueller

Explanation or reason for introduction of bill/resolution:

A bill relating to the Department of Human Services assuming certain costs of certain social service programs and to the establishment of a human services grant program; relating to county social service board budgets and programs funded at state expense; relating to the county's share of medical assistance for therapeutic foster care, service payments to the elderly and disabled, and the county share of foster care costs; to establish a social services financing commission; to provide an effective date; to provide an expiration date; and to declare an emergency.

Minutes:

The following conference committee members were present for SB 2206 on April 20, 2015 at 2:30 pm.
Senator Dever, Senator J. Lee, Senator Warner
Representative Weisz, Representative Hofstad, Representative Muscha

Senator Dever called the meeting to order, and everyone was present.

Senator Dever stated that when it left the Senate, the counties were on board and now they want to kill it.

Rep. Weisz reported that he had a hard time tracking John Walstad down for proposed amendments.

Senator Dever understood that it was amended in House Human Services and again in House Appropriations.

Rep. Weisz said he would address where he thought the concern was with the counties and funding.

Senator Dever added, and their inability to work with the bill.

Rep. Weisz said the House intent was for the 2 year period, while they figure out how to go forward with the full transition. The budgets would be frozen plus whatever inflationary

increases for salaries and benefits. It would be based on their budget. The language that came out unfortunately didn't quite say that so there could be situations where, if using general levies to fill the human service budget, they wouldn't be allowed to do that which could cause some real angst. That is what he was trying to get fixed.
He addressed reasons the house policy committee did that and said they have been working on this for about 4 sessions and Sen. J. Lee has been on board with it. There were a lot of concerns that, if they do the $23M, no matter what the language, there was the ability to backfill the budget and spend more and the property tax relief wouldn't get to the property taxpayer. So the amendments were intended to insure there won't be any major increases for administrative costs over the next two years being program costs will be paid for by this. The intent is to make sure this can pass and at least get this portion and then in 2 years take care of the rest. It would sunset in 2 years. If for some reason the additional transition to take over all of the social services costs didn't pass, they would go back to the way they were. They would just have their levy and do what they wish unless the legislature does something different.
He could only see that it should become an issue if there was a large increase in caseload. The staffing costs are covered. They are under the state North Dakota Public Employee Retirement System plans so they will get what is appropriated.

Senator Dever didn't disagree with providing for accountability. He said that from what he is hearing from the counties, in the process of accomplishing that, other difficulties are being created.

Rep. Weisz pointed out that this is a 2 year transition. Trying to get from point A to the end goal, the discussions they had in their committee was that you could have a situation with a huge caseload increase and then you would have to figure out how to handle it within your current staffing. It is only for 2 years, so either the transition will take place or it will go back to how it was.

Senator Dever asked for the purpose of the amendments Rep. Weisz was having drafted.

Rep. Weisz said there is a possibility that 6 or 8 counties would be affected. Under the current language if they receive some of the funding and the human service budget came from either a general levy or reserves rather than all from the human services levy, some will levy some out of the human service levy and some out of their general fund or some have used the reserved funds so they don't have to go to their excess levy. The language does not allow them to do this. It wouldn't allow them to take into account what they were putting in the budget from the other sources. It could be a major hit. If they have 3 mills of the general levy and not able to budget using those, that would be a hit. He said he was working on amendments for the intent from the House, that it would basically freeze their budgets for 2 years plus the cost of living increases from the legislature.

Senator J. Lee said it seemed to be somewhat micromanaging and intrusive into other elected officials business. There must be more than 2 counties that have increases and variations in caseloads. She didn't know how freezing a budget could possibly work when there are services that have to be provided and they aren't getting state money and can't put money of their own in.

Rep. Weisz said that was the issue of concern in the house. There is no limit. They say they need it and maybe they don't. He wants this bill to pass. He wishes the whole thing could be done at once. By doing the whole package, the argument goes away. That's the problem with doing it part way. It's difficult to get a buy in from those who just see it as a handout to the counties. In the end they can increase their spending, and the property taxpayer doesn't get any benefit. He realized it is restrictive and has some issues but he wasn't sure the language from the Senate would have passed in the House. This is his attempt and the reason for it.

Senator J. Lee said the bill that came from the Senate came out of the governor's task force. It was vetted big time before it even hit the legislature as a result of all of the stakeholders. She asked if Rep. Weisz could tell them what the changes were that came out of policy versus appropriations.

Rep. Weisz responded that the only thing that the house policy did is what he just explained.

Senator J. Lee asked for lines and pages.

Rep. Weisz (2010 version) Page 2 and page 3, that is what the house policy made, and also on page 8 (e). House appropriations took out section 12, and added the new section 12. The house policy sent out exactly what the Senate did on the commission.

Senator Dever stated the House appropriations made the policy changes on section 12.

Mr. Weisz agreed. He understood the concerns and tried to offer middle ground which wasn't accepted by appropriations. That language did not come out of the policy committee. From his perspective, he didn't think the study addresses the issues that are critical. There are tax ramifications that probably could be solved in one meeting. The complication and the real issues are the real transition of employees, the payment of benefits, etc. He said that when they made the child support change, it worked well, but it wasn't a simple thing just to take it over. He doesn't think the study addresses that portion at all. That is the critical component. The tax implication is quite simple. It's a simple matter to compute the tax implications.

Senator Dever stated that when the bill was introduced there was the question of whether it should go to human services or tax, and he thinks it appropriately went to human services.

Rep. Weisz agreed and said the major issue has very little to do with finance and tax. The whole thing is how to deal with the human services side of this. The study doesn't address any of that area. Somehow we have to figure out how it does address this. He is not married to section 12. He is not sure how to get from A to B without losing the good things that are in there. If we are going to make the transition in 2017, knowing we can't hold them to anything, the intent is to make that transition to take over the social services costs in 2017. That is the intent. It may not happen but we need the information there to make the proper decisions.

Senator Dever thought the counties would like to see that happen too. It is an incentive to keep it clean.

Rep. Weisz said they are major players in this from the standpoint of how it goes down. They will be the ones affected if it's not done properly. The history has been good with the services the counties have provided and how they deliver them. We don't want to mess up that process at the counties in a rush into taking over the costs. Somehow we need to find some way to work this out so both the House and Senate will accept it.

Senator Dever didn't object to accountability as long as it works for everybody, because the cooperative arrangement needs to go both ways. He thinks everyone at this table would like to reverse what the appropriations did regarding the study. It isn't mandatory.

Senator J. Lee supported what Senator Dever said. With all respect for those on legislative management, the expertise in this issue isn't there and it's also a changing cast of characters from one interim to another. The original section 12, which was removed by appropriations, included 6 members of legislative assembly, but they were people who had some expertise in that area. They had 6 legislators on this but all had exposure to this discussion and probably would be contributors to the discussion and liaisons back to the next legislature. She thinks it needs to go back the way it was. It is critically important. She said they successfully did it with child support and district courts. There is learning that can be done so we don't have to reinvent. She thought they could revisit the prior language, and then look at Rep. Weisz's future amendments. Her concern was that she trusts her local commissions as well. Accountability is also important.

Senator Dever when he reads through amendment on page 3, it gets confusing.

Rep. Weisz wasn't involved in the amendment making. It is confusing. That is where part of the issue came in. It reflects when it is reported, the amount is reported to the tax commissioner about reduction in program costs, then that will reduce the levy for that amount. It froze the budget. But then language said that they cannot use any funds from other sources available to that county for the purpose. That meant that if they were already using general levies, they didn't have that ability anymore. If from other sources, they can't be counted into the budget. That was never the intent. That would have slashed their budget. He does understand the concerns shared by Senator J. Lee about the caseload. He has been looking at that to see if there is some way to account for that, still trying to keep the other side happy.

Senator Dever asked if the amendments he was planning to have drafted could be run by Maggie Anderson (DHS) and Terry at Association for Counties. He said they have a common interest.

Rep. Weisz agreed. We are on the same side but trying to figure out how to do that.

Senator Dever asked for other suggestions before the next meeting. There were none.

The meeting was adjourned.

2015 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Red River Room, State Capitol

SB 2206
4/21/2015
26313

☐ Subcommittee
☒ Conference Committee

Committee Clerk Signature Donald Mueller

Explanation or reason for introduction of bill/resolution:

A bill relating to the Department of Human Services assuming certain costs of certain social service programs and to the establishment of a human services grant program; relating to county social service board budgets and programs funded at state expense; relating to the county's share of medical assistance for therapeutic foster care, service payments to the elderly and disabled, and the county share of foster care costs; to establish a social services financing commission; to provide an effective date; to provide an expiration date; and to declare an emergency.

Minutes:

Attach #1: Proposed language by Rep. Weisz

The following conference committee members were present for SB 2206 on April 21, 2015 at 11:00 am.
Senator Dever, Senator J. Lee, Senator Warner
Representative Weisz, Representative Hofstad, Representative Muscha

Senator Dever called the meeting to order. All members are present.

Senator Dever indicated when we left this last time, there was going to be some discussions. We had talked about restoring the language on the Governor's task force and deleting the study, but considerations were the effects on the counties.

Representative Weisz indicated that John Walstad was working on the language. He did have some concerns with how the dates flowed in. He was meeting with both the tax department and Maggie Anderson with Department of Human Services.

He did have discussions with Maggie Anderson (DHS). The issue was raised, and he thinks it is a legitimate issue having to do with the language being proposed on the House side having to limiting the budgets, and if there is a dramatic increase in caseload, the program costs are covered under this bill, but the administration costs are frozen in the budget under the House scenario. He reviewed with Ms. Anderson, and it is similar language that is HB 1233 when we tried this. This is the language that she came up with (attach #1). Representative Weisz read from this language. He thinks that may address

(1) the concern about if you do have an increase in caseload, and (2) the concern, at least from some of the House members, to ensure that by giving the $23,000,000, we are not going to see an automatic increase in county levy. Some are concerned about this, although he pointed out that he did not state he was. If that seems acceptable to the committee, he'll have Mr. Walstad continue and add this to the language.

Senator Dever asked would this be an addition or replacement of language.

Representative Weisz indicated it would be added language. The language that Mr. Walstad is working on is to ensure the base budget, and that it is froze, and that the dates all work. This would be an addition to allow them; if they have a 30% increase in caseload and they weren't overstaffed to begin with, they can come to Department of Human Services and say they need additional staff. They would have the authority that their board could go to the county and increase their mill levy to fund that for those two years in the interim while we do the transition.

Senator Dever asked if that was HB 1233 in the last session. **Representative Weisz** indicated yes, last session. It is similar language because we had language in there having to do with the transition of going from county being to 100% state funded. It is similar language that she took partially off of that idea.

Senator Dever asked where did that bill fail last time, and were those considerations apart of its failure.

Representative Weisz explained that HB 1233 failed. It was pared down from the original bill in the House to just be program costs. The original took it all, and that's where that language came from, because in that 2 year transition to figure it out, there was that type of language because we were still going to pay the counties. We were going to pay the counties for the services for the next two years while we figured out the transition. That was in HB 1233. It was pared down in appropriations to strictly be the program costs. There was resistance because they didn't want to spend the money to do it in the end.

Senator Dever indicated this is to transfer some costs.

Representative Weisz indicated that HB 1233 is basically what SB 2206 is today, and we defeated it in the House last session. This needs to pass.

Senator J. Lee commented that the county budget would be frozen for just two years. If it is frozen and there is a big dramatic increase in caseload in a county, and the county has to levy the additional costs, then we have eliminated the idea that the state is taking it over. She recognizes that there isn't any money in the budget to do that. How do we keep the county whole in the sense that if the state is really taking over the costs of these programs, and yet there is a potential for the counties to have to levy anything in order to deal with expanding need, we really haven't taken over totally by the state the counties costs.

Representative Weisz indicated this is strictly for this two year period to hopefully have this study done, how we will do the transition, and then we finish the process in two years in the next legislative session. This only addresses that we are only taking over program costs in SB 2206. The concern in the House is that we want to insure that if we are taking over $23,000,000, there is an opportunity now that we don't have to spend $23,000,000 we can spend $2,000,000 or $5,000,000 or something to expand somewhere else within that. That is why that language is there, only for the those two years. If for any reason this body doesn't finish the job in 2017, then things go back to the way they are. Then we would have to look at what we are doing. We would strictly be looking at the program costs and their restrictions would go away as far as their budgeting or anything else. They would go on like they have for the past 20 years. He certainly hopes that won't be the case in two years. The intent, both on the Governor and the task force, is that this should happen. Many of us legislators believe the total transition needs to happen. But if for some reason, whatever we don't know in budgeting or revenues, there are things that if it doesn't happen, this will go away and they'll go back to where they were, minus the program costs that we've agreed to take over this session.

Senator Dever indicated that it seems to him for this committee to act, we need to see the amendments.

Representative Weisz agreed. There are two issues that we remain apart on. This part that we are talking about now, and then the commission versus the study.

Senator Dever thinks we agree.

Representative Weisz indicated we agree but we need to get the House to accept.

There was conference committee discussion regarding needing the proposed amendment copies, and when to meet again.

(Recording time check 14:08)

Senator Dever asked if Terry Trainer had any preliminary opinion where we are headed with this.

Terry Trainer, Association of Counties, indicated the counties generally are not in favor of limitations on their budgetary ability. We recognize that if we are moving in the direction of fully state funding social services, there is a valid legislative interest that counties don't increase their base just prior to you taking it over. He doesn't think that is likely to happen, but he can see that concern. From what he understands is being proposed, budgetary limitation with reasonable inflationary growth, whatever the legislature decides appropriate for the state, would be appropriate for the counties - he thinks that works as long as there is that relief valve that Representative Weisz is proposing. If we need to expand our administrative staff in order to address some sort of growth, there is a way to do that. He thinks that's workable. The counties can do this for two years. We can work with that sort of limitation.

Senator Dever stated that however we approach this, we will have some rough spots in the next two years. But the ultimate goal is mutual.

Senator J. Lee recalled that Mr. Trainer talked about an inflator, and she doesn't recall it being in the language that Representative Weisz addressed. So in freezing the budget, she thought she heard Mr. Trainer talk about reasonable inflation index. Is there any thought to this issue?

Representative Weisz indicated what Mr. Trainer is eluding to is the language includes whatever the budget can increase by whatever the legislature has increased salaries and benefits, so that is the inflator that they would get.

No further comments at this time.

Senator Dever adjourned SB 2206.

2015 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Red River Room, State Capitol

SB 2206
4/21/2015
26332

☐ Subcommittee
☒ Conference Committee

Committee Clerk Signature	Donald Mueller

Explanation or reason for introduction of bill/resolution:

A bill relating to the Department of Human Services assuming certain costs of certain social service programs and to the establishment of a human services grant program; relating to county social service board budgets and programs funded at state expense; relating to the county's share of medical assistance for therapeutic foster care, service payments to the elderly and disabled, and the county share of foster care costs; to establish a social services financing commission; to provide an effective date; to provide an expiration date; and to declare an emergency.

Minutes:

Attach #1:	Proposed amendment 15.0560.02013
Attach #2:	County Funding of Social Services

The following conference committee members were present for SB 2206 on April 21, 2015 at 2:30 pm.
Senator Dever, Senator J. Lee, Senator Warner
Representative Weisz, Representative Hofstad, Representative Muscha

Senator Dever called the meeting to order. All members were present.

Representative Weisz distributed marked up bill amendment 15.0560.02013 (attach #1)

(Recording time check 1:07)

Representative Weisz explained the amendments. The information on page 1, 2, and 3 really doesn't do much. It talks about the costs that would have been paid by the counties. On page 3, it says the Department of Human Services first has to compute the budget savings for each county created by the assumption of the program costs. They know what that is anyways because the counties have to pay that, so that is nothing that is not already determined. Once they have that, they have to report that to the tax commissioner. Then going forward, the tax commissioner shall calculate the reduction and they each county may by those cost savings. So whatever those costs are that the state assumed, that is supposed to be deducted off of the human services mill levy. Then it can apply the resulting increase due to the salary and benefit increase approved by the legislature. So that is where we talked about earlier today about the cost of living increase. Now you've got that number, and that's their limit for that levy. Then it says they shall increase the levy by the amount determined by that, and inform the auditor, so determine for the county. Then it says the county share shall be funded entirely from the property tax levy for that purpose. He is not clear why there are two-previous budget years. That was never a conversation he had, so not sure why that is there.

Chairman Judy Lee asked if it has to be based on something.

Representative Weisz indicated his understanding that we are looking at the 2014 budget. That is the year we are basing all the increases and freezing it on. It says, in effect for the taxable year 2014. So whatever funds they were using to fill that budget, whether it was the human services levy, the general levy, or reserved funds, that should be the only year we are worried about. It shouldn't matter if they used some other source of funds in 2013. Representative Weisz asked if Terry Trainer has any information regarding this.

(Recording time check 4:44)

Terry Trainer, Association of Counties, answered no, that does confuse it a bit. You might of used reserves that year but not in 2014. It makes more sense to use one year. He thinks it is important to have the sentence there, rather than within the previous two budget years, in the previous budget year.

Representative Weisz recommended saying the year 2014. **Terry Trainer** agreed.

Representative Weisz stated that is the year we are basing everything from for the next two years.

Chairman Judy Lee asked if they are on a calendar fiscal year.

Mr. Trainer answered yes.

Representative Weisz restated he never had a conversation with John Walstad regarding the prior two years.

Senator Dever asked so if the county has used other sources to fund these services -
Representative Weisz indicated he is not sure about the language of identifiable share (page 3, line 30). He asked for clarification from Mr. Trainer. The language, "with the exception that the county may make use of the identifiable share of other sources...", is that the share of what? For example, a particular county was using 2 mills out of the general levy to supplement the human services budget. But when it says identifiable share, is that the share of the general levy? And if that goes up, does that give them an automatic increase, because that wasn't the intent? Or is the identifiable share of the actual human services budget?

Mr. Trainer responded that he would interpret that to be the identifiable share of the other source, which would be the general fund, reserves, or another special levy. We did a little survey of some county budgeting that may be a good illustration of what we are talking about, and how they budget for human services (attach #2). A couple of them use just human service funds, while others use other levies. He can see Representative Weisz's point that if you are talking about a share, it might be more.

Representative Weisz stated that if the general levy increases, then it automatically gives them an increase share in the human services budget. He thinks he will have some problems with that on the House side.

Mr. Trainer agrees. He asked if it would be helpful if it said, make use of the identifiable amount from other sources, so it was a fixed amount from other sources.

Representative Weisz indicated that would work.

Senator Dever referenced this is on page 3, line 30.

Representative Weisz indicated that he doesn't want to exclude the ability for these levies to be counted. But there will be concern if a county's general levy went up by 15%, for example, and then they could automatically increase 15% of that portion within in which he would have that issue.

Representative Weisz continued with review and changes. We will change page 3, line 31 from "the previous two budget years" to 2014. This is doing what the intent was. We are freezing the budget. We are giving them the cost of living increases. The language that is on page 4 that gives the process to review a request and allow them to add additional staff, which is still under the prevue of the county commission. The county social service board will still need approval from the county to levy the money. But this would give them the approval, with county approval, to increase the levy. This would be a rare case. It is not based on annual. Currently, counties can deficit spend because of the excess mill levy. They can turn around and deficit spend. So this does allow them, in the middle of the year, to go to the department and identify caseload increase, and the county would pick it up the following year.

Senator Dever indicated there are further amendments on page 9. Please explain.

Representative Weisz explained this came out of finance and tax (Page 9, line 8 through 13). They wanted language that says they are reducing the levy even though the language in section 1 requires that.

Chairman Judy Lee asked if the counties were okay with the new language.

Representative Weisz deferred to Mr. Trainer.

Mr. Trainer deferred to Linda, because that has to do with the calculation of maximum mill levy. He did notice that this version of the bill eliminates the expiration dates for that language. That language on page 9 would probably need to expire as well.

Senator Dever indicated that section 10 would be effective.

Representative Weisz indicated that the either way, the legislature has to do something in 2017.

The honorable Governor Jack Dalrymple attended as a guest to the room.

Representative Weisz indicated that language needs to go back in. He wants to make sure that this thing is addressed.

Senator Dever confirmed that the expiration date needs to stay in there. It appears to him that on Section 13, the effective date, to say that section 6 of this act becomes effective with its filing with the secretary of state, and to say on line 18, section 6, it is declared to be an emergency measure - this appears to say the same thing. You need to have the emergency clause to have it become effective.

Representative Weisz indicated that John Walstad brought that up. **Senator Warner** asked if it was to circumvent the 2/3 requirement. **Representative Weisz** indicated that may be part of it. If the emergency clause didn't pass, at least you have this.

Senator Dever indicated he was not sure you can make it effective early without an emergency clause.

Mr. Trainer believes the reason the department asked that to be made effective immediately is because they would have to calculate and start the grant process, accept applications, so it would be consistent with the counties budgeting process for the next year. If they could do that sooner rather than later, it would help with the budgeting process.

Senator Dever asked when does the state start assuming those costs.

Mr. Trainer answered January 1, 2016.

Chairman Judy Lee asked for clarification, page 11, put back in section 14 - which is the expiration date.

Julie Leer, Department of Human Services, indicated the original expiration date was on the commission. She is not aware about expiration date taking place for the new section (page 9). She thinks the original expiration date is being removed is because it was in reference to the original commission. No comment whether you need a new expiration date.

Senator Dever stated we need to restore that.

Representative Weisz indicated we do need an expiration date for section 1. If nothing would go forward in a few years, it either needs to go away or counties would be locked in.

Chairman Judy Lee recapped the changes, as described thus far and in the marked up version.

Senator Dever indicated it appears that if we are going to go back to the task force, we would put the language back and remove the new section 12.

Representative Weisz stated that is the contention in the room.

Senator Dever indicated it would be House recede from House amendments and amend.

It was decided that Representative Weisz would review the changes with John Walstad and return with a new marked up bill with latest amendment information.

Senator Dever indicated the primary point of contention is actually on the House side, either the task force or as House Appropriations amended it to a legislative study. Part of our concern is that a legislative study may not us bring us to a point in the next session where we are ready to move forward.

Chairman Judy Lee added that looking at the makeup of the commission. There was expertise in there. The four legislators have expertise. All of the participant in there who have a single purpose in mind, which is to figure out how to make this plan work. She has been on enough interim committees to know we work hard, but we don't always have collective expertise in some of these areas. That is really is why her concern wraps around having folks who know what they are doing. Ultimately, we get the right to approve or disapprove it anyways. The buck stops with the legislature in two years.

Senator Dever indicated the way the study is written, it would be conducted by a taxation committee. There is certainly that consideration, but there is a human element.

Senator Dever adjourned the meeting.

2015 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Red River Room, State Capitol

SB 2206
4/22/2015
26349

☐ Subcommittee
☒ Conference Committee

Committee Clerk Signature	Eva Liebelt	Donald Mueller

Explanation or reason for introduction of bill/resolution:

A bill relating to the Department of Human Services assuming certain costs of certain social service programs and to the establishment of a human services grant program; relating to county social service board budgets and programs funded at state expense; relating to the county's share of medical assistance for therapeutic foster care, service payments to the elderly and disabled, and the county share of foster care costs; to establish a social services financing commission; to provide an effective date; to provide an expiration date; and to declare an emergency.

Minutes:

Attachment 1

The following conference committee members were present for SB 2206 on April 22, 2015 at 11:30am.
Senator Dever, Senator J. Lee, Senator Warner
Representative Weisz, Representative Hofstad, Representative Muscha

Senator Dever called the meeting to order. All members were present.

Rep. Weisz provided proposed amendment (attach #1).

Rep. Weisz reviewed the amendments. After the conference committee met yesterday, everyone struggled with understanding the amendments initially in there to freeze the budget, inflator and deducting the program cost that they saved. After conversations with everyone, Mr. John Walstad and the counties, this is simpler and easier to understand. It freezes the budget minus the 2015 budget we are freezing that minus the costs they save, plus the inflator. It doesn't matter where there source of funds came from. The language that we talked about allowing those with a significant caseload increase is there page 3 and page 4. The only other language that needed to go in there is on page 9. The levy is reduced by the amount that the savings are. The question came up if we moved it strictly to budget and the budget is froze, that they could still levy the money, but not spend it on this. The language in section 9 makes it clear that the levy is reduced by the amount of savings that they got. This is easier to carry to the Senate/House, at least from his perspective, easy to explain and defend. It does have the safety valve for the counties with increased caseloads. It still needs to be approved by their county commissioners. After conversations, unfortunately it is still not perfect; Section 13, talking about when the sections are effective, and sections 9 and 10 needs to be effective August 1st, as well as Section 1. The other sections are effective the taxable years beginning after Dec. 31, 2015.

Senator Dever asked if on lines 9 and 10 it should be deleted from there or moved.

Rep. Weisz said that they should be moved ahead. He read from section 13. The only other issue, it is not in the amendments, our original intent was to have a sunset clause in section 1. Obviously we will be having this issue next session anyway. So we don't have to have the sunset, but it may provide more comfort if it is in there. It is not in the amendments right now. Hopefully in two years we'll be looking at the full implementation.

Senator J. Lee said they still haven't resolved the issue about the commission versus the study is moving forward.

Rep. Weisz yes, we had hoped to have a rough draft for the committee. It is still being worked on. He is looking for compromise. What the amendment would look like is it would set up a statutory interim committee to look strictly at the social services financing and the transition. It would include chair of both human service committee and the tax committee. Legislative management would then have the authority to add the other positions.

Senator Dever asked if there is a total number.

Rep. Weisz the rough draft doesn't specify the total number. Often times that number may go up or down depending on who wants to be on this committee. If this committee feels it is necessary we could add requirements. I left that open to legislative management. The only non-legislator that would be on the interim committee would be the head of the Department of Human Services. That person would be a non-voting member. The group would set up a working group that is currently in 2206, for the commission. The director of Department of Human Services would be the chair of that group. That group would report to the committee, the progress, issues and questions. That would be the interaction between the work group and the legislators. Our committee didn't have a problem with the commission but I am not sure we will find many legislators who will have the time to work on this group. They are effective whether it is on the County end, tax department or human services. Do they need input yes. Do we give direction that is the interaction between the interim and work group. That plan will then go through interim committee. It will address the concern of those who have problems mixing of legislators and non-legislators. I want to make sure it doesn't go down a path where legislature won't approve it. You need to make sure the professionals are going to get the product done. The future legislative assembly will determine whether to move forward. We will have a work product and then also be able to evaluate to see how it is working. If it is approved and it goes forward my intention would be that interim committee continues to evaluate, are things working as they should, are we getting efficiencies? How do we resolve issues? They would continue to take reports on the implementation and maybe propose something for the 2019 session.

Senator Dever sounds like a compromise but a workable compromise. He asked the committee members if that sounds like they are headed in a good direction.

Senator J. Lee thinks it is. She thinks the commission is a whole lot easier, but if this is what it takes to get through, then it's okay. We need people who know what they are doing. She would like to see to it that it is drafted so that it doesn't become session law because the health care review committee originally had the Department of Human Services chairs and the IB&L chairs from both houses on health care reform and review. It happened the first session and then they didn't have to do it anymore because it was just session long. If there is a way so that if it takes longer that the same criteria be in place.

Rep. Weisz has no objections.

Senator Dever it is the task force that was put into the bill except it is split in half.

Rep. Weisz to a large degree that is probably what is happening. It would be a real struggle to meet as often as they need to meet. It is still keeping the input from the legislature to make sure it is going the direction that is going to have buy in and work for the whole assembly and still lets the experts get the work done.

Senator Dever the counties are okay with where we are headed. Terry Trainer said yes.

Rep. Weisz indicated that Maggie Anderson (DHS) is okay with this.

Senator Dever adjourned the meeting.

2015 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Red River Room, State Capitol

SB 2206
4/22/2015
26369

☐ Subcommittee
☒ Conference Committee

Committee Clerk Signature	Donald Mueller

Explanation or reason for introduction of bill/resolution:

A bill relating to the Department of Human Services assuming certain costs of certain social service programs and to the establishment of a human services grant program; relating to county social service board budgets and programs funded at state expense; relating to the county's share of medical assistance for therapeutic foster care, service payments to the elderly and disabled, and the county share of foster care costs; to establish a social services financing commission; to provide an effective date; to provide an expiration date; and to declare an emergency.

Minutes:

Attach #1: Proposed Amendment from Rep. Weisz

The following conference committee members were present for SB 2206 on April 20, 2015 at 3:30 pm.
Senator Dever, Senator J. Lee, Senator Warner
Representative Weisz, Representative Hofstad, Representative Muscha

Senator Dever called the meeting to order. All members were present.

Senator Dever indicated that we are in agreement on the other amendments. The concern is the makeup of the study.

Representative Weisz passed out an amendment to address the Legislative Management Interim County Social Service Finance Committee and Work Group established. (attach #1)

Representative Weisz reviewed proposed language. The Senate had requested establishing a commission, while the House had requested a bare study. He hopes the proposed language covers both. It would be a statutory committee because it will set up the legislative management interim social services finance committee and work group established. Representative Weisz read the proposed language, as in attachment #1.

The conference committee discussed the makeup of the new committee. **Representative Hofstad** asked about assigning a designee. The conference committee agreed that appointed designees were acceptable, but when assigned, they should attend the meetings throughout the period for continuity.

Senator Warner asked do you anticipate this to be the only duty of this committee. This was discussed by the conference committee. **Representative Weisz** believes it would be, as it will be a major responsibility of the committee. There was discussion if they would only meet once a quarter and have the workgroup just report to this committee, but the intent is that the committee will work very closely and interact with the working group and be collaborative with the committee.

(Recording time check 10:51)

Senator Dever referred to subsection 1, first sentence, (read from attachment). The purpose is to develop the plan, and not to study the feasibility. **Representative Weisz** and conference committee members discussed that the intent is to truly develop the plan for potentially transferring the costs. We want a plan and not just a study. The information will be available to the next legislative session. The conference committee likes the way it is stated, as a plan, and not just a study.

Senator Dever discussed that the language doesn't prevent the two work groups to work together. **Representative Weisz** expressed his concern that the language states who will chair and who will be the vice-chair. The discussion in the conference committee was that this is appropriate, and that we do want that designated as the human services chairs rather than a tax chair.

Senator J. Lee indicated recognition that we are adding another interim committee here. We will need to talk to legislative management collectively about committee choices too. It should almost be an additional one. This isn't going to be a huge amount of work for the legislators with this, but the workload is with the work group. There are some cases where they may limit the number of committees upon which we might serve. She thinks for the legislators participating in this one, this should not be one of the one or two that are permitted. There are others that will be important as well. The conference committee agrees.

(Record time check 19:08)

Representative Hofstad asked if we needed the sunset clause, as we had discussed previously. It was agreed that the sunset clause was not needed, as the legislature will be reviewing this issue regardless in the next session.

Senator Dever recapped the changes. The amendment would be that the House recede from its amendments, printed on page 1504 of the Senate Journal and pages 1311 through 1313, pages 1658, 1659 in the house journal, and the engrossed SB 2206 be amended as indicated in .02014, plus the amendments as brought to the committee today, plus moving sections 9 and 10 from line 10 on page 11 to line 9, following section 1, so that section 1, 9, and 10 become effective on August 1, 2015.

Representative Hofstad moved the HOUSE RECEDE from the House Amendments and further Amend. The motion was seconded by **Representative Muscha**. No discussion.

ROLL CALL VOTE
Senators: 2 Yes, 1 No, 0 Absent.
Representatives: 3 Yes, 0 No, 0 Absent.
Motion Passed 5-1-0.

Senator Dever will carry SB 2206 to the Senate floor.
Representative Weisz will carry SB 2206 to the House floor.

2015 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Red River Room, State Capitol

SB 2206
4/27/2015
26426

☐ Subcommittee
☒ Conference Committee

Committee Clerk Signature Donald Mueller

Explanation or reason for introduction of bill/resolution:

A bill relating to the Department of Human Services assuming certain costs of certain social service programs and to the establishment of a human services grant program; relating to county social service board budgets and programs funded at state expense; relating to the county's share of medical assistance for therapeutic foster care, service payments to the elderly and disabled, and the county share of foster care costs; to establish a social services financing commission; to provide an effective date; to provide an expiration date; and to declare an emergency.

Minutes:

Attach #1: Proposed Amendment 15.0560.02017 from Rep. Weisz Attach #2: Proposed Amendment 15.0560.02019 from Rep. Weisz

The following conference committee members were present for SB 2206 on April 27, 2015 at 10:30am.

Senator Dever, Senator J. Lee, Senator Warner
Representative Weisz, Representative Hofstad, Representative Muscha

Senator Dever called the meeting to order. All members were present.

Senator Dever reviewed that 15.0560.0217 amendment that was sent this past weekend. (attach #1).

Representative Weisz has suggested further changes. He provided additional amendments, under 15.0560.02019 (attach #2). The following are the suggested changes:

- Section 12, we remove the director of the Department of Human Services, a non-voting member of the committee. Senator Dever clarified that was the last sentence in Section 12, subsection 1.
- Section 12, subsection 2, where it currently states, "with the following voting members", that would be removed. The conference committee agreed that we should just take out the word "voting".

- Section 12, subsection 3, where it says, "committee may designate committee members to serve as legislative liaisons to the working group", that would be removed.
- Section 12, subsection 4, replace "and potential legislation to implement recommended changes" with "The study must include consideration of the feasibility and desirability of implementing the proposed transition plan."

Senator Dever when he hears the language, desirability and feasibility, it almost sounds like it should say the lack of desirability.

Representative Weisz indicated the reason for the language is that from the position that it is not beholding the interim committee that just because the plan is developed that it is then recommending that the plan go forward. He believes the language in Section 5 already basically says that, which is standard in other studies, that we say report its findings and recommendations to the assembly. If it doesn't make any recommendations, then there isn't anything to go forward. That is the way we do all interim committees. This new language would reinforce the idea that because we develop the transition plan doesn't necessarily mean that the committee endorses the transition plan.

Senator Dever asked what if we said instead of feasibility and desirability, but just said feasibility of implementing the proposed transition plan. Senator Dever stated he has a problem holding a study to come to preconceived conclusions.

There was discussion about the specific words.

Senator Dever continued. When we talk about removing the director of Department of Human Services as a non-voting member of the committee, she is a resource to the committee anyways. Second, to remove the word voting, there needs to be some discussion.

Representative Weisz indicated that it implies that they are voting members of the interim committee.

Senator J. Lee voiced her frustration. She thinks that it is quite obvious that they will be voting within the working group. She voiced her opposition and frustration to all of the changes.

Senator Dever echoed the concern. He stated there are two things critical about this bill. One is that we take step one, and two is that we come back in the next session prepared to decide whether and to what extent we take step two. We share that desire in this room.

Senator J. Lee restated that she likes the 02017 version.

Senator Dever commented that whether the director of Department of Human Services is a member of the committee or not, she is a resource person, and as a matter of fact, will be involved in the process. Further, it appears that whether we say the legislative management interim county social services finance committee may designate committee members to serve as legislative liaisons to the working group - they are going to talk to each other, whether we do it or not. So if we take it out, it doesn't make a big difference.

But he has concern of trying to say, do we think it is desirable to do this? That seems to him to be a conclusion before its consideration.

Senator J. Lee added that when we look at 02017 version, and so it is probably in 02019 also in Section 12, the first section talks about what they are charged to do is to develop a transition plan for potentially transferring the costs, and then weasels out to the feasible and desirability. It's already determined to be something that we want to explore more fully. We are already instructing them to develop a transition plan, and don't know why we would want to back off from that.

Senator Dever doesn't think that necessarily brings about the conclusion that we will, but we'll consider it. **Senator J. Lee** agrees - it says potential.

Representative Hofstad indicated the House needs more conversation.

Senator Dever adjourned the meeting.

2015 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Red River Room, State Capitol

SB 2206
4/27/2015
26428

☐ Subcommittee
☒ Conference Committee

Committee Clerk Signature	Donald Mueller

Explanation or reason for introduction of bill/resolution:

A bill relating to the Department of Human Services assuming certain costs of certain social service programs and to the establishment of a human services grant program; relating to county social service board budgets and programs funded at state expense; relating to the county's share of medical assistance for therapeutic foster care, service payments to the elderly and disabled, and the county share of foster care costs; to establish a social services financing commission; to provide an effective date; to provide an expiration date; and to declare an emergency.

Minutes:

Attach #1: Proposed Amendment 15.0560.02020

The following conference committee members were present for SB 2206 on April 27, 2015 at 11:30am.

Senator Dever, Senator J. Lee, Senator Warner
Representative Weisz, Representative Hofstad, Representative Muscha

Senator Dever called the meeting to order. All members were present.

Proposed amendment was distributed: 15.0560.02020 (attach #1). **Senator Dever** indicated the changes are to the .02017 version. Senator Dever explained the changes:
- We did not delete the words, "and potential legislation to implement recommended changes."

Senator Dever continued, explaining the changes in .02017 version
- Section 12, subsection 1, removed the reference to the Director of the Department of Human Services
- Section 12, subsection 2, removed the word "voting"
- Section 12, subsection 3, removed "and the legislative management interim county social services finance committee may designate committee members to serve as legislative liaisons to the working group."

- The sentence that was in the .02019 version is added to the bottom of Section 12, subsection 4, "the study must include consideration of the feasibility of implementing the proposed transition plan."

The conference committee discussed the frustration.

Representative Weisz asked for a 5 minute recess.

(Recording time check 5:25)

Senator Dever called the conference committee meeting back to order.

Senator J. Lee moved the HOUSE RECEDE from HOUSE AMENDMENTS and further amend to adopt 15.0560.02017 version. The motion was seconded by **Representative Muscha**.

Discussion
Representative Weisz voiced his concern that the side meeting didn't go as well as he had hoped.

ROLL CALL VOTE
Senate: 3 Yes, 0 No, 0 Absent
Representatives: 1 Yes, 2 No, 0 Absent
MOTION FAILS

No further motions.
Representative Weisz asked for further conversation and to reconvene later.

Senator Dever reminded the committee that the Governor has a press conference scheduled at 11:00am for the passage of this bill.

Senator Dever adjourned the meeting.

2015 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Red River Room, State Capitol

SB 2206
4/27/2015
26433

☐ Subcommittee
☒ Conference Committee

Committee Clerk Signature	Donald Mueller

Explanation or reason for introduction of bill/resolution:

A bill relating to the Department of Human Services assuming certain costs of certain social service programs and to the establishment of a human services grant program; relating to county social service board budgets and programs funded at state expense; relating to the county's share of medical assistance for therapeutic foster care, service payments to the elderly and disabled, and the county share of foster care costs; to establish a social services financing commission; to provide an effective date; to provide an expiration date; and to declare an emergency.

Minutes:

No attachments

The following conference committee members were present for SB 2206 on April 27, 2015 at 3:30pm.

Senator Dever, Senator J. Lee, Senator Warner
Representative Weisz, Representative Hofstad, Representative Muscha

Senator Dever called the meeting to order. All members were present.

Senator Dever indicated that we have come with some revised language, but there is not a proposed amendment written at this point. He indicated that we are working from the 15.0560.02020 version. Representative Weisz indicated that we are also looking at other versions as well.

Representative Weisz reviewed the latest proposed language.
- Section 12, subsection 1, the language will be replaced with the language that was in 15.0560.02019, Section 12, subsection 1. It will state, "During the 2015-16 interim, the legislative management shall conduct a study to develop a proposed transition plan for transferring the costs of operating social services programs from county property tax levies to state general fund appropriations."
- Section 12, subsection 2, it will be replaced with, "if a county social services finance working group is established, consisting of but not limited to, the members listed below,

they shall report their progress and the member's findings at the request of the interim committee. It would list all of it as in .02020.
- The rest of the language, which was previously discussed, would stay. Page 4 of the amendments would not change.

Ms. Jennifer Clark, Legislative Council, reviewed the changes.

Representative Weisz confirmed that Section 12, subsection 3 of the 02020 version needs to be removed. The conference committee agreed.

Representative Weisz indicated it is not his preferred language, nor the Senate's. Our intent is to have a plan. The history of this bill dates back to 1997 with the SWAP bill. This is truly property tax reform, not just relief. It is getting rid of a unfunded state mandate onto a political subdivision. This is an important bill.

Senator Dever restated again, that the two most important factors with this is that we take the first step now, and number two is that we come back to the next session, prepared to decide whether and to what extent we take the section step. As this language has evolved, he stated that it behooves the committee members who have an interest in this bill to follow it through the interim process.

Ms. Clark reviewed the language changes again.

Terry Trayner, Association of Counties, indicated that the title will also need to change to address the changes.

Senator J. Lee asked if the House is committed to passing this on the floor.

Representative Weisz believes there is support.

Representative Hofstad moved to RECEDE FROM HOUSE AMENDMENTS and AMEND as discussed (to be 15.0560.02021). The motion was seconded by **Representative Weisz**. No discussion.

<u>Roll Call Vote</u>
Senators: <u>3</u> Yes, <u>0</u> No, <u>0</u> Absent
Representatives: <u>3</u> Yes, <u>0</u> No, <u>0</u> Absent
MOTION PASSES

Senator Dever will carry SB 2206 to the Senate floor.
Representative Weisz will carry SB 2206 to the House floor

2015 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Red River Room, State Capitol

SB 2206
4/28/2015
26445

☐ Subcommittee
☒ Conference Committee

Committee Clerk Signature	Donald Mueller

Explanation or reason for introduction of bill/resolution:

A bill relating to the Department of Human Services assuming certain costs of certain social service programs and to the establishment of a human services grant program; relating to county social service board budgets and programs funded at state expense; relating to the county's share of medical assistance for therapeutic foster care, service payments to the elderly and disabled, and the county share of foster care costs; to establish a social services financing commission; to provide an effective date; to provide an expiration date; and to declare an emergency.

Minutes:

Attach #1: Proposed Amendment 15.0560.02022

The following conference committee members were present for SB 2206 on April 28, 2015 at 10:30am.

Senator Dever, Senator J. Lee, Senator Warner
Representative Weisz, Representative Hofstad, Representative Muscha

Senator Dever called the meeting to order. All members were present.

Proposed amendments and marked up bill were distributed: 15.0560.02022 (attach #1)

Senator Dever expressed his appreciation of the committee and the respect. He asked that if there is anyone else that may have further concern on this bill, that out of respect for this committee, we invite them to the room now. No one indicated anyone.

Representative Weisz shared his frustration. He reviewed 15.0560.02022 amendment version. The issue that came up on the House floor dealt with the area, where we are taking care of those nine counties that have the excess mill levies because they are Indian counties, and allowing the Department of Human Services to develop that policy on how they will distribute the money. The money is specific, $1,900,000 the first year and $2,100,000 the second year of the biennium. If for example, the request was $2,000,000 instead of $1,900,000, they have to come up with a policy on how they are going to divide it up. There was concern that it wasn't going through the administrative rule process, and that is what defeated the committee report on the House floor. The amendment change on the marked up bill, page 7, line 7, (amendment page 6, line 4), it says, "the department may adopt emergency rules, without application of the grounds for emergency rulemaking otherwise required under section 28-32-03." The sentence begins with "The grant program established in this section must be implemented through rulemaking..." What this says is that the Department of Human Services can do whatever they want to do anyway. They just need to come and tell administrative rules what they actually did after the fact. Representative Weisz indicated it doesn't change anything that we are doing but it does address the concerns voiced in the House to have things go through the administrative rule process. It affects a handful of counties. The only thing the rules are really going to be is how do we divide up the money if the money doesn't match what is specifically is appropriated. We've already said that we will take care of the excess mill levy portion, and that is what section 6 referred to, because we took away the excess mill levy.

Senator Dever reminded the House members that the Senate passed the bill 47-0.

Representative Weisz responded that this is intended to resolve the issue that was raised on the House floor. It doesn't change the bill any. It won't affect the Department of Human Services, although it does require more work since they will have to adopt rules and send them forward. It will not affect getting the money out. They have to distribute the money by September 1st.

Senator J. Lee said it does make a change, in that it was not subject to rule making before, and now it is. It is additional hoops. It is resistance to something that we have always trusted from the beginning of this that the Department of Human Services has proven to be trustworthy of doing. This is a disappointment. A question - whether the $1,900,000 in year one of the biennium and $2,000,000 in year two is adequate to cover what the needs are.

Representative Weisz indicated his understanding that it hasn't changed regarding the dollars. It is what it will take. Until every county submits their costs, it could vary. So if it is off $100,000 or $200,000, they will have to prorate it. Based on the projections of the current costs, it should be enough to cover the costs. He can't disagree that there will be additional hoops for the Department of Human Services, but it will not slow down the money getting out. The one thing it does do, the language, they don't have to go and justify the grounds. This allows them to adopt the rules. Otherwise there is a process in 28.32.03 that sets out when and if they can adopt emergency rules. This says you can do it, you can do it automatically. It is more work for the Department of Human Services. They have to do a formal administrative rule and present it to the administrative rules committee.

Senator J. Lee asked if the $1,900,000 is not adequate, and we are now not permitting the counties to respond, which members of the tribal counties are not going to get support. And the process for the administrative rule making takes time. What if the rules aren't acceptable? Do they have to recapture some of the money in some sort of way if administrative rules committee doesn't like what the formula is that the Department of Human Services comes up with?

Representative Weisz indicated he sits on administrative rules committee. While it is possible that the rules can be rejected, it is difficult to set aside the rule. He understands the concern but doesn't think it is an issue. Regarding the funding, maybe Maggie Anderson (DHS) or Terry Trainer, that the projections will be enough. For some reason, if off 5% or 2%, then everyone takes that small amount less. The dollars in the bill haven't changed from the beginning of the bill. It is based on their costs and projected costs based on going forward.

Senator J. Lee commented that it is based on the 2014 and 2015 date discussions that we had to correct. It is a fixed number. Senator Lee requested to hear the perspective from Maggie Anderson (DHS) and Terry Trainer.

Representative Weisz agreed that it would be advantageous to hear from them. Those dollars were established at the beginning. His assumption was that it was based on the projected costs for the 2015-2017 biennium.

Senator Dever invited Maggie Anderson (DHS) to the podium

Maggie Anderson, Department of Human Services, subsection 3 has us report to the budget section on how much we spent. It is not approval, but just reporting to them. The way we came up with the projections was that we looked at the previous two years. We averaged those. We put a 5% inflation amount on that. We came up with the $1,900,000. We put a 5% inflation on that and came up with the $2,000,000. So we believe, based on the historical spending, that it is adequate.

Senator Dever asked if the new amendments were workable to the Department of Human Services.

Maggie Anderson (DHS) confirmed yes.

Terry Trainer, Association of the Counties, confirmed yes.

Representative Weisz moved the HOUSE RECEDED from HOUSE AMENDMENTS and AMEND with 15.0560.02022. The motion was seconded by **Representative Hofstad**. There was no discussion.

<u>ROLL CALL VOTE</u>
Senate: <u>3</u> Yes, <u>0</u> No, <u>0</u> Absent
Representatives: <u>3</u> Yes, <u>0</u> No, <u>0</u> Absent.
MOTION PASSES 6-0-0.

Senate Carrier is **Senator Dever**.
House Carrier is **Representative Weisz**.

15.0560.02016
Title.06000

Prepared by the Legislative Council staff for
Conference Committee
April 23, 2015

4/23/15

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2206

That the House recede from its amendments as printed on page 1504 of the Senate Journal and pages 1311-1313 and pages 1658 and 1659 of the House Journal and that Engrossed Senate Bill No. 2206 be amended as follows:

Page 1, line 4, after "50-24.1-14" insert ", subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7"

Page 1, line 6, after "expense" insert "and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense"

Page 1, line 9, replace "establish a social services financing commission" with "provide for a legislative management study"

Page 1, line 9, remove "to provide an"

Page 1, line 10, remove "expiration date;"

Page 1, line 22, remove "beginning"

Page 1, line 23, replace "and continuing for succeeding years must identify" with "may not exceed an amount determined using the departmental budget submitted in 2014 by the county social service board as a starting point, subtracting"

Page 1, line 24, after "responsibility" insert "for 2014"

Page 2, line 2, after "services" insert ", and applying to the resulting amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015. For purposes of this subdivision, the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services includes the following"

Page 2, line 3, replace "incurred" with "that would have been paid"

Page 2, line 7, replace "incurred" with "which would have been paid by the county

Page 2, line 9, replace "incurred" with "which would have been paid by the county

Page 2, line 11, replace "incurred" with "which would have been paid by the county"

Page 2, line 13, replace "incurred" with "which would have been paid by the county"

Page 2, line 15, replace "incurred" with "which would have been paid by the county"

Page 2, line 20, after "b." insert "The departmental budget submitted by the county social service board in 2016 for the 2017 budget may not exceed an amount determined using the 2015 departmental budget as a starting point and applying to that amount the percentage salary and benefits increase provided by legislative appropriations for state employees for 2016.

c."

Page 2, line 21, after "paid" insert "by the county"

Page 2, line 22, after the first "department" insert "of human services"

Page 2, line 22, after the second "department" insert "of human services"

Page 2, line 24, remove "The amount reported must equal the"

Page 2, replace lines 25 through 31 with:

"The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source to supplement the human services budget, with the exception that the county may make use of the identifiable amount of other sources the county has used to supplement its human services budget for 2015 and the county may use grant funds that may be available to the county under section 50-06-20.1.

d. The department of human services shall develop a process to review a request from a county social service board for any proposed increase in staff needed as a result of significantly increased caseloads for state-funded human services programs, if the increase in staff would result in the county exceeding the budget limitation established under this subsection. As part of its review process, the department shall review countywide caseload information and consider the option of multicounty sharing of staff. If the department approves a request for a proposed increase in staff, the county budget limitation established under subdivision b may be increased by the amount determined necessary by the department to fund the approved additional staff."

Page 7, after line 6, insert:

"**SECTION 9. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

    a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

    b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

e. If the base year is a taxable year before 2016, the base year human services county levy in dollars must be reduced to the amount of the county social service board budget levy for the budget year as determined under section 11-23-01.

SECTION 10. AMENDMENT. Subsection 34 of section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

34. Counties levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the number of mills determined by dividing the county budget limitation in dollars as determined under section 11-23-01 by the taxable valuation of the county."

Page 7, remove lines 9 through 31

Page 8, replace lines 1 through 14 with:

"SECTION 12. LEGISLATIVE MANAGEMENT STUDY - INTERIM COUNTY SOCIAL SERVICES FINANCE COMMITTEE - WORKING GROUP.

1. During the 2015-16 interim, the chairman of the legislative management shall appoint the legislative management interim county social services finance committee to develop a transition plan for potentially transferring the costs of operating social services programs from county property tax levies to state general fund appropriations. The membership of the committee must include the chairmen of the house and senate finance and taxation committees and the house and senate human services committees, or their designees. The director of the department of human services shall serve as a nonvoting member of the committee. The chairman of the legislative management may appoint additional members of the legislative assembly to serve on the committee. The chairman of the house human services committee shall serve as the chairman of the committee and the chairman of the senate human services committee shall serve as the vice-chairman.

2. A county social services finance working group is established, with the following voting members:

a. The director of the department of human services or designee;

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b. The chief financial officer of the department of humans services;

c. Two members representing elected county officials identified in section 11-10-02 as selected by the North Dakota association of counties;

d. The tax commissioner or designee;

e. The director of the office of management and budget or designee;

f. Two county social services directors selected by the North Dakota county social services directors association; and

g. One member representing the North Dakota association of counties.

3. The director of the department of human services shall serve as the chairman of the working group and the four standing committee chairmen who serve on the legislative management interim county social services finance committee shall serve as legislative liaisons to the working group. During the 2015-16 interim, the working group shall make recommendations to and seek direction from the county social services finance committee in assisting the committee with the committee's study charge. At each meeting of the committee, the working group shall report on the progress of the working group's activities and receive direction from the committee on the working group's study charge.

4. Under this section, a proposed transition plan must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, a plan to require a property tax reduction for the amount of the budgeted savings brought about by the transfer of county social services costs to the state, a plan resulting in the elimination of the county social services levy under section 50-06.2-05, and potential legislation to implement recommended changes.

5. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Page 12, line 15, remove "2, 3, 4, 5, 7, 8, and"

Page 12, line 15, after "9" insert ", and 10 of this Act become effective on August 1, 2015. Sections 2, 3, 4, 5, 7, 8, and 11 of this Act"

Page 8, remove lines 17 and 18

Renumber accordingly

15.0560.02017
Title.

Prepared by the Legislative Council

April 25, 2015

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2206

That the House recede from its amendments as printed on page 1504 of the Senate Journal and pages 1311-1313 and pages 1658 and 1659 of the House Journal and that Engrossed Senate Bill No. 2206 be amended as follows:

Page 1, line 4, after "50-24.1-14" insert ", subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7"

Page 1, line 6, after "expense" insert "and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense"

Page 1, line 9, replace "establish a social services financing commission" with "provide for a legislative management study"

Page 1, line 9, remove "to provide an"

Page 1, line 10, remove "expiration date;"

Page 1, line 22, remove "beginning"

Page 1, line 23, replace "and continuing for succeeding years must identify" with "may not exceed an amount determined using the departmental budget submitted in 2014 by the county social service board as a starting point, subtracting"

Page 1, line 24, after "responsibility" insert "for 2014"

Page 2, line 2, after "services" insert ", and applying to the resulting amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015. For purposes of this subdivision, the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services includes the following"

Page 2, line 3, replace "incurred" with "that would have been paid"

Page 2, line 7, replace "incurred" with "which would have been paid by the county

Page 2, line 9, replace "incurred" with "which would have been paid by the county

Page 2, line 11, replace "incurred" with "which would have been paid by the county"

Page 2, line 13, replace "incurred" with "which would have been paid by the county"

Page 2, line 15, replace "incurred" with "which would have been paid by the county"

Page 2, line 20, after "b." insert "The departmental budget submitted by the county social service board in 2016 for the 2017 budget may not exceed an amount determined using the 2015 departmental budget as a starting point and applying to that amount the percentage salary and benefits increase provided by legislative appropriations for state employees for 2016.

c."

Page 2, line 21, after "paid" insert "by the county"

Page 2, line 22, after the first "department" insert "of human services"

Page 2, line 22, after the second "department" insert "of human services"

Page 2, line 24, remove "The amount reported must equal the"

Page 2, replace lines 25 through 31 with:

"The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source to supplement the human services budget, with the exception that the county may make use of the identifiable amount of other sources the county has used to supplement its human services budget for 2015 and the county may use grant funds that may be available to the county under section 50-06-20.1.

d. The department of human services shall develop a process to review a request from a county social service board for any proposed increase in staff needed as a result of significantly increased caseloads for state-funded human services programs, if the increase in staff would result in the county exceeding the budget limitation established under this subsection. As part of its review process, the department shall review countywide caseload information and consider the option of multicounty sharing of staff. If the department approves a request for a proposed increase in staff, the county budget limitation established under subdivision b may be increased by the amount determined necessary by the department to fund the approved additional staff."

Page 7, after line 6, insert:

"**SECTION 9. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

   a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

   b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

e. If the base year is a taxable year before 2016, the base year human services county levy in dollars must be reduced to the amount of the county social service board budget levy for the budget year as determined under section 11-23-01.

SECTION 10. AMENDMENT. Subsection 34 of section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

34. Counties levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the number of mills determined by dividing the county budget limitation in dollars as determined under section 11-23-01 by the taxable valuation of the county."

Page 7, remove lines 9 through 31

Page 8, replace lines 1 through 14 with:

"SECTION 12. LEGISLATIVE MANAGEMENT STUDY - INTERIM COUNTY SOCIAL SERVICES FINANCE COMMITTEE - WORKING GROUP.

1. During the 2015-16 interim, the chairman of the legislative management shall appoint the legislative management interim county social services finance committee to develop a transition plan for potentially transferring the costs of operating social services programs from county property tax levies to state general fund appropriations. The director of the department of human services shall serve as a nonvoting member of the committee.

2. A county social services finance working group is established, with the following voting members:

   a. The director of the department of human services or the director's designee;

   b. The chief financial officer of the department of humans services;

   c. Two members representing elected county officials identified in section 11-10-02 as selected by the North Dakota association of counties;

   d. The tax commissioner or the commissioner's designee;

e. The director of the office of management and budget or the director's designee;

f. Two county social services directors selected by the North Dakota county social services directors association; and

g. One member representing the North Dakota association of counties.

3. The director of the department of human services shall serve as the chairman of the working group and the legislative management interim county social services finance committee may designate committee members to serve as legislative liaisons to the working group. During the 2015-16 interim, the working group shall make recommendations to and seek direction from the county social services finance committee in assisting the committee with the committee's study charge. At each meeting of the committee, the working group shall report on the progress of the working group's activities and receive direction from the committee on the working group's study charge.

4. Under this section, a proposed transition plan must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, a plan to require a property tax reduction for the amount of the budgeted savings brought about by the transfer of county social services costs to the state, a plan resulting in the elimination of the county social services levy under section 50-06.2-05, and potential legislation to implement recommended changes.

5. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Page 8, line 15, remove "2, 3, 4, 5, 7, 8, and"

Page 8, line 15, after "9" insert ", and 10 of this Act become effective on August 1, 2015. Sections 2, 3, 4, 5, 7, 8, and 11 of this Act"

Page 8, remove lines 17 and 18

Renumber accordingly

15.0560.02021
Title.09000

Prepared by the Legislative Council staff for
Conference Committee
April 27, 2015

SJe 4/27/15 1 of 4

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2206

That the House recede from its amendments as printed on page 1504 of the Senate Journal and pages 1311-1313 and pages 1658 and 1659 of the House Journal and that Engrossed Senate Bill No. 2206 be amended as follows:

Page 1, line 4, after "50-24.1-14" insert ", subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7"

Page 1, line 6, after "expense" insert "and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense"

Page 1, line 9, replace "establish a social services financing commission" with "provide for a legislative management study"

Page 1, line 9, remove "to provide an"

Page 1, line 10, remove "expiration date;"

Page 1, line 22, remove "beginning"

Page 1, line 23, replace "and continuing for succeeding years must identify" with "may not exceed an amount determined using the departmental budget submitted in 2014 by the county social service board as a starting point, subtracting"

Page 1, line 24, after "responsibility" insert "for 2014"

Page 2, line 2, after "services" insert ", and applying to the resulting amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015. For purposes of this subdivision, the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services includes the following"

Page 2, line 3, replace "incurred" with "that would have been paid"

Page 2, line 7, replace "incurred" with "which would have been paid by the county

Page 2, line 9, replace "incurred" with "which would have been paid by the county

Page 2, line 11, replace "incurred" with "which would have been paid by the county"

Page 2, line 13, replace "incurred" with "which would have been paid by the county"

Page 2, line 15, replace "incurred" with "which would have been paid by the county"

Page 2, line 20, after "b." insert "The departmental budget submitted by the county social service board in 2016 for the 2017 budget may not exceed an amount determined using the 2015 departmental budget as a starting point and applying to that amount the percentage salary and benefits increase provided by legislative appropriations for state employees for 2016.

c."

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Page 2, line 21, after "paid" insert "by the county"

Page 2, line 22, after the first "department" insert "of human services"

Page 2, line 22, after the second "department" insert "of human services"

Page 2, line 24, remove "The amount reported must equal the"

Page 2, replace lines 25 through 31 with:

"The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source to supplement the human services budget, with the exception that the county may make use of the identifiable amount of other sources the county has used to supplement its human services budget for 2015 and the county may use grant funds that may be available to the county under section 50-06-20.1.

d. The department of human services shall develop a process to review a request from a county social service board for any proposed increase in staff needed as a result of significantly increased caseloads for state-funded human services programs, if the increase in staff would result in the county exceeding the budget limitation established under this subsection. As part of its review process, the department shall review countywide caseload information and consider the option of multicounty sharing of staff. If the department approves a request for a proposed increase in staff, the county budget limitation established under subdivision b may be increased by the amount determined necessary by the department to fund the approved additional staff."

Page 7, after line 6, insert:

"**SECTION 9. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

   a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

   b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

3 of 4

c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

e. If the base year is a taxable year before 2016, the base year human services county levy in dollars must be reduced to the amount of the county social service board budget levy for the budget year as determined under section 11-23-01.

SECTION 10. AMENDMENT. Subsection 34 of section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

34. Counties levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the number of mills determined by dividing the county budget limitation in dollars as determined under section 11-23-01 by the taxable valuation of the county."

Page 7, remove lines 9 through 31

Page 8, replace lines 1 through 14 with:

"SECTION 12. LEGISLATIVE MANAGEMENT STUDY - SOCIAL SERVICES FINANCE PROGRAM TRANSITION.

1. During the 2015-16 interim, the legislative management shall conduct a study to develop a proposed transition plan for transferring the costs of operating social services programs from county property tax levies to state general fund appropriations.

2. If a county social services finance working group is established, upon request of the legislative management the working group shall report its progress and findings. The membership of the working group may include:

a. The director of the department of human services or the director's designee;

b. The chief financial officer of the department of humans services;

c. Two members representing elected county officials identified in section 11-10-02 as selected by the North Dakota association of counties;

d. The tax commissioner or the commissioner's designee;

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e. The director of the office of management and budget or the director's designee;

f. Two county social services directors selected by the North Dakota county social services directors association; and

g. One member representing the North Dakota association of counties.

3. Under this section, a proposed transition plan must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, a plan to require a property tax reduction for the amount of the budgeted savings brought about by the transfer of county social services costs to the state, a plan resulting in the elimination of the county social services levy under section 50-06.2-05, and potential legislation to implement recommended changes. The study must include consideration of the feasibility of implementing the proposed transition plan.

4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Page 8, line 15, remove "2, 3, 4, 5, 7, 8, and"

Page 8, line 15, after "9" insert ", and 10 of this Act become effective on August 1, 2015. Sections 2, 3, 4, 5, 7, 8, and 11 of this Act"

Page 8, remove lines 17 and 18

Renumber accordingly

15.0560.02022
Title.10000

Prepared by the Legislative Council staff for
Representative Weisz
April 27, 2015

SWC
4/28/15
1 of 4

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2206

That the House recede from its amendments as printed on page 1504 of the Senate Journal and pages 1311-1313 and pages 1658 and 1659 of the House Journal and that Engrossed Senate Bill No. 2206 be amended as follows:

Page 1, line 4, after "50-24.1-14" insert ", subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7"

Page 1, line 6, after "expense" insert "and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense"

Page 1, line 9, replace "establish a social services financing commission" with "provide for a legislative management study"

Page 1, line 9, remove "to provide an"

Page 1, line 10, remove "expiration date;"

Page 1, line 22, remove "beginning"

Page 1, line 23, replace "and continuing for succeeding years must identify" with "may not exceed an amount determined using the departmental budget submitted in 2014 by the county social service board as a starting point, subtracting"

Page 1, line 24, after "responsibility" insert "for 2014"

Page 2, line 2, after "services" insert ", and applying to the resulting amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015. For purposes of this subdivision, the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services includes the following"

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Page 2, line 7, replace "incurred" with "which would have been paid by the county

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Page 2, line 13, replace "incurred" with "which would have been paid by the county"

Page 2, line 15, replace "incurred" with "which would have been paid by the county"

Page 2, line 20, after "b." insert "The departmental budget submitted by the county social service board in 2016 for the 2017 budget may not exceed an amount determined using the 2015 departmental budget as a starting point and applying to that amount the percentage salary and benefits increase provided by legislative appropriations for state employees for 2016.

c."

Page 2, line 21, after "paid" insert "by the county"

Page 2, line 22, after the first "department" insert "of human services"

Page 2, line 22, after the second "department" insert "of human services"

Page 2, line 24, remove "The amount reported must equal the"

Page 2, replace lines 25 through 31 with:

"The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source to supplement the human services budget, with the exception that the county may make use of the identifiable amount of other sources the county has used to supplement its human services budget for 2015 and the county may use grant funds that may be available to the county under section 50-06-20.1.

d. The department of human services shall develop a process to review a request from a county social service board for any proposed increase in staff needed as a result of significantly increased caseloads for state-funded human services programs, if the increase in staff would result in the county exceeding the budget limitation established under this subsection. As part of its review process, the department shall review countywide caseload information and consider the option of multicounty sharing of staff. If the department approves a request for a proposed increase in staff, the county budget limitation established under subdivision b may be increased by the amount determined necessary by the department to fund the approved additional staff."

Page 6, line 3, replace "is not subject to" with "must be implemented through"

Page 6, line 4, replace "shall develop" with "may adopt emergency rules, without application of the grounds for emergency rulemaking otherwise required under section 28-32-03, to set out the"

Page 7, after line 6, insert:

"**SECTION 9. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

   a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

e. If the base year is a taxable year before 2016, the base year human services county levy in dollars must be reduced to the amount of the county social service board budget levy for the budget year as determined under section 11-23-01.

SECTION 10. AMENDMENT. Subsection 34 of section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

34. Counties levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the number of mills determined by dividing the county budget limitation in dollars as determined under section 11-23-01 by the taxable valuation of the county."

Page 7, remove lines 9 through 31

Page 8, replace lines 1 through 14 with:

"SECTION 12. LEGISLATIVE MANAGEMENT STUDY - SOCIAL SERVICES FINANCE PROGRAM TRANSITION.

1. During the 2015-16 interim, the legislative management shall conduct a study to develop a proposed transition plan for transferring the costs of operating social services programs from county property tax levies to state general fund appropriations.

2. If a county social services finance working group is established, upon request of the legislative management the working group shall report its progress and findings. The membership of the working group may include:

   a. The director of the department of human services or the director's designee;

   b. The chief financial officer of the department of humans services;

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c. Two members representing elected county officials identified in section 11-10-02 as selected by the North Dakota association of counties;

d. The tax commissioner or the commissioner's designee;

e. The director of the office of management and budget or the director's designee;

f. Two county social services directors selected by the North Dakota county social services directors association; and

g. One member representing the North Dakota association of counties.

3. Under this section, a proposed transition plan must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, a plan to require a property tax reduction for the amount of the budgeted savings brought about by the transfer of county social services costs to the state, a plan resulting in the elimination of the county social services levy under section 50-06.2-05, and potential legislation to implement recommended changes. The study must include consideration of the feasibility of implementing the proposed transition plan.

4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Page 8, line 15, remove "2, 3, 4, 5, 7, 8, and"

Page 8, line 15, after "9" insert ", and 10 of this Act become effective on August 1, 2015. Sections 2, 3, 4, 5, 7, 8, and 11 of this Act"

Page 8, remove lines 17 and 18

Renumber accordingly

Date: Click here to enter a date.
Roll Call Vote #: "Enter Vote #"

2015 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2206 as engrossed

Senate "Enter committee name" Committee

Action Taken
- ☐ **SENATE accede to House Amendments**
- ☐ **SENATE accede to House Amendments and further amend**
- ☐ **HOUSE recede from House amendments**
- ☐ **HOUSE recede from House amendments and amend as follows**

- ☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: ______________________ Seconded by: ______________________

Senators	20	21a	21p	Yes	No		Representatives	20	21a	21p	Yes	No
Sen. Dever	X	X	X				Rep. Weisz	X	X	X		
Sen. J. Lee	X	X	X				Rep. Hofstad	X	X	X		
Sen. Warner	X	X	X				Rep. Muscha	X	X	X		
Total Senate Vote							Total Rep. Vote					

Vote Count Yes: __________ No: __________ Absent: __________

Senate Carrier ______________________ House Carrier ______________________

LC Number ______________________ . ______________________ of amendment

LC Number ______________________ . ______________________ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Date: 4/22/2015
Roll Call Vote #: 1

2015 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2206 as engrossed

Senate "Enter committee name" Committee

Action Taken
- ☐ **SENATE accede to House Amendments**
- ☐ **SENATE accede to House Amendments and further amend**
- ☐ **HOUSE recede from House amendments**
- ☒ **HOUSE recede from House amendments and amend as follows**

- ☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Rep. Hofstad Seconded by: Rep. Muscha

Senators	22a	22p		Yes	No		Representatives	22a	22p		Yes	No
Sen. Dever	X	X		X			Rep. Weisz	X	X		X	
Sen. J. Lee	X	X		X			Rep. Hofstad	X	X		X	
Sen. Warner	X	X			X		Rep. Muscha	X	X		X	
Total Senate Vote				2	1		Total Rep. Vote				3	0

Vote Count Yes: 5 No: 1 Absent: 0

Senate Carrier Sen. Dever House Carrier Rep. Weisz

LC Number 15.0560.02016 . ________ of amendment

LC Number Title .06000 . ________ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Date: 4/27/2015
Roll Call Vote #: 1 Job# 26428

2015 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2206 as engrossed

Senate "Enter committee name" Committee

Action Taken
- ☐ **SENATE accede to House Amendments**
- ☐ **SENATE accede to House Amendments and further amend**
- ☐ **HOUSE recede from House amendments**
- ☒ **HOUSE recede from House amendments and amend as follows**

- ☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Sen. J. Lee Seconded by: Rep. Muscha

Senators	27 1030	27 1130		Yes	No		Representatives	27 1030	27 1130		Yes	No
Sen. Dever	X	X		X			Rep. Weisz	X	X			X
Sen. J. Lee	X	X		X			Rep. Hofstad	X	X			X
Sen. Warner	X	X		X			Rep. Muscha	X	X		X	
Total Senate Vote				3	0		Total Rep. Vote				1	2

Vote Count Yes: 4 No: 2 Absent: 0

Senate Carrier Sen. Dever House Carrier Rep. Weisz

LC Number 15.0560.02017 . ______ of amendment

LC Number ______ . ______ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

MOTION FAILS

Date: 4/27/2015
Roll Call Vote #: 1 Job# 26433

2015 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2206 as engrossed

Senate "Enter committee name" Committee

Action Taken
- ☐ **SENATE accede to House Amendments**
- ☐ **SENATE accede to House Amendments and further amend**
- ☐ **HOUSE recede from House amendments**
- ☒ **HOUSE recede from House amendments and amend as follows**
- ☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Rep. Hofstad Seconded by: Rep. Weisz

Senators	27 3:30			Yes	No		Representatives	27 3:30			Yes	No
Sen. Dever	X			X			Rep. Weisz	X			X	
Sen. J. Lee	X			X			Rep. Hofstad	X			X	
Sen. Warner	X			X			Rep. Muscha	X			X	
Total Senate Vote							Total Rep. Vote					

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier Sen. Dever House Carrier Rep. Weisz

LC Number 15.0560.02021 . ________ of amendment

LC Number Title .09000 . ________ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

MOTION PASSES

Date: 4/28/2015
Roll Call Vote #: 1 Job# 26445

2015 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2206 as engrossed

Senate "Enter committee name" Committee

Action Taken ☐ **SENATE accede to House Amendments**
☐ **SENATE accede to House Amendments and further amend**
☐ **HOUSE recede from House amendments**
☒ **HOUSE recede from House amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Rep. Weisz Seconded by: Rep. Hofstad

Senators	28 10:30			Yes	No		Representatives	28 10:30			Yes	No
Sen. Dever	X			X			Rep. Weisz	X			X	
Sen. J. Lee	X			X			Rep. Hofstad	X			X	
Sen. Warner	X			X			Rep. Muscha	X			X	
Total Senate Vote							Total Rep. Vote					

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier Sen. Dever House Carrier Rep. Weisz

LC Number 15.0560.02022 . of amendment

LC Number Title .10000 . of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

MOTION PASSES

REPORT OF CONFERENCE COMMITTEE

SB 2206, as engrossed: Your conference committee (Sens. Dever, J. Lee, Warner and Reps. Weisz, Hofstad, Muscha) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ page 1504, adopt amendments as follows, and place SB 2206 on the Seventh order:

That the House recede from its amendments as printed on page 1504 of the Senate Journal and pages 1311-1313 and pages 1658 and 1659 of the House Journal and that Engrossed Senate Bill No. 2206 be amended as follows:

Page 1, line 4, after "50-24.1-14" insert ", subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7"

Page 1, line 6, after "expense" insert "and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense"

Page 1, line 9, replace "establish a social services financing commission" with "provide for a legislative management study"

Page 1, line 9, remove "to provide an"

Page 1, line 10, remove "expiration date;"

Page 1, line 22, remove "beginning"

Page 1, line 23, replace "and continuing for succeeding years must identify" with "may not exceed an amount determined using the departmental budget submitted in 2014 by the county social service board as a starting point, subtracting"

Page 1, line 24, after "responsibility" insert "for 2014"

Page 2, line 2, after "services" insert ", and applying to the resulting amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015. For purposes of this subdivision, the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services includes the following"

Page 2, line 3, replace "incurred" with "that would have been paid"

Page 2, line 7, replace "incurred" with "which would have been paid by the county

Page 2, line 9, replace "incurred" with "which would have been paid by the county

Page 2, line 11, replace "incurred" with "which would have been paid by the county"

Page 2, line 13, replace "incurred" with "which would have been paid by the county"

Page 2, line 15, replace "incurred" with "which would have been paid by the county"

Page 2, line 20, after "b." insert "The departmental budget submitted by the county social service board in 2016 for the 2017 budget may not exceed an amount determined using the 2015 departmental budget as a starting point and applying to that amount the percentage salary and benefits increase provided by legislative appropriations for state employees for 2016.

c."

Page 2, line 21, after "paid" insert "by the county"

Page 2, line 22, after the first "department" insert "of human services"

Page 2, line 22, after the second "department" insert "of human services"

Page 2, line 24, remove "The amount reported must equal the"

Page 2, replace lines 25 through 31 with:

"The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source to supplement the human services budget, with the exception that the county may make use of the identifiable amount of other sources the county has used to supplement its human services budget for 2015 and the county may use grant funds that may be available to the county under section 50-06-20.1.

d. The department of human services shall develop a process to review a request from a county social service board for any proposed increase in staff needed as a result of significantly increased caseloads for state-funded human services programs, if the increase in staff would result in the county exceeding the budget limitation established under this subsection. As part of its review process, the department shall review countywide caseload information and consider the option of multicounty sharing of staff. If the department approves a request for a proposed increase in staff, the county budget limitation established under subdivision b may be increased by the amount determined necessary by the department to fund the approved additional staff."

Page 7, after line 6, insert:

"**SECTION 9. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

   a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

   b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

   c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

e. If the base year is a taxable year before 2016, the base year human services county levy in dollars must be reduced to the amount of the county social service board budget levy for the budget year as determined under section 11-23-01.

SECTION 10. AMENDMENT. Subsection 34 of section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

34. Counties levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the number of mills determined by dividing the county budget limitation in dollars as determined under section 11-23-01 by the taxable valuation of the county."

Page 7, remove lines 9 through 31

Page 8, replace lines 1 through 14 with:

"**SECTION 12. LEGISLATIVE MANAGEMENT STUDY - INTERIM COUNTY SOCIAL SERVICES FINANCE COMMITTEE - WORKING GROUP.**

1. During the 2015-16 interim, the chairman of the legislative management shall appoint the legislative management interim county social services finance committee to develop a transition plan for potentially transferring the costs of operating social services programs from county property tax levies to state general fund appropriations. The membership of the committee must include the chairmen of the house and senate finance and taxation committees and the house and senate human services committees, or their designees. The director of the department of human services shall serve as a nonvoting member of the committee. The chairman of the legislative management may appoint additional members of the legislative assembly to serve on the committee. The chairman of the house human services committee shall serve as the chairman of the committee and the chairman of the senate human services committee shall serve as the vice-chairman.

2. A county social services finance working group is established, with the following voting members:

    a. The director of the department of human services or designee;

    b. The chief financial officer of the department of humans services;

    c. Two members representing elected county officials identified in section 11-10-02 as selected by the North Dakota association of counties;

    d. The tax commissioner or designee;

    e. The director of the office of management and budget or designee;

f. Two county social services directors selected by the North Dakota county social services directors association; and

g. One member representing the North Dakota association of counties.

3. The director of the department of human services shall serve as the chairman of the working group and the four standing committee chairmen who serve on the legislative management interim county social services finance committee shall serve as legislative liaisons to the working group. During the 2015-16 interim, the working group shall make recommendations to and seek direction from the county social services finance committee in assisting the committee with the committee's study charge. At each meeting of the committee, the working group shall report on the progress of the working group's activities and receive direction from the committee on the working group's study charge.

4. Under this section, a proposed transition plan must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, a plan to require a property tax reduction for the amount of the budgeted savings brought about by the transfer of county social services costs to the state, a plan resulting in the elimination of the county social services levy under section 50-06.2-05, and potential legislation to implement recommended changes.

5. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Page 12, line 15, remove "2, 3, 4, 5, 7, 8, and"

Page 12, line 15, after "9" insert ", and 10 of this Act become effective on August 1, 2015. Sections 2, 3, 4, 5, 7, 8, and 11 of this Act"

Page 8, remove lines 17 and 18

Renumber accordingly

Engrossed SB 2206 was placed on the Seventh order of business on the calendar.

REPORT OF CONFERENCE COMMITTEE

SB 2206, as engrossed: Your conference committee (Sens. Dever, J. Lee, Warner and Reps. Weisz, Hofstad, Muscha) recommends that the **HOUSE RECEDE** from the House amendments, adopt amendments as follows, and place SB 2206 on the Seventh order:

That the House recede from its amendments as printed on page 1504 of the Senate Journal and pages 1311-1313 and pages 1658 and 1659 of the House Journal and that Engrossed Senate Bill No. 2206 be amended as follows:

Page 1, line 4, after "50-24.1-14" insert ", subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7"

Page 1, line 6, after "expense" insert "and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense"

Page 1, line 9, replace "establish a social services financing commission" with "provide for a legislative management study"

Page 1, line 9, remove "to provide an"

Page 1, line 10, remove "expiration date;"

Page 1, line 22, remove "beginning"

Page 1, line 23, replace "and continuing for succeeding years must identify" with "may not exceed an amount determined using the departmental budget submitted in 2014 by the county social service board as a starting point, subtracting"

Page 1, line 24, after "responsibility" insert "for 2014"

Page 2, line 2, after "services" insert ", and applying to the resulting amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015. For purposes of this subdivision, the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services includes the following"

Page 2, line 3, replace "incurred" with "that would have been paid"

Page 2, line 7, replace "incurred" with "which would have been paid by the county

Page 2, line 9, replace "incurred" with "which would have been paid by the county

Page 2, line 11, replace "incurred" with "which would have been paid by the county"

Page 2, line 13, replace "incurred" with "which would have been paid by the county"

Page 2, line 15, replace "incurred" with "which would have been paid by the county"

Page 2, line 20, after "b." insert "The departmental budget submitted by the county social service board in 2016 for the 2017 budget may not exceed an amount determined using the 2015 departmental budget as a starting point and applying to that amount the percentage salary and benefits increase provided by legislative appropriations for state employees for 2016.

c."

Page 2, line 21, after "paid" insert "by the county"

Page 2, line 22, after the first "department" insert "of human services"

Page 2, line 22, after the second "department" insert "of human services"

Page 2, line 24, remove "The amount reported must equal the"

Page 2, replace lines 25 through 31 with:

"The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source to supplement the human services budget, with the exception that the county may make use of the identifiable amount of other sources the county has used to supplement its human services budget for 2015 and the county may use grant funds that may be available to the county under section 50-06-20.1.

d. The department of human services shall develop a process to review a request from a county social service board for any proposed increase in staff needed as a result of significantly increased caseloads for state-funded human services programs, if the increase in staff would result in the county exceeding the budget limitation established under this subsection. As part of its review process, the department shall review countywide caseload information and consider the option of multicounty sharing of staff. If the department approves a request for a proposed increase in staff, the county budget limitation established under subdivision b may be increased by the amount determined necessary by the department to fund the approved additional staff."

Page 7, after line 6, insert:

"**SECTION 9. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

   a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

   b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

   c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

e. If the base year is a taxable year before 2016, the base year human services county levy in dollars must be reduced to the amount of the county social service board budget levy for the budget year as determined under section 11-23-01.

SECTION 10. AMENDMENT. Subsection 34 of section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

34. Counties levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the number of mills determined by dividing the county budget limitation in dollars as determined under section 11-23-01 by the taxable valuation of the county."

Page 7, remove lines 9 through 31

Page 8, replace lines 1 through 14 with:

"SECTION 12. LEGISLATIVE MANAGEMENT STUDY - SOCIAL SERVICES FINANCE PROGRAM TRANSITION.

1. During the 2015-16 interim, the legislative management shall conduct a study to develop a proposed transition plan for transferring the costs of operating social services programs from county property tax levies to state general fund appropriations.

2. If a county social services finance working group is established, upon request of the legislative management the working group shall report its progress and findings. The membership of the working group may include:

   a. The director of the department of human services or the director's designee;

   b. The chief financial officer of the department of humans services;

   c. Two members representing elected county officials identified in section 11-10-02 as selected by the North Dakota association of counties;

   d. The tax commissioner or the commissioner's designee;

   e. The director of the office of management and budget or the director's designee;

   f. Two county social services directors selected by the North Dakota county social services directors association; and

   g. One member representing the North Dakota association of counties.

3. Under this section, a proposed transition plan must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, a plan to require a property tax reduction for the amount of the budgeted savings brought about by the transfer of county social services costs to the state, a plan resulting in the elimination of the county social services levy under section 50-06.2-05, and potential legislation to implement recommended changes. The study must include consideration of the feasibility of implementing the proposed transition plan.

4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Page 8, line 15, remove "2, 3, 4, 5, 7, 8, and"

Page 8, line 15, after "9" insert ", and 10 of this Act become effective on August 1, 2015. Sections 2, 3, 4, 5, 7, 8, and 11 of this Act"

Page 8, remove lines 17 and 18

Renumber accordingly

Engrossed SB 2206 was placed on the Seventh order of business on the calendar.

REPORT OF CONFERENCE COMMITTEE

SB 2206, as engrossed: Your conference committee (Sens. Dever, J. Lee, Warner and Reps. Weisz, Hofstad, Muscha) recommends that the **HOUSE RECEDE** from the House amendments, adopt amendments as follows, and place SB 2206 on the Seventh order:

That the House recede from its amendments as printed on page 1504 of the Senate Journal and pages 1311-1313 and pages 1658 and 1659 of the House Journal and that Engrossed Senate Bill No. 2206 be amended as follows:

Page 1, line 4, after "50-24.1-14" insert ", subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7"

Page 1, line 6, after "expense" insert "and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense"

Page 1, line 9, replace "establish a social services financing commission" with "provide for a legislative management study"

Page 1, line 9, remove "to provide an"

Page 1, line 10, remove "expiration date;"

Page 1, line 22, remove "beginning"

Page 1, line 23, replace "and continuing for succeeding years must identify" with "may not exceed an amount determined using the departmental budget submitted in 2014 by the county social service board as a starting point, subtracting"

Page 1, line 24, after "responsibility" insert "for 2014"

Page 2, line 2, after "services" insert ", and applying to the resulting amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015. For purposes of this subdivision, the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services includes the following"

Page 2, line 3, replace "incurred" with "that would have been paid"

Page 2, line 7, replace "incurred" with "which would have been paid by the county

Page 2, line 9, replace "incurred" with "which would have been paid by the county

Page 2, line 11, replace "incurred" with "which would have been paid by the county"

Page 2, line 13, replace "incurred" with "which would have been paid by the county"

Page 2, line 15, replace "incurred" with "which would have been paid by the county"

Page 2, line 20, after "b." insert "The departmental budget submitted by the county social service board in 2016 for the 2017 budget may not exceed an amount determined using the 2015 departmental budget as a starting point and applying to that amount the percentage salary and benefits increase provided by legislative appropriations for state employees for 2016.

c."

Page 2, line 21, after "paid" insert "by the county"

Page 2, line 22, after the first "department" insert "of human services"

Page 2, line 22, after the second "department" insert "of human services"

Page 2, line 24, remove "The amount reported must equal the"

Page 2, replace lines 25 through 31 with:

"The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source to supplement the human services budget, with the exception that the county may make use of the identifiable amount of other sources the county has used to supplement its human services budget for 2015 and the county may use grant funds that may be available to the county under section 50-06-20.1.

d. The department of human services shall develop a process to review a request from a county social service board for any proposed increase in staff needed as a result of significantly increased caseloads for state-funded human services programs, if the increase in staff would result in the county exceeding the budget limitation established under this subsection. As part of its review process, the department shall review countywide caseload information and consider the option of multicounty sharing of staff. If the department approves a request for a proposed increase in staff, the county budget limitation established under subdivision b may be increased by the amount determined necessary by the department to fund the approved additional staff."

Page 6, line 3, replace "is not subject to" with "must be implemented through"

Page 6, line 4, replace "shall develop" with "may adopt emergency rules, without application of the grounds for emergency rulemaking otherwise required under section 28-32-03, to set out the"

Page 7, after line 6, insert:

"**SECTION 9. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

   a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

   b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

<u>e.</u> <u>If the base year is a taxable year before 2016, the base year human services county levy in dollars must be reduced to the amount of the county social service board budget levy for the budget year as determined under section 11-23-01.</u>

SECTION 10. AMENDMENT. Subsection 34 of section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

34. Counties levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding <u>the lesser of</u> twenty mills <u>or the number of mills determined by dividing the county budget limitation in dollars as determined under section 11-23-01 by the taxable valuation of the county</u>."

Page 7, remove lines 9 through 31

Page 8, replace lines 1 through 14 with:

"**SECTION 12. LEGISLATIVE MANAGEMENT STUDY - SOCIAL SERVICES FINANCE PROGRAM TRANSITION.**

1. During the 2015-16 interim, the legislative management shall conduct a study to develop a proposed transition plan for transferring the costs of operating social services programs from county property tax levies to state general fund appropriations.

2. If a county social services finance working group is established, upon request of the legislative management the working group shall report its progress and findings. The membership of the working group may include:

   a. The director of the department of human services or the director's designee;

   b. The chief financial officer of the department of humans services;

   c. Two members representing elected county officials identified in section 11-10-02 as selected by the North Dakota association of counties;

   d. The tax commissioner or the commissioner's designee;

   e. The director of the office of management and budget or the director's designee;

f. Two county social services directors selected by the North Dakota county social services directors association; and

g. One member representing the North Dakota association of counties.

3. Under this section, a proposed transition plan must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, a plan to require a property tax reduction for the amount of the budgeted savings brought about by the transfer of county social services costs to the state, a plan resulting in the elimination of the county social services levy under section 50-06.2-05, and potential legislation to implement recommended changes. The study must include consideration of the feasibility of implementing the proposed transition plan.

4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Page 8, line 15, remove "2, 3, 4, 5, 7, 8, and"

Page 8, line 15, after "9" insert ", and 10 of this Act become effective on August 1, 2015. Sections 2, 3, 4, 5, 7, 8, and 11 of this Act"

Page 8, remove lines 17 and 18

Renumber accordingly

Engrossed SB 2206 was placed on the Seventh order of business on the calendar.

2015 TESTIMONY

SB 2206

Attach#1
SB2206
01/27/15
J#22603

Senate Bill 2206 Bill Summary
January 27, 2015

Section 1:

This section identifies the costs, currently paid by the counties, that are going to be assumed by the State, through the Department of Human Services, and requires counties to take those costs into account in future budget building. It specifically requires counties to identify savings realized as a result of the transfer of payments from the counties to the State and requires a reduction in the county's mill levy calculation to reflect those savings. The costs being shifted are specifically identified in Subsection 2 (outlined below) and are expected to total *$19.3 million* in savings to the counties. Each board of county commissioners is then required to report to the Tax Commissioner the property tax reduction this action provided to taxpayers in the county.

The following county social service costs incurred by the county after 12/31/15 would be transferred to the state:

- Foster care and subsidized adoption costs;
- The county share of grant costs for medical assistance in the form of payments for care to recipients of therapeutic foster care services;
- The county share of costs for service payments to the elderly and disabled;
- The county's share of salary and benefits for family preservation services;
- The county's share of the cost of electronic benefits transfers for SNAP; and
- Previously established computer processing costs. Counties have historically been required to pay for a portion of operational costs of the Technical Eligibility Computer System, which is used to determine recipient eligibility for Economic Assistance programs and of the Wide Area Network. 1997 legislation set each county's costs of operation of the technical eligibility computer system to the amount paid in calendar year 1995 plus an inflationary increase based on the Consumer price index.

Section 2

Makes changes to definitions in NDCC 50-01.2-00.1 (Section on County Social Service Boards) and modifies the definition of local expenses of administration. The revised language excludes computer processing costs from the definition.

Section 3

The costs removed from county responsibility in this section are the costs assumed in Section 1 of the bill under 2(a)(2) and 2(a)(4).

Section 4

This section requires the State, through the Department of Human Services, to assume responsibility for paying costs that are being removed from county responsibility under Section 1 of this bill. This section includes language to ensure that existing provisions of law not specifically identified in Title 50 will not preclude the State assuming responsibility for the identified costs.

Section 5
Identifies programs to be funded at the state's expense, when in excess of the amount provided by the federal government. The bill removes TANF from this Section, but identical language continues to exist in a similar chapter later in the bill in Section 7. The same is done with provisions regarding child care assistance and employment and training, which are removed from this section but still remain in 50-09-27.

Section 6
This section establishes a grant program that recognizes some counties have consistently seen higher expenditures for social services programs in the Department of Human Services and have used the emergency expenditures process set forth in NDCC chapter 50-03, County Human Services Fund.

> ***Subsection 1*** establishes the criteria for eligibility for a county to qualify for a grant. It defines an eligible county under the grant program as a county that in the past has utilized the emergency expenditures process and is adjacent to or part of an Indian reservation in this state, or includes the State Hospital.
>
> ***Subsection 2*** exempts the grant program from administrative rulemaking requirements, requires the Department of Human Services to develop policies and procedures for disbursing grants subject to a limit of $1.9 million dispersed the first year of the biennium and no more than $2 million the second year of the biennium. DHS would be required to notify the county of approved funding by September 1 of each year, and the annual payment would be made to eligible counties in January. The September 1st provision requires the inclusion of the Emergency Clause found in Section 13 of the bill.
>
> ***Subsection 3*** requires the Department of Human Services to report to the Budget Section annually, and to the Appropriations Committees during Legislative Sessions of the grants issued under this section.

Section 7
The amendment to subdivision 1(a) removes an obsolete reference (section 50-06-06.8 was repealed in 1997). Subdivision 1(d) includes foster care and subsidized adoption costs among those being borne by the State, consistent with Section 1.

Section 8
This section reflects changes made in Section 3 of this Bill and in Section 5 of this Bill at subdivision 1(a).

Section 9
Repeals sections of the Century Code that had required DHS to work with Boards of County Commissioners to develop a formula to determine a county's share of funding; a section that required the county to reimburse DHS for amounts expended for service payments to the elderly and disabled; and deletes a section that established the county share of foster care costs.

1.3

Section 10

Requires DHS to establish a social services financing commission consisting of a defined set of voting members, which would consist of:

1. Governor or Governor's designee, (Chair);
2. Tax commissioner or his designee;
3. 2 members to represent county officials, selected by NDACO;
4. Chairman of the Senate Human Services
5. Chairman of the House Human Services
6. Chairman of the House Appropriations for Human Services
7. Member of the Senate appointed by the Senate Minority Leader
8. Director of DHS or her designee; and
9. CFO of DHS

Nonvoting members would include one member selected by ND Association of Counties and two members who are county social service directors, selected by the ND County Social Service Association.

Responsibilities of the commission would include participating in developing a transition plan for transferring social services costs from county property tax to state general fund appropriations, and submitting a report to Governor and Legislative Management by 10/1/2016. The report must include a plan timeline, estimated costs, a plan to require a property tax reduction for the amount of budget savings brought about by the transfer, a plan eliminating the county social services levy, and finally proposed legislation to implement the recommended changes.

Section 11

Makes Sections 1, 2, 3, 4, 5, 7, 8, and 9 effective for taxable years after December 31, 2015.

Section 12

This section puts an expiration date of 7/31/2017 on Section 10 which establishes the Commission.

Section 13

Declares Section 6 of the bill as an emergency measure. The Emergency Clause would allow the Department to begin its work to determine qualifying counties to receive grants in January of 2016.

SB2206
01/27/15
attach #2
J#22603

Testimony To
THE SENATE HUMAN SERVICES COMMITTEE
Prepared Tuesday, January 27, 2015 by
Terry Traynor, Assistant Director
North Dakota Association of Counties

REGARDING SENATE BILL No. 2206

Chair Lee and members of the Committee, the North Dakota Association of Counties thanks the sponsors for bringing this bill forward, and would like to state for the record our strong support for this proposal to relieve property taxpayers of a significant burden over which local officials have little control.

County officials believe that the "two-part" concept of this bill is a sound and appropriate approach. It removes a significant property tax cost immediately, while creating a mechanism that promises the thoughtful development of a future funding plan that can completely remove social service costs from the property tax in a manner that maintains the strength of our state's human service delivery system.

Looking at the immediate impact; $11.5 million of the $12.9 million in annual costs addressed by this bill are driven by child welfare program costs – primarily foster case and subsidized adoption. In the early days of "county welfare", county workers had significant authority in the placement of children, and most children were coming from local families and were being placed with other local families.

This situation has changed significantly. Oftentimes children now come into a county from other places in the State or beyond. The role of the regional supervisor of county social services – a State employee – in placement decisions has increased significantly. The State and private adoption agencies are much more likely to influence assistance rates for subsidized adoption than county workers. A growing percentage of the cost is also associated with children in the custody of either the Department of Human Services or the Division of Juvenile Services, and here the county has even less involvement – except for payment.

The current funding structure involves maximizing federal funds when the placement is eligible, and splitting the remainder of ineligible costs at 75% State and 25% county. But the individual county's share is a bit more complicated. A four-part formula that takes into consideration the county's caseload, population, poverty, and tax base is used to allocate each county's share of the statewide total of that 25%. While this funding plan does protect counties (particularly the smaller ones) from widely fluctuating costs, it results in a disconnect for county commissioners, when all they see is an annual bill that keeps increasing.

2.2

Similarly, the county share of electronic benefit (EBT) cards and computer system costs are payments to the state over which counties have no direct control, and can do absolutely nothing to influence.

Passage of this bill will leave counties, primarily, with the costs of administration – staff salaries, benefits, training, travel, office space, utilities, supplies and the like. Currently counties receive some federal reimbursement for social work administration, but since 1997 (the Swap), have been funding 100% of the economic assistance program administration with property taxes. While some might assume that these admin costs are under greater county commission control, members of this committee are well aware that federal and state laws mandate that county social service employees be paid within state-established pay scales, and the number of staff employed is driven largely by the federal program requirements and eligibility established by the State Legislature.

As one can see from even with the grant costs, the burden of social services is levied unequally among property taxpayers. This becomes even more profound with administrative costs, largely because increasing caseload rarely follows increasing taxable value.

The elected and appointed officials that form the governance of our Association have repeatedly adopted statements of support for a concept such as SB2206, and as recently as this fall reaffirmed their support by adopting the resolution attached.

Our Associations can support the language of Section 1 of the bill as a means of ensuring a careful analysis and consideration of the impact of this bill on property taxes, and we endorse the commission design and membership for future funding plan development.

Madam Chair and committee members, the North Dakota Association of Counties requests a "Do Pass" recommendation Senate Bill 2206.

> **2014-03. Human Service Financing**. County social service agencies provide a large array of services to the citizens of North Dakota as a "designee" of the Department of Human Services (DHS) – most often with reimbursement well below the cost of service delivery. County property taxes now support over $50 million per year in state and federally mandated human service costs. Additionally, state and federal regulations regarding employee compensation and staffing ratios rapidly and continually increase these mandated costs; while state legislative and administrative decisions increase county program expenditures. Counties firmly support the continuation of the local delivery of human services; however the property tax burden of these services must be lessened. This Association supports legislative action to increase state reimbursements to counties and/or shift specific human service costs to state funding, thereby reducing property taxes.

J#22603 Attach # 3 SB 2206 # 01/27/15

Department of Human Services

County Expenditures for Human Service Programs and Potential Mill Reduction

County No	County	Child Welfare (Ex. Foster Care, Adoption Grants)	SPED *	EBT **	TECS/ WAN ***	Total	Estimated 2016 County Taxable Valuation ^	Potential Reduction in County Mills ^	January 2016 - June 2017	County
		Calendar Year 2016 — Projected County Expenditures					Calendar Year 2016 — Taxable Valuation and Mills		2015 - 2017 — Projected County Expenditures - 18 months	
01	Adams	31,257	1,772	307	2,986	36,322	14,975,995	2.43	54,483	Adams
02	Barnes	208,442	2,582	2,330	16,863	230,217	85,396,673	2.70	345,325	Barnes
03	Benson	54,306	8,245	2,581	5,621	70,753	33,996,016	2.08	106,130	Benson
04	Billings	See Golden Valley				-		-	-	Billings
05	Bottineau	80,786	6,512	1,493	11,330	100,121	65,695,723	1.52	150,182	Bottineau
06	Bowman	62,752	-	419	2,723	65,894	33,398,874	1.97	98,841	Bowman
07	Burke	24,990	1,426	237	2,723	29,376	31,721,694	0.93	44,064	Burke
08	Burleigh	1,479,250	27,163	15,196	97,575	1,619,184	481,075,530	3.37	2,428,776	Burleigh
09	Cass	2,701,046	54,596	34,215	134,462	2,924,319	745,626,290	3.92	4,386,478	Cass
10	Cavalier	69,024	4,624	530	4,830	79,008	49,626,775	1.59	118,512	Cavalier
11	Dickey	85,035	2,967	921	8,695	97,618	42,540,330	2.29	146,427	Dickey
12	Divide	45,441	925	237	3,425	50,028	38,390,800	1.30	75,042	Divide
13	Dunn	47,829	1,503	419	3,513	53,264	52,614,531	1.01	79,896	Dunn
14	Eddy	29,551	578	419	4,391	34,939	13,600,261	2.57	52,409	Eddy
15	Emmons	37,566	3,468	628	3,777	45,439	29,923,688	1.52	68,158	Emmons
16	Foster	56,737	539	488	4,479	62,243	25,940,916	2.40	93,364	Foster
17	Golden Valley	35,790	616	335	2,284	39,025	35,157,026	1.11	58,538	Golden Valley
18	Grand Forks	1,261,970	40,688	14,443	88,090	1,405,191	301,929,834	4.65	2,107,786	Grand Forks
19	Grant	42,270	3,044	530	5,182	51,026	19,917,975	2.56	76,539	Grant
20	Griggs	38,372	231	488	4,391	43,482	20,818,637	2.09	65,223	Griggs
21	Hettinger	31,474	2,466	279	3,601	37,820	26,286,751	1.44	56,730	Hettinger
22	Kidder	25,558	-	474	2,635	28,667	17,949,700	1.60	43,000	Kidder
23	LaMoure	51,262	1,156	405	4,040	56,863	40,428,605	1.41	85,294	LaMoure
24	Logan	21,531	-	209	2,371	24,111	15,523,058	1.55	36,166	Logan
25	McHenry	83,200	2,504	1,200	11,154	98,058	43,907,032	2.23	147,087	McHenry
26	McIntosh	35,651	2,659	516	4,216	43,042	20,496,263	2.10	64,563	McIntosh
27	McKenzie	114,897	694	544	13,174	129,309	132,040,246	0.98	193,964	McKenzie
28	Dakota Central	204,736	7,822	2,916	25,558	241,032	148,808,168	1.62	361,548	Dakota Central
29	Mercer	See Dakota Central				-		-	-	Mercer
30	Morton	459,014	15,335	4,967	37,414	516,730	137,868,750	3.75	775,095	Morton
31	Mountrail	109,775	8,323	530	11,857	130,485	125,330,271	1.04	195,728	Mountrail
32	Nelson	48,903	1,464	544	3,250	54,161	27,731,615	1.95	81,242	Nelson
33	Oliver	See Dakota Central				-		-	-	Oliver
34	Pembina	111,035	8,168	977	9,222	129,402	69,628,390	1.86	194,103	Pembina
35	Pierce	61,775	10,403	963	5,357	78,498	32,629,241	2.41	117,747	Pierce
36	Lakes District	326,608	33,020	3,754	33,023	396,405	85,434,040	4.64	594,607	Lakes District
37	Ransom	64,893	3,583	949	5,270	74,695	38,878,534	1.92	112,043	Ransom
38	Renville	40,824	732	279	2,547	44,382	26,556,886	1.67	66,573	Renville
39	Richland	282,262	14,449	3,237	25,294	325,242	93,385,624	3.48	487,863	Richland
40	Rolette	73,952	40,110	8,442	7,202	129,706	21,218,707	6.11	194,559	Rolette
41	Sargent	64,711	886	488	4,391	70,476	36,471,977	1.93	105,714	Sargent
42	Sheridan	See Dakota Central				-		-	-	Sheridan
43	Sioux	13,627	4,816	1,437	615	20,495	4,525,498	4.53	30,743	Sioux
44	Slope	1,526	-	70	878	2,474	12,777,234	0.19	3,711	Slope
45	Stark	464,935	25,700	4,633	48,305	543,573	202,244,262	2.69	815,360	Stark
46	Steele	30,941	-	237	2,020	33,198	32,922,480	1.01	49,797	Steele
47	Stutsman	324,205	4,315	5,456	40,576	374,552	108,515,744	3.45	561,828	Stutsman
48	Towner	See Lakes District				-		-	-	Towner
49	Traill	164,934	4,624	1,493	10,276	181,327	53,487,621	3.39	271,991	Traill
50	Walsh	158,871	6,858	2,567	17,126	185,422	60,128,772	3.08	278,133	Walsh
51	Ward	1,054,037	15,451	11,191	92,131	1,172,810	381,925,783	3.07	1,759,215	Ward
52	Wells	58,031	2,081	963	7,729	68,804	41,810,023	1.65	103,206	Wells
53	Williams	596,087	6,203	3,600	39,698	645,588	338,654,464	1.91	968,382	Williams
	Total	11,471,669	385,301	139,536	878,270	**12,874,776**	4,499,913,309		**19,312,165**	
							Average Mill	**2.31**		

Only $600,641 of the $19.3 million is related to statewide county personnel costs.

* Service Payments for the Elderly and Disabled (SPED)

** Electronic Benefit Transfer (EBT) - Supplemental Nutrition Education Program

***Technical Eligibility Computer System (TECS) and Wide Area Network (WAN)

^ Information received from the Tax Department

Estimated 2016 taxable valuation-

Potential reduction in county mills based on estimated calendar year 2016 taxable valuation. The 2016 estimate was calculated for each county by averaging the actual statewide increases by property type (agricultural, residential, commercial, and utility) from 2004 to 2014. The average increase for each property type was applied to the 2014 valuations to calculate a 2016 estimate for each county. The statewide average valuation increase resulting from this calculation was 10% per year.

T:\Bdgt 2015-17\County Information\County_Grant_Costs - 18 months.xlsx

Attach #4
SB2206
01/27/15
J# 22603

Testimony to the

SENATE HUMAN SERVICES COMMITTEE

January 27, 2015

By Bruce Strinden, Morton County Commission Chairman

Board member of the ND County Commissioners Association

Regarding Senate Bill 2206

Madam Chairman and members of the Senate Human Services Committee,
My Name is Bruce Strinden. I am a Morton County Commissioner, and a member of the Board of Directors of the ND County Commissioners Association. I'm appearing before you today to speak in support of SB2206.

I has long been my contention that funding the federal and state mandated and controlled social services programs with local property tax dollars is not appropriate. As commissioners, we have little to no control over either the spending or the operations of our social services departments. Commissions are told those programs are based upon need, and we are obligated to maintain certain staffing levels. In addition, commissioners are told by the state what they must pay those staff members. Considering our inability to control social services budgets or operations, we are prevented from doing the job the taxpayers in our counties elected us to perform.

I'll share with you a bit of information about social services in Morton County. Morton is currently ranked at about sixth in terms of county population size. Based upon the latest available data, Morton is ranked third in the number of mils levied for social services costs. In 2015, we will levy 21.5 mils in Morton County. That represents about 2.3 million dollars, or roughly 11% of our total county budget dollars. Our social services department currently occupies 12,000 square feet of space in our courthouse, and that department has 38 FTE's currently on staff. That staffing number represents 25% of our total number of county employees.

4.2

During this legislative biennium, Morton County has already spent over $42,000 to refit and move office spaces to accommodate social services staff in our courthouse. In addition, we were forced to terminate a lease with ND Parole and Probation for space they rented in our courthouse, and we are currently in the process of taking space away from Custer District Health to give to social services. As a result of removing these tenant spaces, we lose annual lease revenues of about $10,000. Social services has also suggested that we completely remove Custer District Health from our courthouse to provide more space for social services. If that move is made, our annual revenue loss will exceed $20,000, and our social services department will then occupy well over 20,000 square feet of space in our courthouse.

The growth in social services programs and demand continues to soar, along with the local cost share burden on property taxpayers. We have no idea where it all ends, but these trends are distressing to county commissioners. There have been discussions in the legislature over a number of sessions regarding the state assumption of some or all of the social services costs currently funded at the local level through property taxes. To date, past legislative solutions found support in the Senate, but were not successful.

The funding assumption of all or part of social services costs by the state truly represents property tax reform by shifting these costs back to the state, where they really belong. On behalf of my own county, and the ND County Commissioners Association, I encourage your favorable consideration and passage of Senate Bill 2206.

Testimony to the

Senate Human Services Committee

January 27, 2015

Randi Suckut, Wells County Commissioner

Attach #5
SB 2206
01/27/15
J# 22603

Re: Senate Bill 2206

Madam Chairwoman and members of the committee, I am Randi Suckut, commissioner from Wells County. (pop. 4200)

I want to thank you for the opportunity to testify in support of SB 2206.

I don't know when Social Services began or why it was set up to be funded by property taxes. But, I am speculating it was because of the belief to help the poor and the sick, and children, who are in situations they have no control of; and it was probably with property taxes because it was your neighbor that needed a helping hand, even though many times they were too proud to accept help. Times have changed. While I still believe, as I am sure most of you do, in helping children and the poor and the sick, where there is a need, I believe it should no longer be paid for by property taxes but by some other means, whether it is funded by oil tax revenue, income tax, or sales tax. Constituents in my county understand that property taxes are needed for local needs such as roads, law enforcement, ambulance, fire protection, county offices, but they believe social services is no longer just a local issue.

If this measure is passed it would mean a savings to Wells County of $103,206 over an 18 month period.

I care about the increasing costs placed on the backs of property owners. I am a property owner. I have people talk to me concerning the ever increasing tax placed on property as I am sure you all do.

As commissioners, the board tries to keep costs down but the burden of Social Service costs make that almost impossible to do. We have had to increase staff over the last 10 years going from 1 social worker to 3 social workers today. Increasing caseloads and more time required per caseload because of the complexities involved fulfilling requirements increases our costs. Salaries, because of the Hay Group Study, have increased our costs, and salaries for our staff are only in the 1st Quartile (1 step above minimum) and we find it increasingly more difficult to find social workers willing to come to Wells County. Health insurance costs continue to have an impact on our budget. Increasing mandates add to the time involved in cases.

Wells County shares positions within Social Services with Eddy and Foster County, including the Director, Social Worker, Child Protections Service Worker, and a Human Service Aid. We are also considering forming a district to further cut costs and time.

Even with that, In the last 10 years Social Service costs in Wells County have increased from a 2005 appropriation of $569,872 to a 2010 appropriation of $892,187 to a 2015 appropriation of $1,233,187, which is an increase of 116% over those 10 years. This is while all appropriations for the county have only increased at 30% for 10 years.

If this bill is passed, it would be immediate property tax relief and and future relief if the study and costs of Social Services are assumed by the state and would help insure that property taxes do not increase at the rate that they have because of the ever increasing costs of social services.

Madam Chairman and committee members, I urge a **do pass** recommendation on SB 2206.

SB2206
01/27/15
Attach #6
J# 22603

Senate Human Services Committee
January 27, 2015
Senate Bill 2206
Kim Jacobson, Director – Traill County Social Services

Chairman Lee and members of the Senate Human Service Committee, my name is Kim Jacobson. I am the Director of Traill County Social Services located in Hillsboro, North Dakota. My testimony is in support of Senate Bill 2206. I am also a member of the North Dakota County Social Service Directors Association. There are a number of my County Director colleagues attending today's hearing. In essence of time, I am also speaking on behalf the North Dakota County Director's Association and voicing the Association's support of Senate Bill 2206.

As a County Social Service Director, I regularly face the challenge about providing critical and appropriate local social services to citizens while being a responsible tender of taxpayer dollars. I am proud of the successful history of the State of North Dakota and North Dakota County Social Services has established in providing timely, accurate, and appropriate social services to our citizens. While improvements can always be made, North Dakota is considered a national leader in providing quality social service programs.

Counties have long supported the interest of providing a form of property tax relief through social service funding. Over multiple sessions, a variety of bills have been introduced attempting to transfer county program costs to the state. However, each time things got very complicated resulting in defeat of the bill.

In my opinion, SB 2206 addresses the best elements of the prior session bills. I support the social service funding vision proposed by the Governor and his Task Force on Property Tax Relief. It is my belief that property tax relief can be achieved through social service funding, as long as it is accomplished in a manner that does not make our vulnerable clients more vulnerable.

6.2

Each month, each county receives a billing for the county-share of social service program costs from the Department of Human Services. These costs are program costs in which the county has little to no control. SB 2206 would eliminate all but two line items of this county billing. The following is a demonstration of the potential impact of SB 2206 on county billings. Traill County's December 2014 billing and subsequent expenditures would been reduced by $15,287.81. Furthermore, in January 2015, Traill County would have experienced further reduction of $10,650.40. This would have brought meaningful property tax relief without altering accessibility or service.

SB 2206 addresses many items that are greatly important to counties. This includes: continuing local social services in the community where clients reside; providing meaningful property tax relief and impacting each North Dakota county budget; and addressing specialized needs of counties with special circumstances such as containing or being adjacent to an Indian Reservation or the state hospital.

SB 2206 also very importantly, provides the opportunity for a Social Services Financing Commission to further explore ways that further relief and system improvements can be provided. Through defined and well-rounded discussions, long-term and effective solutions are possible without causing harm to our most vulnerable citizens. I am grateful that two representatives from the ND County Social Service Directors Association are proposed to be part of that process and allowing us to contribute our expertise. Additionally, the relationship between County Social Services and the Department of Human Services has greatly strengthened over recent years which has helped prepare a solid foundation for a successful process.

For these reasons, I urge you to support passage of Senate Bill 2206 with a "Do PASS" recommendation. Thank you for your consideration. I welcome questions from the committee.

Attach #7
SB2206
01/27/15
J#22603

GNDC
Greater North Dakota Chamber

Testimony of Laney Herauf
Greater North Dakota Chamber of Commerce
SB 2206
January 27, 2015

Mr. Chairman and members of the committee, my name is Laney Herauf; I am the Government and Regulatory Affairs Specialist for the Greater North Dakota Chamber. GNDC is working on behalf of our more than 1,100 members, to build the strongest business environment in North Dakota. GNDC also represents the National Association of Manufacturers and works closely with the U.S. Chamber of Commerce. As a group we stand in Support of Senate Bill 2206.

The Greater North Dakota Chamber supports this piece of legislation because we feel that the best and most effective way to manage certain components of social service programs is at the state level. Social services are controlled at the state level, and the counties pay the cost of administration and benefits through levying property tax. This bill would transfer some of the costs of those programs to the state and relieving local property tax payers of this burden. Doing this would create an effective and lasting property tax relief for citizens.

This is a step in the right direction; the GNDC would still continue to support the state paying for the cost of the entire social service program, as these benefits and programs are controlled at the state level but currently paid for at the county level by property tax. We believe this a good first step, and would encourage this body to continue the discussion in future sessions.

The Greater North Dakota Chamber respectfully request a DO PASS recommendation on SB 2206 and I would be happy to answer any questions you may have.

Champions for Business

PO Box 2639
Bismarck, ND 58502
P: 701-222-0929
F: 701-222-1611

www.ndchamber.com

attach #8
SB2206
01/27/15
J# 22603

Comments on SB 2206
Pam Sharp, OMB Director

The funding for this bill, $23.2 million, is in the appropriation bill for the Department of Human Services.

This $23.2 million is really and truly property tax relief so I want to share with you how property tax relief fits into our budget "big picture" and how this proposal could transition into the budget moving forward.

Last session the legislature approved a 12% buy down at the cost of $200 million. This was considered one-time money. The Governor has proposed to fund that 12% buy down for another biennium and it is included in the executive budget. The cost of continuing that buy-down at 12% increased to $250 million. When we made the decision to continue this buy-down money in the executive budget, our thought was that this is a good placeholder for more permanent property tax relief.

Given that the 12% buy-down money is really temporary property tax relief, one approach going forward may be to transition that $250 million to permanent property tax relief by shifting the local 20 mills of property tax for the cost of human services to the state. If the state were to expand to take over these 20 mills, it would cost around $125 million a biennium. For example, if the cost for the 2017 biennium is estimated $125 million for the counties, then adjust the buy-down money by $125 million. So we still have a total of $250 million in relief to taxpayers. As more permanent property tax relief is identified, more adjustments could be made to the buy-down rate. Some adjustments could even be considered for the 2015 biennium twelve percent proposal to help offset the cost of this $23.2 million.

Considering how this fits into the big picture of property tax relief, this might be something the Finance and Taxation Committee might want to take a look at as well.

2-4-15

1

Senate Bill 2206 Bill Summary

Section 1:

This section identifies the costs, currently paid by the counties, that are going to be assumed by the State, through the Department of Human Services, and requires counties to take those costs into account in future budget building. It specifically requires counties to identify savings realized as a result of the transfer of payments from the counties to the State and requires a reduction in the county's mill levy calculation to reflect those savings. The costs being shifted are specifically identified in Subsection 2 (outlined below) and are expected to total $*19.3 million* in savings to the counties. Each board of county commissioners is then required to report to the Tax Commissioner the property tax reduction this action provided to taxpayers in the county.

The following county social service costs incurred by the county after 12/31/15 would be transferred to the state:

- Foster care and subsidized adoption costs;
- The county share of grant costs for medical assistance in the form of payments for care to recipients of therapeutic foster care services;
- The county share of costs for service payments to the elderly and disabled;
- The county's share of salary and benefits for family preservation services;
- The county's share of the cost of electronic benefits transfers for SNAP; and
- Previously established computer processing costs. Counties have historically been required to pay for a portion of operational costs of the Technical Eligibility Computer System, which is used to determine recipient eligibility for Economic Assistance programs and of the Wide Area Network. 1997 legislation set each county's costs of operation of the technical eligibility computer system to the amount paid in calendar year 1995 plus an inflationary increase based on the Consumer price index.

Section 2

Makes changes to definitions in NDCC 50-01.2-00.1 (Section on County Social Service Boards) and modifies the definition of local expenses of administration. The revised language excludes computer processing costs from the definition.

Section 3

The costs removed from county responsibility in this section are the costs assumed in Section 1 of the bill under 2(a)(2) and 2(a)(4).

Section 4

This section requires the State, through the Department of Human Services, to assume responsibility for paying costs that are being removed from county responsibility under Section 1 of this bill. This section includes language to ensure that existing provisions of law not specifically identified in Title 50 will not preclude the State assuming responsibility for the identified costs.

1.1

Section 5
Identifies programs to be funded at the state's expense, when in excess of the amount provided by the federal government. The bill removes TANF from this Section, but identical language continues to exist in a similar chapter later in the bill in Section 7. The same is done with provisions regarding child care assistance and employment and training, which are removed from this section but still remain in 50-09-27.

Section 6
This section establishes a grant program that recognizes some counties have consistently seen higher expenditures for social services programs in the Department of Human Services and have used the emergency expenditures process set forth in NDCC chapter 50-03, County Human Services Fund.

> ***Subsection 1*** establishes the criteria for eligibility for a county to qualify for a grant. It defines an eligible county under the grant program as a county that in the past has utilized the emergency expenditures process and is adjacent to or part of an Indian reservation in this state, or includes the State Hospital.
>
> ***Subsection 2*** exempts the grant program from administrative rulemaking requirements, requires the Department of Human Services to develop policies and procedures for disbursing grants subject to a limit of $1.9 million dispersed the first year of the biennium and no more than $2 million the second year of the biennium. DHS would be required to notify the county of approved funding by September 1 of each year, and the annual payment would be made to eligible counties in January. The September 1st provision requires the inclusion of the Emergency Clause found in Section 13 of the bill.
>
> ***Subsection 3*** requires the Department of Human Services to report to the Budget Section annually, and to the Appropriations Committees during Legislative Sessions of the grants issued under this section.

Section 7
The amendment to subdivision 1(a) removes an obsolete reference (section 50-06-06.8 was repealed in 1997). Subdivision 1(d) includes foster care and subsidized adoption costs among those being borne by the State, consistent with Section 1.

Section 8
This section reflects changes made in Section 3 of this Bill and in Section 5 of this Bill at subdivision 1(a).

Section 9
Repeals sections of the Century Code that had required DHS to work with Boards of County Commissioners to develop a formula to determine a county's share of funding; a section that required the county to reimburse DHS for amounts expended for service payments to the elderly and disabled; and deletes a section that established the county share of foster care costs.

1.2

Section 10
Requires DHS to establish a social services financing commission consisting of a defined set of voting members, which would consist of:

1. Governor or Governor's designee, (Chair);
2. Tax commissioner or his designee;
3. 2 members to represent county officials, selected by NDACO;
4. Chairman of the Senate Human Services
5. Chairman of the House Human Services
6. Chairman of the House Appropriations for Human Services
7. Member of the Senate appointed by the Senate Minority Leader
8. Director of DHS or her designee; and
9. CFO of DHS

Nonvoting members would include one member selected by ND Association of Counties and two members who are county social service directors, selected by the ND County Social Service Association.

Responsibilities of the commission would include participating in developing a transition plan for transferring social services costs from county property tax to state general fund appropriations, and submitting a report to Governor and Legislative Management by 10/1/2016. The report must include a plan timeline, estimated costs, a plan to require a property tax reduction for the amount of budget savings brought about by the transfer, a plan eliminating the county social services levy, and finally proposed legislation to implement the recommended changes.

Section 11
Makes Sections 1, 2, 3, 4, 5, 7, 8, and 9 effective for taxable years after December 31, 2015.

Section 12
This section puts an expiration date of 7/31/2017 on Section 10 which establishes the Commission.

Section 13
Declares Section 6 of the bill as an emergency measure. The Emergency Clause would allow the Department to begin its work to determine qualifying counties to receive grants in January of 2016.

1.3

SB 2206
2
2-4-15

Department of Human Services

County Expenditures for Human Service Programs and Potential Mill Reduction

		Calendar Year 2016							2015 - 2017	
		Projected County Expenditures					Taxable Valuation and Mills		Projected County Expenditures - 18 months	
County No	County	Child Welfare (Ex. Foster Care, Adoption Grants)	SPED *	EBT **	TECS/ WAN ***	Total	Estimated 2016 County Taxable Valuation ^	Potential Reduction in County Mills ^	January 2016 - June 2017	County
01	Adams	31,257	1,772	307	2,986	36,322	14,975,995	2.43	54,483	Adams
02	Barnes	208,442	2,582	2,330	16,863	230,217	85,396,673	2.70	345,325	Barnes
03	Benson	54,306	8,245	2,581	5,621	70,753	33,996,016	2.08	106,130	Benson
04	Billings	See Golden Valley				-		-	-	Billings
05	Bottineau	80,786	6,512	1,493	11,330	100,121	65,695,723	1.52	150,182	Bottineau
06	Bowman	62,752	-	419	2,723	65,894	33,398,874	1.97	98,841	Bowman
07	Burke	24,990	1,426	237	2,723	29,376	31,721,694	0.93	44,064	Burke
08	Burleigh	1,479,250	27,163	15,196	97,575	1,619,184	481,075,530	3.37	2,428,776	Burleigh
09	Cass	2,701,046	54,596	34,215	134,462	2,924,319	745,626,290	3.92	4,386,478	Cass
10	Cavalier	69,024	4,624	530	4,830	79,008	49,626,775	1.59	118,512	Cavalier
11	Dickey	85,035	2,967	921	8,695	97,618	42,540,330	2.29	146,427	Dickey
12	Divide	45,441	925	237	3,425	50,028	38,390,800	1.30	75,042	Divide
13	Dunn	47,829	1,503	419	3,513	53,264	52,614,531	1.01	79,896	Dunn
14	Eddy	29,551	578	419	4,391	34,939	13,600,261	2.57	52,409	Eddy
15	Emmons	37,566	3,468	628	3,777	45,439	29,923,688	1.52	68,158	Emmons
16	Foster	56,737	539	488	4,479	62,243	25,940,916	2.40	93,364	Foster
17	Golden Valley	35,790	616	335	2,284	39,025	35,157,026	1.11	58,538	Golden Valley
18	Grand Forks	1,261,970	40,688	14,443	88,090	1,405,191	301,929,834	4.65	2,107,786	Grand Forks
19	Grant	42,270	3,044	530	5,182	51,026	19,917,975	2.56	76,539	Grant
20	Griggs	38,372	231	488	4,391	43,482	20,818,637	2.09	65,223	Griggs
21	Hettinger	31,474	2,466	279	3,601	37,820	26,286,751	1.44	56,730	Hettinger
22	Kidder	25,558	-	474	2,635	28,667	17,949,700	1.60	43,000	Kidder
23	LaMoure	51,262	1,156	405	4,040	56,863	40,428,605	1.41	85,294	LaMoure
24	Logan	21,531	-	209	2,371	24,111	15,523,058	1.55	36,166	Logan
25	McHenry	83,200	2,504	1,200	11,154	98,058	43,907,032	2.23	147,087	McHenry
26	McIntosh	35,651	2,659	516	4,216	43,042	20,496,263	2.10	64,563	McIntosh
27	McKenzie	114,897	694	544	13,174	129,309	132,040,246	0.98	193,964	McKenzie
28	Dakota Central	204,736	7,822	2,916	25,558	241,032	148,808,168	1.62	361,548	Dakota Central
29	Mercer	See Dakota Central				-		-	-	Mercer
30	Morton	459,014	15,335	4,967	37,414	516,730	137,868,750	3.75	775,095	Morton
31	Mountrail	109,775	8,323	530	11,857	130,485	125,330,271	1.04	195,728	Mountrail
32	Nelson	48,903	1,464	544	3,250	54,161	27,731,615	1.95	81,242	Nelson
33	Oliver	See Dakota Central				-		-	-	Oliver
34	Pembina	111,035	8,168	977	9,222	129,402	69,628,390	1.86	194,103	Pembina
35	Pierce	61,775	10,403	963	5,357	78,498	32,629,241	2.41	117,747	Pierce
36	Lakes District	326,608	33,020	3,754	33,023	396,405	85,434,040	4.64	594,607	Lakes District
37	Ransom	64,893	3,583	949	5,270	74,695	38,878,534	1.92	112,043	Ransom
38	Renville	40,824	732	279	2,547	44,382	26,556,886	1.67	66,573	Renville
39	Richland	282,262	14,449	3,237	25,294	325,242	93,385,624	3.48	487,863	Richland
40	Rolette	73,952	40,110	8,442	7,202	129,706	21,218,707	6.11	194,559	Rolette
41	Sargent	64,711	886	488	4,391	70,476	36,471,977	1.93	105,714	Sargent
42	Sheridan	See Dakota Central				-		-	-	Sheridan
43	Sioux	13,627	4,816	1,437	615	20,495	4,525,498	4.53	30,743	Sioux
44	Slope	1,526	-	70	878	2,474	12,777,234	0.19	3,711	Slope
45	Stark	464,935	25,700	4,633	48,305	543,573	202,244,262	2.69	815,360	Stark
46	Steele	30,941	-	237	2,020	33,198	32,922,480	1.01	49,797	Steele
47	Stutsman	324,205	4,315	5,456	40,576	374,552	108,515,744	3.45	561,828	Stutsman
48	Towner	See Lakes District				-		-	-	Towner
49	Traill	164,934	4,624	1,493	10,276	181,327	53,487,621	3.39	271,991	Traill
50	Walsh	158,871	6,858	2,567	17,126	185,422	60,128,772	3.08	278,133	Walsh
51	Ward	1,054,037	15,451	11,191	92,131	1,172,810	381,925,783	3.07	1,759,215	Ward
52	Wells	58,031	2,081	963	7,729	68,804	41,810,023	1.65	103,206	Wells
53	Williams	596,087	6,203	3,600	39,698	645,588	338,654,464	1.91	968,382	Williams
	Total	11,471,669	385,301	139,536	878,270	**12,874,776**	4,499,913,309		**19,312,165**	
							Average Mill	**2.31**		

Only $600,641 of the $19.3 million is related to statewide county personnel costs.

* Service Payments for the Elderly and Disabled (SPED)

** Electronic Benefit Transfer (EBT) - Supplemental Nutrition Education Program

***Technical Eligibility Computer System (TECS) and Wide Area Network (WAN)

^ Information received from the Tax Department

Estimated 2016 taxable valuation-

Potential reduction in county mills based on estimated calendar year 2016 taxable valuation. The 2016 estimate was calculated for each county by averaging the actual statewide increases by property type (agricultural, residential, commercial, and utility) from 2004 to 2014. The average increase for each property type was applied to the 2014 valuations to calculate a 2016 estimate for each county. The statewide average valuation increase resulting from this calculation was 10% per year.

2.1

T:\Bdgt 2015-17\County Information\County_Grant_Costs - 18 months.xlsx

3

Comments on SB 2206
Pam Sharp, OMB Director

The funding for this bill, $23.2 million, is in the appropriation bill for the Department of Human Services.

This $23.2 million is really and truly property tax relief so I want to share with you how property tax relief fits into our budget "big picture" and how this proposal could transition into the budget moving forward.

Last session the legislature approved a 12% buy down at the cost of $200 million. This was considered one-time money. The Governor has proposed to fund that 12% buy down for another biennium and it is included in the executive budget. The cost of continuing that buy-down at 12% increased to $250 million. When we made the decision to continue this buy-down money in the executive budget, our thought was that this is a good placeholder for more permanent property tax relief.

Given that the 12% buy-down money is really temporary property tax relief, one approach going forward may be to transition that $250 million to permanent property tax relief by shifting the local 20 mills of property tax for the cost of human services to the state. If the state were to expand to take over these 20 mills, it would cost around $125 million a biennium. For example, if the cost for the 2017 biennium is estimated $125 million for the counties, then adjust the buy-down money by $125 million. So we still have a total of $250 million in relief to taxpayers. As more permanent property tax relief is identified, more adjustments could be made to the buy-down rate. Some adjustments could even be considered for the 2015 biennium twelve percent proposal to help offset the cost of this $23.2 million. This would amount to about 1 percent and would leave a buy-down of 11%.

3.1

2-4-15
#2f

Testimony To
THE SENATE APPROPRIATIONS COMMITTEE
Prepared Wednesday, February 4, 2015 by
Terry Traynor, Assistant Director
North Dakota Association of Counties

REGARDING ENGOSSED SENATE BILL No. 2206

Chair Holmberg and members of the Committee, the North Dakota Association of Counties thanks the sponsors for bringing this bill forward, and would like to state for the record our strong support for this proposal to relieve property taxpayers of a significant burden over which local officials have little control.

County officials believe that the "two-part" concept of this bill is a sound and appropriate approach. It removes a significant property tax cost immediately, while creating a mechanism that promises the thoughtful development of a future funding plan that can completely remove social service costs from the property tax in a manner that maintains the strength of our state's human service delivery system.

Looking at the immediate impact; $11.5 million of the $12.9 million in annual costs addressed by this bill are driven by child welfare program costs – primarily foster case and subsidized adoption. In the early days of "county welfare", county workers had significant authority in the placement of children, and most children were coming from local families and were being placed with other local families.

This situation has changed significantly. Oftentimes children now come into a county from other places in the State or beyond. The role of the regional supervisor of county social services – a State employee – in placement decisions has increased significantly. The State and private adoption agencies are much more likely to influence assistance rates for subsidized adoption than county workers. A growing percentage of the cost is also associated with children in the custody of either the Department of Human Services or the Division of Juvenile Services, and here the county has even less involvement – except for payment.

The current funding structure involves maximizing federal funds when the placement is eligible, and splitting the remainder of ineligible costs at 75% State and 25% county. But the individual county's share is a bit more complicated. A four-part formula that takes into consideration the county's caseload, population, poverty, and tax base is used to allocate each county's share of the statewide total of that 25%. While this funding plan does protect counties (particularly the smaller ones) from widely fluctuating costs, it results in a disconnect for county commissioners, when all they see is an annual bill that keeps increasing.

4.1

4

Similarly, the county share of electronic benefit (EBT) cards and computer system costs are payments to the state over which counties have no direct control, and can do absolutely nothing to influence.

Passage of this bill will leave counties, primarily, with the costs of administration – staff salaries, benefits, training, travel, office space, utilities, supplies and the like. Currently counties receive some federal reimbursement for social work administration, but since 1997 (the Swap), have been funding 100% of the economic assistance program administration with property taxes. While some might assume that these admin costs are under greater county commission control, members of this committee are well aware that federal and state laws mandate that county social service employees be paid within state-established pay scales, and the number of staff employed is driven largely by the federal program requirements and eligibility established by the State Legislature.

As one can see from even the grant costs illustrated by the DHS table, the burden of social services is levied unequally among property taxpayers. This becomes even more profound with administrative costs, largely because increasing caseload rarely follows increasing taxable value.

The elected and appointed officials that form the governance of our Association have repeatedly adopted statements of support for a concept such as SB2206, and as recently as this fall reaffirmed their support by adopting the resolution attached.

Our Associations can support the language of Section 1 of the bill as a means of ensuring a careful analysis and consideration of the impact of this bill on property taxes, and we endorse the commission design and membership for future funding plan development.

Mr. Chairman and committee members, the North Dakota Association of Counties requests a "Do Pass" recommendation on Engrossed Senate Bill 2206.

> **2014-03. Human Service Financing**. County social service agencies provide a large array of services to the citizens of North Dakota as a "designee" of the Department of Human Services (DHS) – most often with reimbursement well below the cost of service delivery. County property taxes now support over $50 million per year in state and federally mandated human service costs. Additionally, state and federal regulations regarding employee compensation and staffing ratios rapidly and continually increase these mandated costs; while state legislative and administrative decisions increase county program expenditures. Counties firmly support the continuation of the local delivery of human services; however the property tax burden of these services must be lessened. This Association supports legislative action to increase state reimbursements to counties and/or shift specific human service costs to state funding, thereby reducing property taxes.

4.2

#5

Senate Appropriations Committee
February 4, 2015
Engrossed Senate Bill 2206
Steven Reiser, Director – Dakota Central Social Services

Chairman Holmberg and members of the Senate Appropriations Committee, my name is Steven Reiser. I am the director of Dakota Central Social Services and I am also a member of the North Dakota County Social Service Directors Association. I am testifying in support of SB 2206.

SB 2206 has concepts that county social services have supported a number of times over the last number of legislative sessions. It provides an appropriation to the Department of Human Services so that counties can be reimbursed for certain program costs that they are currently being billed for. If this bill would have been in place in the year 2014, Dakota Central Social Services would have had a savings of just over $200,000. According to our expenditures formula, this would have been a savings of $80,000 to McLean and Mercer Counties, and $20,000 to Oliver and Sheridan Counties. These program costs were all paid by county property tax dollars.

SB 2206 contains a reporting section that would begin in 2016 so that the reduction in county social service funding can be shown and identified. The board of commissioners is to report to the office of the tax commissioner the property tax reduction that this action provided to the property taxpayers in the county. This reporting in the years of 2016 and 2017 should be accurate in showing the savings but any reporting beyond those years will be more a guess in my opinion.

Section 10 of the bill provides for a financing commission that will develop a transition plan for transferring the cost of operating social service programs from county property tax levies to state general funds. I believe this section will help keep this bill on track. In previous legislative sessions, bills similar to this were passed but then many questions arose. There were questions about service delivery, should the employees become state employees, will each county have an office or will offices be closed? With the formation of this commission these issues can be addressed from a number of points of views and made with more thought and insight as to what the effects of this kind of transfer would bring.

#5

Property tax reduction is important and a concept we support. We also believe that this must be balanced with a commitment to providing our clients with a local, consistent service delivery. We want all clients in all counties to have the same access to local services that they enjoy today. This bill does nothing to change that, and the commission to plan for the future has the necessary stakeholders to make sure that this issue remains at the forefront.

Thank you for your time and I ask you to pass engrossed SB 2206.

#6

GNDC
Greater North Dakota Chamber

Testimony of Laney Herauf
Greater North Dakota Chamber of Commerce
SB 2206
February 4, 2015

Mr. Chairman and members of the committee, my name is Laney Herauf; I am the Government and Regulatory Affairs Specialist for the Greater North Dakota Chamber. GNDC is working on behalf of our more than 1,100 members, to build the strongest business environment in North Dakota. GNDC also represents the National Association of Manufacturers and works closely with the U.S. Chamber of Commerce. As a group we stand in Support of Senate Bill 2206.

The Greater North Dakota Chamber supports this piece of legislation because we feel that the best and most effective way to manage certain components of social service programs is at the state level. Social services are controlled at the state level, and the counties pay the cost of administration and benefits through levying property tax. This bill would transfer some of the costs of those programs to the state and relieving local property tax payers of this burden. Doing this would create an effective and lasting property tax relief for citizens.

This is a step in the right direction; the GNDC would still continue to support the state paying for the cost of the entire social service program, as these benefits and programs are controlled at the state level but currently paid for at the county level by property tax. We believe this a good first step, and would encourage this body to continue the discussion in future sessions.

The Greater North Dakota Chamber respectfully request a DO PASS recommendation on SB 2206 and I would be happy to answer any questions you may have.

Champions for Business

PO Box 2639 P: 701-222-0929
Bismarck, ND 58502 F: 701-222-1611

www.ndchamber.com

#1 SB 2206
3-18-15

Engrossed Senate Bill 2206 Bill Summary

Section 1:

This section identifies the costs, currently paid by the counties, that are going to be assumed by the State, through the Department of Human Services, and requires counties to take those costs into account in future budget building. It specifically requires counties to identify savings realized as a result of the transfer of payments from the counties to the State and requires a reduction in the county's mill levy calculation to reflect those savings. The costs being shifted are specifically identified in Subsection 2 (outlined below) and are expected to total *$19.3 million* in savings to the counties. Each board of county commissioners is then required to report to the Tax Commissioner the property tax reduction this action provided to taxpayers in the county.

The following county social service costs incurred by the county after 12/31/15 would be transferred to the state:

- Foster care and subsidized adoption costs;
- The county share of grant costs for medical assistance in the form of payments for care to recipients of therapeutic foster care services;
- The county share of costs for service payments to the elderly and disabled;
- The county's share of salary and benefits for family preservation services;
- The county's share of the cost of electronic benefits transfers for SNAP; and
- Previously established computer processing costs. Counties have historically been required to pay for a portion of operational costs of the Technical Eligibility Computer System, which is used to determine recipient eligibility for Economic Assistance programs and of the Wide Area Network. 1997 legislation set each county's costs of operation of the technical eligibility computer system to the amount paid in calendar year 1995 plus an inflationary increase based on the Consumer price index.

Section 2

This section makes changes to definitions in NDCC 50-01.2-00.1 (Section on County Social Service Boards) and modifies the definition of local expenses of administration. The revised language excludes computer processing costs from the definition.

Section 3

The costs removed from county responsibility in this section are the costs assumed in Section 1 of the bill under 2(a)(2) and 2(a)(4).

Section 4

This section requires the State, through the Department of Human Services, to assume responsibility for paying costs that are being removed from county responsibility under Section 1 of this bill. This section includes language to ensure that existing provisions of law not specifically identified in Title 50 will not preclude the State assuming responsibility for the identified costs.

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This section identifies programs to be funded at the state's expense, when in excess of the amount provided by the federal government. The bill removes TANF from this Section, but identical language continues to exist in a similar chapter later in the bill in Section 7. The same is done with provisions regarding child care assistance and employment and training, which are removed from this section but still remain in 50-09-27.

Section 6

This section establishes a grant program that recognizes some counties have consistently seen higher expenditures for social services programs in the Department of Human Services and have used the emergency expenditures process set forth in NDCC chapter 50-03, County Human Services Fund.

> ***Subsection 1*** establishes the criteria for eligibility for a county to qualify for a grant. It defines an eligible county under the grant program as a county that in the past has utilized the emergency expenditures process and is adjacent to or part of an Indian reservation in this state, or includes the State Hospital.
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> ***Subsection 2*** exempts the grant program from administrative rulemaking requirements, requires the Department of Human Services to develop policies and procedures for disbursing grants subject to a limit of $1.9 million dispersed the first year of the biennium and no more than $2 million the second year of the biennium. DHS would be required to notify the county of approved funding by September 1 of each year, and the annual payment would be made to eligible counties in January. The September 1st provision requires the inclusion of the Emergency Clause found in Section 13 of the bill.
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> ***Subsection 3*** requires the Department of Human Services to report to the Budget Section annually, and to the Appropriations Committees during Legislative Sessions of the grants issued under this section.

Section 7

The amendment to subdivision 1(a) removes an obsolete reference (section 50-06-06.8 was repealed in 1997). Subdivision 1(d) includes foster care and subsidized adoption costs among those being borne by the State, consistent with Section 1.

Section 8

This section reflects changes made in Section 3 of this Bill and in Section 5 of this Bill at subdivision 1(a).

Section 9

This section repeals sections of the Century Code that required DHS to work with Boards of County Commissioners to develop a formula to determine a county's share of funding; a section that required the county to reimburse DHS for amounts expended for service payments to the elderly and disabled; and a section that established the county share of foster care costs.

Section 10

This section creates a social services financing commission consisting of a defined set of voting members, which would consist of:

1. Governor or Governor's designee, (Chair);
2. Tax commissioner or his designee;
3. 2 members to represent county officials, selected by NDACO;
4. Chairman of the Senate Human Services
5. Chairman of the House Human Services
6. Chairman of the Senate Subcommittee on Appropriations responsible for Human Services or his designee
7. Chairman of the House Appropriations for Human Services
8. Member of the Senate appointed by the Senate Minority Leader
9. Member of the House appointed by the House Minority Leader
10. Director of DHS or her designee; and
11. CFO of DHS

Nonvoting members would include one member selected by ND Association of Counties and two members who are county social service directors, selected by the ND County Social Service Association.

Responsibilities of the commission would include participating in developing a transition plan for transferring social services costs from county property tax to state general fund appropriations, and submitting a report to Governor and Legislative Management by 10/1/2016. The report must include a plan timeline, estimated costs, a plan to require a property tax reduction for the amount of budget savings brought about by the transfer, a plan eliminating the county social services levy, and finally proposed legislation to implement the recommended changes.

Section 11

This section makes Sections 1, 2, 3, 4, 5, 7, 8, and 9 effective for taxable years after December 31, 2015.

Section 12

This section puts an expiration date of 7/31/2017 on Section 10 which establishes the Commission.

Section 13

This section declares Section 6 of the bill to be an emergency measure. Making Section 6 an emergency would allow the Department to begin its work to determine qualifying counties to receive grants in January of 2016.

3-18-15
#2
SB2206

Department of Human Services

County Expenditures for Human Service Programs and Potential Mill Reduction

		Calendar Year 2016							**2015 - 2017**	
		Projected County Expenditures					**Taxable Valuation and Mills**		**Projected County Expenditures - 18 months**	
County No	**County**	**Child Welfare (Ex. Foster Care, Adoption Grants)**	**SPED ***	**EBT ****	**TECS/ WAN *****	**Total**	**Estimated 2016 County Taxable Valuation ^**	**Potential Reduction in County Mills ^**	**January 2016 - June 2017**	**County**
01	Adams	31,257	1,772	307	2,986	36,322	14,975,995	2.43	54,483	Adams
02	Barnes	208,442	2,582	2,330	16,863	230,217	85,396,673	2.70	345,325	Barnes
03	Benson	54,306	8,245	2,581	5,621	70,753	33,996,016	2.08	106,130	Benson
04	Billings	See Golden Valley				-		-	-	Billings
05	Bottineau	80,786	6,512	1,493	11,330	100,121	65,695,723	1.52	150,182	Bottineau
06	Bowman	62,752	-	419	2,723	65,894	33,398,874	1.97	98,841	Bowman
07	Burke	24,990	1,426	237	2,723	29,376	31,721,694	0.93	44,064	Burke
08	Burleigh	1,479,250	27,163	15,196	97,575	1,619,184	481,075,530	3.37	2,428,776	Burleigh
09	Cass	2,701,046	54,596	34,215	134,462	2,924,319	745,626,290	3.92	4,386,478	Cass
10	Cavalier	69,024	4,624	530	4,830	79,008	49,626,775	1.59	118,512	Cavalier
11	Dickey	85,035	2,967	921	8,695	97,618	42,540,330	2.29	146,427	Dickey
12	Divide	45,441	925	237	3,425	50,028	38,390,800	1.30	75,042	Divide
13	Dunn	47,829	1,503	419	3,513	53,264	52,614,531	1.01	79,896	Dunn
14	Eddy	29,551	578	419	4,391	34,939	13,600,261	2.57	52,409	Eddy
15	Emmons	37,566	3,468	628	3,777	45,439	29,923,688	1.52	68,158	Emmons
16	Foster	56,737	539	488	4,479	62,243	25,940,916	2.40	93,364	Foster
17	Golden Valley	35,790	616	335	2,284	39,025	35,157,026	1.11	58,538	Golden Valley
18	Grand Forks	1,261,970	40,688	14,443	88,090	1,405,191	301,929,834	4.65	2,107,786	Grand Forks
19	Grant	42,270	3,044	530	5,182	51,026	19,917,975	2.56	76,539	Grant
20	Griggs	38,372	231	488	4,391	43,482	20,818,637	2.09	65,223	Griggs
21	Hettinger	31,474	2,466	279	3,601	37,820	26,286,751	1.44	56,730	Hettinger
22	Kidder	25,558	-	474	2,635	28,667	17,949,700	1.60	43,000	Kidder
23	LaMoure	51,262	1,156	405	4,040	56,863	40,428,605	1.41	85,294	LaMoure
24	Logan	21,531	-	209	2,371	24,111	15,523,058	1.55	36,166	Logan
25	McHenry	83,200	2,504	1,200	11,154	98,058	43,907,032	2.23	147,087	McHenry
26	McIntosh	35,651	2,659	516	4,216	43,042	20,496,263	2.10	64,563	McIntosh
27	McKenzie	114,897	694	544	13,174	129,309	132,040,246	0.98	193,964	McKenzie
28	Dakota Central	204,736	7,822	2,916	25,558	241,032	148,808,168	1.62	361,548	Dakota Central
29	Mercer	See Dakota Central				-		-	-	Mercer
30	Morton	459,014	15,335	4,967	37,414	516,730	137,868,750	3.75	775,095	Morton
31	Mountrail	109,775	8,323	530	11,857	130,485	125,330,271	1.04	195,728	Mountrail
32	Nelson	48,903	1,464	544	3,250	54,161	27,731,615	1.95	81,242	Nelson
33	Oliver	See Dakota Central				-		-	-	Oliver
34	Pembina	111,035	8,168	977	9,222	129,402	69,628,390	1.86	194,103	Pembina
35	Pierce	61,775	10,403	963	5,357	78,498	32,629,241	2.41	117,747	Pierce
36	Lakes District	326,608	33,020	3,754	33,023	396,405	85,434,040	4.64	594,607	Lakes District
37	Ransom	64,893	3,583	949	5,270	74,695	38,878,534	1.92	112,043	Ransom
38	Renville	40,824	732	279	2,547	44,382	26,556,886	1.67	66,573	Renville
39	Richland	282,262	14,449	3,237	25,294	325,242	93,385,624	3.48	487,863	Richland
40	Rolette	73,952	40,110	8,442	7,202	129,706	21,218,707	6.11	194,559	Rolette
41	Sargent	64,711	886	488	4,391	70,476	36,471,977	1.93	105,714	Sargent
42	Sheridan	See Dakota Central				-		-	-	Sheridan
43	Sioux	13,627	4,816	1,437	615	20,495	4,525,498	4.53	30,743	Sioux
44	Slope	1,526	-	70	878	2,474	12,777,234	0.19	3,711	Slope
45	Stark	464,935	25,700	4,633	48,305	543,573	202,244,262	2.69	815,360	Stark
46	Steele	30,941	-	237	2,020	33,198	32,922,480	1.01	49,797	Steele
47	Stutsman	324,205	4,315	5,456	40,576	374,552	108,515,744	3.45	561,828	Stutsman
48	Towner	See Lakes District				-		-	-	Towner
49	Traill	164,934	4,624	1,493	10,276	181,327	53,487,621	3.39	271,991	Traill
50	Walsh	158,871	6,858	2,567	17,126	185,422	60,128,772	3.08	278,133	Walsh
51	Ward	1,054,037	15,451	11,191	92,131	1,172,810	381,925,783	3.07	1,759,215	Ward
52	Wells	58,031	2,081	963	7,729	68,804	41,810,023	1.65	103,206	Wells
53	Williams	596,087	6,203	3,600	39,698	645,588	338,654,464	1.91	968,382	Williams
	Total	11,471,669	385,301	139,536	878,270	**12,874,776**	4,499,913,309		**19,312,165**	
							Average Mill	**2.31**		

Only $600,641 of the $19.3 million is related to statewide county personnel costs.

* Service Payments for the Elderly and Disabled (SPED)

** Electronic Benefit Transfer (EBT) - Supplemental Nutrition Education Program

***Technical Eligibility Computer System (TECS) and Wide Area Network (WAN)

^ Information received from the Tax Department

Estimated 2016 taxable valuation-

Potential reduction in county mills based on estimated calendar year 2016 taxable valuation. The 2016 estimate was calculated for each county by averaging the actual statewide increases by property type (agricultural, residential, commercial, and utility) from 2004 to 2014. The average increase for each property type was applied to the 2014 valuations to calculate a 2016 estimate for each county. The statewide average valuation increase resulting from this calculation was 10% per year.

#3 SB 2206
3-18-15

Testimony To The
HOUSE HUMAN SERVICES COMMITTEE
Prepared Tuesday, March 17, 2015 by
Terry Traynor, Assistant Director
North Dakota Association of Counties

REGARDING ENGROSSED SENATE BILL No. 2206

Mr. Chairman and members of the Committee, the North Dakota Association of Counties thanks the sponsors for bringing this bill forward, and would like to state for the record our strong support for this proposal to relieve property taxpayers of a significant burden over which local officials have little control.

County officials believe that the "two-part" concept of this bill is a sound and appropriate approach. It removes a significant property tax cost immediately, while creating a mechanism that promises the thoughtful development of a future funding plan that can completely remove social service costs from the property tax in a manner that maintains the strength of our state's human service delivery system.

Looking at the immediate impact; $11.5 million of the $12.9 million in annual grant costs addressed by this bill are driven by child welfare program costs – primarily foster case and subsidized adoption. In the early days of "county welfare", county workers had significant authority in the placement of children, and most children were coming from local families and were being placed with other local families.

This situation has changed significantly. Oftentimes children now come into a county from other places in the State or beyond. The role of the regional supervisor of county social services – a State employee – in placement decisions has increased significantly. The State and private adoption agencies are much more likely to influence assistance rates for subsidized adoption than county workers. A growing percentage of the cost is also associated with children in the custody of either the Department of Human Services or the Division of Juvenile Services, and here the county has even less involvement – except for payment.

The current funding structure involves maximizing federal funds when the placement is eligible, and splitting the remainder of ineligible costs at 75% State and 25% county. But the individual county's share is a bit more complicated. A four-part formula that takes into consideration the county's caseload, population, poverty, and tax base is used to allocate each county's share of the statewide total of that 25%. While this funding plan does protect counties (particularly the smaller ones) from widely fluctuating costs, it results in a disconnect for county commissioners, when all they see is an annual bill that keeps increasing.

Similarly, the county share of electronic benefit (EBT) cards and computer system costs are payments to the state over which counties have no direct control, and can do absolutely nothing to influence.

The grant program in Section 6, is likewise addressing costs in highly impacted counties whose officials have no authority to manage those costs. The funding that this section would provide is critical to the total elimination of three of the counties' four social service levy authorities, as proposed in Senate Bill 2214.

Passage of this bill will leave counties, primarily, with the costs of administration – staff salaries, benefits, training, travel, office space, utilities, supplies and the like. Currently counties receive some federal reimbursement for social work administration, but since 1997 (the Swap), have been funding 100% of the economic assistance program administration with property taxes. While some might assume that these admin costs are under greater county commission control, members of this committee are well aware that federal and state laws mandate that county social service employees be paid within state-established pay scales, and the number of staff employed is driven largely by the federal program requirements and eligibility established by the State Legislature.

As one can see from just the grant costs, the burden of social services is levied unequally among property taxpayers. This becomes even more profound with administrative costs, largely because increasing caseload rarely follows increasing taxable value.

The elected and appointed officials that form the governance of our Association have repeatedly adopted statements of support for a concept such as SB2206, and as recently as this fall reaffirmed their support by adopting the resolution attached.

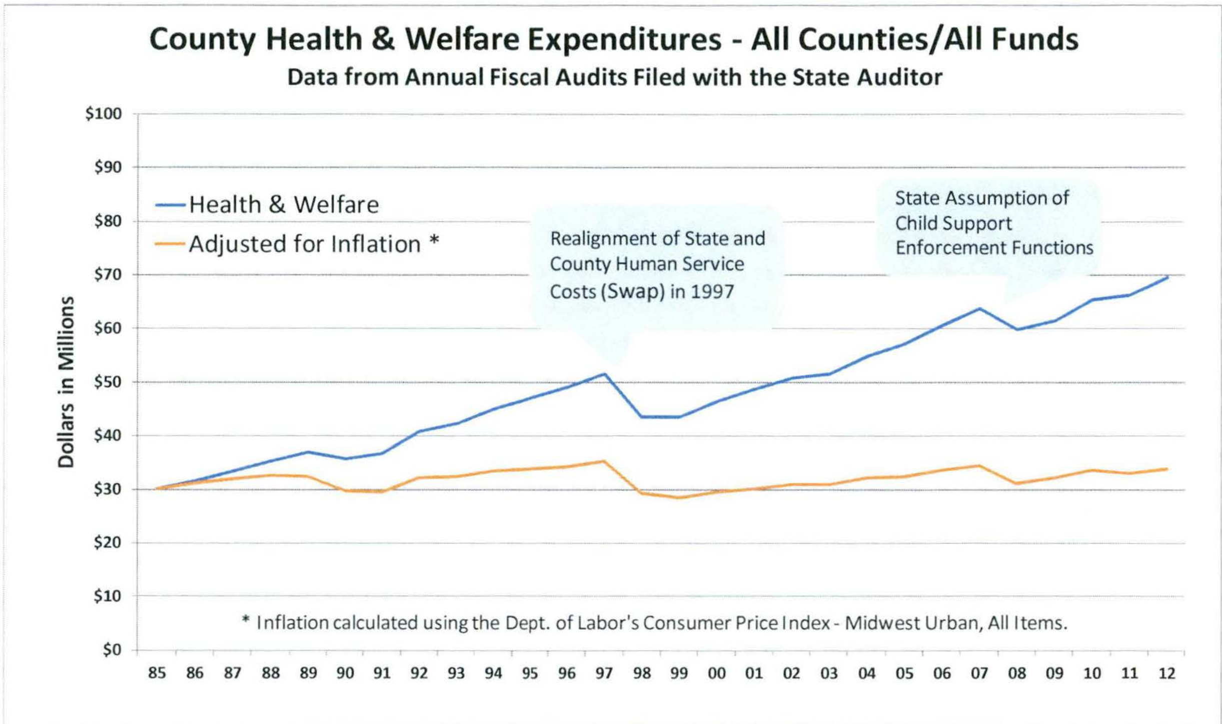
Our Association can support the language of Section 1 of the bill as a means of ensuring a careful analysis and consideration of the impact of this bill on property taxes, and we endorse the commission design and membership for future funding plan development.

In the Senate Appropriations Committee, questions were asked about the impact on county spending for social services in response to past legislative actions that shifted traditional county social service costs to the state. NDACo has been compiling county audits submitted to the State Auditor's office for over 25 years, and I think that this information may be pertinent.

While the annual county audits combine health and human service costs, the much smaller county public health costs are greatly overshadowed by county social services, so the data is still quite helpful. As you can see on the chart, the two significant Legislative "shifts" in human service financing – the "Swap" in 1997 and the state assumption of child support enforcement in 2007 – resulted in an immediate reduction in county expenditures.

Unfortunately, the assumption of these costs did not mitigate the historic inflationary increases that social service costs have seen during the entire period of study – now largely driven by salary and benefit costs. This inflation rate, as the chart reflects is quite close to the most common indicator of inflation used on Century Code.

Mr. Chairman and committee members, the North Dakota Association of Counties requests a "Do Pass" recommendation Senate Bill 2206.



Resolution Adopted by the North Dakota County Commissioners Association and the North Dakota Association of Counties

2014-03. Human Service Financing. County social service agencies provide a large array of services to the citizens of North Dakota as a "designee" of the Department of Human Services (DHS) – most often with reimbursement well below the cost of service delivery. County property taxes now support over $50 million per year in state and federally mandated human service costs. Additionally, state and federal regulations regarding employee compensation and staffing ratios rapidly and continually increase these mandated costs; while state legislative and administrative decisions increase county program expenditures. Counties firmly support the continuation of the local delivery of human services; however the property tax burden of these services must be lessened. This Association supports legislative action to increase state reimbursements to counties and/or shift specific human service costs to state funding, thereby reducing property taxes.

Testimony to the

House Human Services Committee

March 18, 2015

Randi Suckut, Wells County Commissioner

#4 SB 2206
3-18-15

Re: Engrossed Senate Bill 2206

Mr. Chairman and members of the committee, I am Randi Suckut, commissioner from Wells County. (pop. 4200)

I want to thank you for the opportunity to testify in support of SB 2206.

Social Services had its start in 1862 when counties were designated as responsible for "poor relief with the first territorial assembly and again in the first ND constitution in 1889. In 1913, poor relief was transferred from the county commissions to township officer through 1915. Prior to the 1930's, public benefits were all county general assistance. In the early 1930's, it was estimated that 250,000 of the state's 630,000 were receiving some type of assistance. In March of 1935, the state, for the first time, appropriated money for poor relief paid for by a sales tax.

Why was poor relief or social services started? I believe it was because of the need for assistance to help the poor, the sick, and children, who were in situations they had no control of and it became even more of a need in the 1930's; and I would surmise it was appropriated for with local property taxes because it was your neighbor that needed a helping hand, even though many times they were too proud to accept help. Times have changed. While I still believe, as I am sure most of you do, in helping children, the poor, and the sick, where there is a need, I believe it should no longer be paid for by property taxes but by some other means, whether it is funded by oil tax revenue, income tax, or sales tax. Constituents in my county understand that property taxes are needed for local needs such as roads, law enforcement, ambulance, fire protection, county offices, but they also believe that social services is no longer just a local issue.

If this measure is passed it would mean a savings to Wells County of $103,206 over an 18 month period.

I care about the increasing costs placed on the backs of property owners. I am a property owner. I have people talk to me concerning the ever increasing tax placed on property as I am sure you all do.

As commissioners, the board tries to keep costs down but the burden of Social Service costs make that almost impossible to do. We have had to increase staff over the last 10 years going from 1 social worker to 3 social workers today. Increasing caseloads and more time required per caseload, because of the complexities involved fulfilling requirements, increases our costs, which in turn increases property taxes. Salaries, because of the Hay Group report, have increased our costs, and salaries for our staff are only in the 1st Quartile (1 step above minimum) and we find it increasingly more difficult to find social workers willing to come to

Wells County. Health insurance costs continue to have an impact on our budget. Increasing mandates add to the time involved in cases.

Wells County shares positions within Social Services with Eddy and Foster County, including the Director, Social Worker, Child Protections Service Worker, and a Human Service Aid. We are also considering forming a district to further cut costs and time.

Even with that, in the last 10 years Social Service costs in Wells County have increased from a 2005 appropriation of $569,872 to a 2010 appropriation of $892,187 to a 2015 appropriation of $1,233,187, which is an increase of 116% over those 10 years. The actual levy for social services plus emergency poor increased 136% over that 10 year period. This is while all levies for the county including social services and emergency poor have only increased at approximately 30% for 10 years. If social services and emergency poor are not figured into the county levy, then the county levy would have only increased 13% for that same 10 year period.

If this bill is passed, it would be immediate property tax relief and and future relief if the study and costs of Social Services are assumed by the state and would help insure that property taxes do not increase at the rate that they have because of the ever increasing costs of social services.

Mr. Chairman and committee members, I urge a **do pass** recommendation on SB 2206.

#5 SB 2206
3-18-15

House Human Services Committee
March 18, 2015
Senate Bill 2206
Kim Jacobson, Director – Traill County Social Services

Chairman Weisz and members of the House Human Service Committee, my name is Kim Jacobson. I am the Director of Traill County Social Services located in Hillsboro, North Dakota. My testimony is in support of Senate Bill 2206. I am also a member of the North Dakota County Social Service Directors Association. There are a number of my County Director colleagues attending today's hearing. In essence of time, I am also speaking on behalf the North Dakota County Director's Association and voicing the Association's support of Senate Bill 2206.

As a County Social Service Director, I regularly face the challenge about providing critical and appropriate local social services to citizens while being a responsible tender of taxpayer dollars. I am proud of the successful history of the State of North Dakota and North Dakota County Social Services has established in providing timely, accurate, and appropriate social services to our citizens. While improvements can always be made, North Dakota is considered a national leader in providing quality social service programs.

Counties have long supported the interest of providing a form of property tax relief through social service funding. Over multiple sessions, a variety of bills have been introduced attempting to transfer county program costs to the state. However, each time things got very complicated resulting in defeat of the bill.

In my opinion, SB 2206 addresses the best elements of the prior session bills. I support the social service funding vision proposed by the Governor and his Task Force on Property Tax Relief. It is my belief that property tax relief can be achieved through social service funding, as long as it is accomplished in a manner that does not make our vulnerable clients more vulnerable.

Each month, each county receives a billing for the county-share of social service program costs from the Department of Human Services. These costs are program costs in which the county has little to no control. SB 2206 would eliminate all but two line items of this county billing. According to ND DHS fiscal projections, if SB 2206 was enacted as written, Traill County citizens would see a projected reduction of $271,991 in social service related property tax costs over the identified 18-month period providing meaningful relief.

SB 2206 addresses many items that are greatly important to counties. This includes: continuing local social services in the community where clients reside; meaningful property tax relief and impacting each North Dakota county budget; and addressing specialized needs of counties with special circumstances such as containing or being adjacent to an Indian Reservation or the state hospital.

SB 2206 also provides a very important opportunity for a Social Services Financing Commission to further explore ways that further relief and system improvements. This is a critical area of the bill and an area that the ND County Director's Association strongly supports. The Commission would have the opportunity to thoroughly review social service funding and all the unique caveats of the current funding structure while seeking ways of providing solutions and sustainability for property tax relief while maintaining the integrity and quality of service to North Dakota citizens. I am confident that through defined and well-rounded discussions, long-term and effective solutions are possible without causing harm to our most vulnerable citizens. Additionally, I am grateful that two representatives from the ND County Social Service Directors Association are proposed to be part of that process and allowing us to contribute our expertise. Furthermore, it is notable that the relationship between the Department of Human Services and County Social Services has greatly strengthened over recent years which has helped prepare a solid foundation for a successful process and outcome.

For these reasons, I urge you to support passage of Senate Bill 2206 with a "Do PASS" recommendation. Thank you for your consideration. I welcome questions from the committee.

15.0560.02004
Title.

4-1-15

#1

Prepared by the Legislative Council staff for
Representative Weisz
March 31, 2015

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2206

Page 1, line 4, after "50-24.1-14" insert ", subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7"

Page 1, line 6, after "expense" insert "and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense"

Page 2, line 22, after the second "department" insert "of human services"

Page 2, line 24, after the underscored period insert "The department of human services shall compute the amount of budget savings for each county created by the department's assumption of program costs in subdivision a and shall report that amount to the tax commissioner."

Page 2, line 27, after the underscored period insert "The tax commissioner shall calculate the mill levy reduction in each county made possible by the grant funds and deduct that amount from the human services mill levy of the county in effect for taxable year 2014, apply to the resulting mill levy amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015, and shall inform the auditor in each county that the amount so determined for the county is the mill levy limit for that county's human services mill levy for taxable year 2015. The tax commissioner shall increase the taxable year 2015 human services mill levy limit determined under this subdivision for each county by the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2016, and shall inform the auditor in each county that the amount so determined for the county is the mill levy limit for that county's human services mill levy for taxable year 2016 and each taxable year thereafter."

Page 2, line 27, remove "Each board of county commissioners shall report to the office of"

Page 2, remove lines 30 and 31

Page 7, after line 6, insert:

"**SECTION 9. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

    a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

e. If the base year is a taxable year before 2016, reduced by the amount of the savings from the reduction in the county's social service funding responsibility derived from transferring the county social service costs to the department of human services as calculated for the budget year and adjusted for the percentage salary and benefits increase provided by legislative appropriations for state employees for the taxable year under subsection 2 of section 11-23-01.

SECTION 10. AMENDMENT. Subsection 34 of section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

34. Counties levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the limitation as determined under section 11-23-01."

Page 8, line 15, remove "and"

Page 8, line 15, after "9" insert ", 10, and 11"

Page 8, line 17, replace "Section 10" with "Sections 1 and 12"

Page 8, line 17, replace "is" with "are"

Page 8, line 18, replace "is" with "are"

Renumber accordingly

J#26313

Attach#1
SB2206
04/21/2015

The department of human services shall develop a process to review a request from a county social service board for any proposed increase in staff needed as a result of increased caseloads for state-funded human services programs, if the increase in staff results in the county exceeding the mill levy limits established in this Act. If the department approves a request to increase staff under this subdivision, the county has authority to levy the appropriate, corresponding amount.

Attach #1
SB 2206
04/21/15
J# 26332

15.0560.02013

Sixty-fourth
Legislative Assembly
of North Dakota

FIRST ENGROSSMENT

ENGROSSED SENATE BILL NO. 2206

Introduced by

Senators Dever, J. Lee, Murphy

Representatives Holman, Owens, Weisz

A BILL for an Act to create and enact sections 50-06-05.8 and 50-06-20.1 of the North Dakota Century Code, relating to the department of human services assuming certain costs of certain social service programs and to the establishment of a human services grant program; to amend and reenact sections 11-23-01, 50-01.2-00.1, 50-03-08, 50-06-20, 50-09-27, and 50-24.1-14, subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7 of the North Dakota Century Code, relating to county social service board budgets and programs funded at state expense and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense; to repeal sections 50-03-09, 50-06.2-05.1, and 50-09-21.1 of the North Dakota Century Code, relating to the county's share of medical assistance for therapeutic foster care, service payments to the elderly and disabled, and the county share of foster care costs; to ~~establish a social services financing commission~~provide for a legislative management study; to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 11-23-01 of the North Dakota Century Code is amended and reenacted as follows:

11-23-01. Officers required to furnish commissioners with departmental budget.

1. Every officer in charge of any institution, office, or undertaking supported wholly or in part by the county shall file with the board of county commissioners a departmental budget that is prescribed by the state auditor. The departmental budget must include an itemized statement of the estimated amount of money that will be required for the maintenance, operation, or improvement of the institution, office, or undertaking for the ensuing year. The board of county commissioners may require additional information to clarify the departmental budget.

1.2

2. a. The departmental budget submitted by the county social service board beginning in 2015 for the 2016 budget and continuing for succeeding years must identify the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services:

(1) Foster care and subsidized adoption costs ~~incurred~~that would have been paid by the county after December 31, 2015;

(2) The county's share of grant costs for medical assistance in the form of payments for care furnished to recipients of therapeutic foster care services ~~incurred~~which would have been paid by the county after December 31, 2015;

(3) The county's share of the costs for service payments to the elderly and disabled ~~incurred~~which would have been paid by the county after December 15, 2015;

(4) The county's share of salary and benefits for family preservation services pursuant to section 50-06-05.8 ~~incurred~~which would have been paid by the county after December 31, 2015;

(5) The county's share of the cost of the electronic benefits transfers for the supplemental nutrition assistance program ~~incurred~~which would have been paid by the county after December 31, 2015; and

(6) The computer processing costs ~~incurred~~which would have been paid by the county after December 31, 2015, which exceed the county's costs of operation of the technical eligibility computer system in calendar year 1995 increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996.

b. The budget must include a statement identifying the total savings to the county as shown by a reduction in the amounts that otherwise would have been paid by the county to the department of human services for the costs identified in subdivision a. The department of human services shall determine the appropriate amount of what each county's costs would have been to help identify each county's total savings. The department of human services shall compute the

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amount of budget savings for each county created by the department's assumption of program costs in subdivision a and shall report that amount to the tax commissioner. The amount reported must equal the full amount budgeted for these costs in the budget submitted by the county social service board and approved by the board of county commissioners in 2014. ~~The full amount of the savings calculated for each year must be deducted from the county's mill levy calculation beginning in 2016 and continuing in each succeeding yeaEach board of county commissioners shall report to the office of the tax commissioner the property tax reduction this action provided to property taxpayers in the board's county.~~

The tax commissioner shall calculate the mill levy reduction in each county made possible by the program costs assumed in subdivision a and deduct that amount from the human services mill levy of the county in effect for taxable year 2014, apply to the resulting mill levy amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015, and shall inform the auditor in each county that the amount so determined for the county is the mill levy limit for that county's human services mill levy for taxable year 2015. The tax commissioner shall increase the taxable year 2015 human services mill levy limit determined under this subdivision for each county by the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2016, and shall inform the auditor in each county that the amount so determined for the county is the mill levy limit for that county's human services mill levy for taxable year 2016 and each taxable year thereafter.

The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and, with the exception of grant funds that may be available to the county under section 50-06-20.1, the county may not use funds from any other source to supplement the human services budget, with the exception that the county may make use of the identifiable share of other sources the county has used to supplement its human services budget within the previous two budget years.

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c. The department of human services shall develop a process to review a request from a county social service board for any proposed increase in staff needed as a result of significantly increased caseloads for state-funded human services programs, if the increase in staff would result in the county exceeding the levy limitation established under subdivision b. As part of its review process, the department shall review county-wide caseload information and consider the option of multi-county sharing of staff. If the department approves a request for a proposed increase in staff, the county levy limitation established under subdivision b may be increased by the amount determined necessary by the department to fund the approved additional staff.

SECTION 2. AMENDMENT. Section 50-01.2-00.1 of the North Dakota Century Code is amended and reenacted as follows:

50-01.2-00.1. Definitions.

In this chapter, unless the context otherwise requires:

1. "Department" means the department of human services.
2. "Local expenses of administration" includes costs for personnel, space, equipment, computer software, materials, travel, utilities, and related costs, and the indirect costs properly allocated to those costs. The term does not include initial acquisition of computers and related hardware approved by the department for the temporary assistance for needy families program, custom computer programs, custom software development, computer operations undertaken at the direction of the department, and computer processing costs ~~to the extent those costs exceed, in any calendar year, that county's costs of operation of the technical eligibility computer system in calendar year 1995 increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996,~~ or, unless agreed to by the county social service board, any costs related to pilot programs before the programs are implemented on a statewide basis.
3. "Locally administered economic assistance programs" means those primary economic assistance programs that need to be accessible to all citizens of the state through a county social service office and include:
   a. Temporary assistance for needy families;

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b. Employment and training programs;

c. Child care assistance programs;

d. Medical assistance, including early periodic screening, diagnosis, and treatment;

e. Supplemental nutrition assistance programs, including employment and training programs;

f. Refugee assistance programs;

g. Basic care services;

h. Energy assistance programs; and

i. Information and referral.

SECTION 3. AMENDMENT. Section 50-03-08 of the North Dakota Century Code is amended and reenacted as follows:

50-03-08. Appropriation for county social service board administration ~~and~~of locally administered economic assistance programs.

The board of county commissioners of each county annually shall appropriate and make available to the human services fund an amount sufficient to pay~~:~~

~~1.~~ ~~The~~ the local expenses of administration of locally administered economic assistance programs~~;~~

~~2. That county's share of fifteen percent of the amount expended in this state, in excess of the amount provided by the federal government, for medical assistance in the form of payments for care furnished to recipients of therapeutic foster care services; and~~

~~3. That county's share of the cost of other family preservation services, including intensive in-home services, provided under title VI-B, subpart 2, of the Social Security Act [Pub. L. 103-66, title XIII, 13711(a)(2); 107 Stat. 649 et seq.; 42 U.S.C. 629 et seq.], as amended, as may be agreed to by the department and the county social service board~~.

SECTION 4. Section 50-06-05.8 of the North Dakota Century Code is created and enacted as follows:

50-06-05.8. Department to assume certain costs of certain social service programs.

Notwithstanding section 50-06.2-05, or any other provision in title 50 to the contrary, and in addition to the programs identified in section 50-06-20, the department of human services shall pay the local expenses of administration incurred by a county after December 31, 2015, for family preservation programs; a county's share of the cost of the electronic benefits transfers for the supplemental nutrition assistance program incurred after December 31, 2015; and the computer processing costs incurred by the county after December 31, 2015, which exceed the county's costs of operation of the technical eligibility computer system in calendar year 1995 increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996.

SECTION 5. AMENDMENT. Section 50-06-20 of the North Dakota Century Code is amended and reenacted as follows:

50-06-20. Programs funded at state expense - Interpretation.

1. The state shall bear the cost, in excess of the amount provided by the federal government, of:
   a. ~~Except as~~As provided in section 50-24.1-14, medical assistance services provided under chapter 50-24.1;
   b. ~~Benefits~~Energy assistance program benefits provided under subsection 19 of section 50-06-05.1;
   c. Supplements provided under chapter 50-24.5 as basic care services;
   d. ~~Services provided under chapter 50-09 as child care assistance;~~
   ~~e.~~ ~~Services provided under chapter 50-09 as employment and training programs~~Services, programs, and costs listed in section 50-09-27;
   ~~f.~~e. Welfare fraud detection programs;
   ~~g.~~ ~~Temporary assistance for needy families;~~ and
   ~~h.~~f. Special projects approved by the department and agreed to by any affected county social service board.
2. The state shall bear the costs of amounts expended for service payments to the elderly and disabled.
3. This section does not grant any recipient of services, benefits, or supplements identified in subsection 1, any service, benefit, or supplement that a recipient could not claim in the absence of this section.

SECTION 6. Section 50-06-20.1 of the North Dakota Century Code is created and enacted as follows:

50-06-20.1. Human services grant program - Eligible counties - Reports.

1. If the authority for counties to use emergency expenditures to address an emergency created by unusual and unanticipated demands on the counties' human services fund under chapter 50-03 is eliminated, the department shall establish a grant program to assist certain counties. An eligible county is one that historically has utilized the emergency expenditures process set forth in chapter 50-03 and which is adjacent to or part of an Indian reservation in this state, which contains Indian trust lands within the service area of a federally recognized Indian tribe which are occupied by enrolled members of that tribe, or which includes the state hospital created pursuant to subsection 8 of section 12 of article IX of the Constitution of North Dakota.

2. The grant program established in this section is not subject to rulemaking under chapter 28-32. The department shall develop policies and procedures for the disbursement of grants and may not award more than one million nine hundred thousand dollars during the first year of a biennium, and no more than two million dollars during the second year of a biennium. The department shall notify a county of its approved funding no later than September first of each year of the biennium. The department shall issue an annual payment to counties receiving funds under this chapter in January of each year of the biennium.

3. The department shall report to the budget section annually and to the appropriations committees of the sixty-fifth legislative assembly and each succeeding legislative assembly on the funding approved under this section.

SECTION 7. AMENDMENT. Section 50-09-27 of the North Dakota Century Code is amended and reenacted as follows:

50-09-27. Programs funded at state expense - Interpretation.

1. The state shall bear the cost, in excess of the amount provided by the federal government, of:
    a. Services provided under ~~section 50-06-06.8 and~~ this chapter as child care assistance;
    b. Services provided under this chapter as employment and training programs; ~~and~~
    c. Temporary assistance for needy families benefits provided under this chapter; and

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d. Foster care and subsidized adoption costs under this chapter.

2. This section does not grant any recipient of services, benefits, or supplements identified in subsection 1, any service, benefit, or supplement that a recipient could not claim in the absence of this section.

SECTION 8. AMENDMENT. Section 50-24.1-14 of the North Dakota Century Code is amended and reenacted as follows:

50-24.1-14. Responsibility for expenditures ~~- Exceptions~~.

~~1.~~ ~~Except as otherwise specifically provided in subsection 2 and section 50-03-08, expenditures~~Expenditures required under this chapter are the responsibility of the federal government or the state of North Dakota.

~~2.~~ ~~Each county shall reimburse the department of human services the amount required to be appropriated under subsection 3 of section 50-03-08.~~

SECTION 9. AMENDMENT. Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

   a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

   b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

   c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill

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rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

e. If the base year is a taxable year before 2016, reduced by the amount of the savings from the reduction in the county's social service funding responsibility derived from transferring the county social service costs to the department of human services under subsection 2 of section 11-23-01 as calculated for the budget year and adjusted for the percentage salary and benefits increase provided by legislative appropriations for state employees for the taxable year.

SECTION 10. AMENDMENT. Subsection 34 of section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

34. Counties levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the limitation as determined under section 11-23-01.

SECTION 11. REPEAL. Sections 50-03-09, 50-06.2-05.1, and 50-09-21.1 of the North Dakota Century Code are repealed.

~~**SECTION 12. SOCIAL SERVICES FINANCING COMMISSION - MEMBERSHIP - REPORT TO GOVERNOR AND LEGISLATIVE MANAGEMENT.**~~

~~1. The department of human services shall establish a social services financing commission consisting of the following voting members:~~

~~a. The governor, or the governor's designee;~~

~~b. The tax commissioner, or the commissioner's designee;~~

~~c. Two members representing elected county officials identified in section 11-10-02 as selected by the North Dakota association of counties;~~

~~d. The following six members of the sixty-fourth legislative assembly: the chairman of the senate standing committee responsible for hearing issues related to human services during the sixty-fourth legislative assembly, the chairman of the~~

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~~house of representatives standing committee responsible for hearing issues related to human services during the sixty-fourth legislative assembly, the chairman of the senate subcommittee on appropriations responsible for the department of human services budget during the sixty-fourth legislative assembly or designee, the chairman of the subcommittee of the house committee on appropriations responsible for the department of human services budget during the sixty-fourth legislative assembly, one member of the senate who served during the sixty-fourth legislative assembly appointed by the senate minority leader, and one member of the house who served during the sixty-fourth legislative assembly appointed by the house minority leader;~~

~~e. The director of the department of human services or the director's designee; and~~

~~f. The chief financial officer of the department of human services.~~

~~2. The social services financing commission includes the following nonvoting members:~~

~~a. Two county social service directors, selected by the North Dakota county social service association; and~~

~~b. One member representing the North Dakota association of counties.~~

~~3. The governor or the governor's designee shall serve as chairman of the commission. The commission shall assist in the development of a transition plan for transferring the cost of operating social service programs from county property tax levies to state general fund appropriations. The commission shall develop a report to be provided to the governor and legislative management by October 1, 2016. The report must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, a plan to require a property tax reduction for the amount of budgeted savings brought about by the transfer of county social services costs to the state, a plan resulting in the elimination of the county social services levy under section 50-06.2-05, and proposed legislation to implement recommended changes.~~

SECTION 12. SOCIAL SERVICES FINANCING - LEGISLATIVE MANAGEMENT STUDY.

1. During the 2015-16 interim, the legislative management shall study the feasibility and desirability of developing a proposal and options for transferring the cost of operating social service programs from county property tax levies to state general fund appropriations, the tax ramifications of the transfer, and the cost and benefits of the

transfer to the state and the state's citizens. If developed, the proposal and options may include a timeline for the major milestones of a transition plan, considerations for a transition, estimated costs, the property tax reduction for the amount of budgeted savings brought about by a transfer of county social services costs to the state, and the elimination of the county social services levy under section 50-06.2-05. The study may include input from counties and affected executive branch agencies.

2. The legislative management shall assign the study to an interim committee that studies taxation issues.

3. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly.

SECTION 13. EFFECTIVE DATE. ~~Sections~~Section 6 of this Act becomes effective immediately upon its filing with the secretary of state, section 1~~,~~ of this Act becomes effective on August 1, 2015, and sections 2, 3, 4, 5, 7, 8, ~~and~~ 9, 10, and 11 are effective for taxable years beginning after December 31, 2015.

~~**SECTION 14. EXPIRATION DATE.** Section 10 of this Act effective through July 31, 2017, and after that date is ineffective.~~

SECTION 14. EMERGENCY. Section 6 of this Act is declared to be an emergency measure.

County Funding of Social Services - CY2015

NOTE: All Revenues Expressed in Mills

	Dedicated Human Service Levies[1]	Countywide Benefit Levies[2]	General Fund Revenues[3]	Funds from Reserves[4]	Total Mills	Total Dollars
Cass	18.26	-	-	0.95	19.21	11,409,281
Burleigh	13.39	0.89	-	0.11	14.39	5,598,884
Williams	20.00	-	-	-	20.00	5,491,542
Stark	19.69	-	-	-	19.69	3,256,764
Morton	20.75	3.31	1.45	-	25.51	2,866,511
Ramsey	32.43	-	2.92	5.45	40.80	1,940,154
Richland	14.93	-	1.70	0.92	17.55	1,356,247
Wells	24.28	-	-	-	24.28	850,905
Cavalier	20.00	-	-	-	20.00	834,769
McHenry	17.41	1.72	1.88	1.84	22.85	828,808
Divide	16.50	5.42	0.10	0.54	22.56	711,971
Pierce	19.74	-	0.40	-	20.15	545,844
Bowman	12.33	-	3.68	3.69	19.70	534,127
Ransom	9.59	2.92	3.89	-	16.40	519,048
Rolette	27.88	-	0.64	-	28.53	508,562

1. Contains a combination of Dedicated Human Service Levies #1220, #1222 & #1207.
2. Contains a combination of the OASIS/Soc. Ser. (#1211) and Comp. Health Ins (#1261) Levies
3. Includes in-lieu of tax, state aid, energy taxes, as well as general fund property tax levies
4. Combines reserves used from dedicated human services funds as well as general undesignated reserves

Attach #2
SB 2206
04/21/2015
J# 26332

attach#1
SB 2206
04/22/2015
J#26349

Sixty-fourth
Legislative Assembly
of North Dakota

FIRST ENGROSSMENT

ENGROSSED SENATE BILL NO. 2206

Introduced by

Senators Dever, J. Lee, Murphy

Representatives Holman, Owens, Weisz

A BILL for an Act to create and enact sections 50-06-05.8 and 50-06-20.1 of the North Dakota Century Code, relating to the department of human services assuming certain costs of certain social service programs and to the establishment of a human services grant program; to amend and reenact sections 11-23-01, 50-01.2-00.1, 50-03-08, 50-06-20, 50-09-27, and 50-24.1-14, subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7 of the North Dakota Century Code, relating to county social service board budgets and programs funded at state expense and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense; to repeal sections 50-03-09, 50-06.2-05.1, and 50-09-21.1 of the North Dakota Century Code, relating to the county's share of medical assistance for therapeutic foster care, service payments to the elderly and disabled, and the county share of foster care costs; to ~~establish a social services financing commission~~provide for a legislative management study; to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 11-23-01 of the North Dakota Century Code is amended and reenacted as follows:

11-23-01. Officers required to furnish commissioners with departmental budget.

1. Every officer in charge of any institution, office, or undertaking supported wholly or in part by the county shall file with the board of county commissioners a departmental budget that is prescribed by the state auditor. The departmental budget must include an itemized statement of the estimated amount of money that will be required for the maintenance, operation, or improvement of the institution, office, or undertaking for the ensuing year. The board of county commissioners may require additional information to clarify the departmental budget.

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2. a. The departmental budget submitted by the county social service board ~~beginning~~ in 2015 for the 2016 budget ~~and continuing for succeeding years must identify~~may not exceed an amount determined using the departmental budget submitted in 2014 by the county social service board as a starting point, subtracting the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services ,and applying to the resulting amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015. For purposes of this subdivision, the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services includes the following:

(1) Foster care and subsidized adoption costs ~~incurred~~that would have been paid by the county after December 31, 2015;

(2) The county's share of grant costs for medical assistance in the form of payments for care furnished to recipients of therapeutic foster care services ~~incurred~~which would have been paid by the county after December 31, 2015;

(3) The county's share of the costs for service payments to the elderly and disabled ~~incurred~~which would have been paid by the county after December 15, 2015;

(4) The county's share of salary and benefits for family preservation services pursuant to section 50-06-05.8 ~~incurred~~which would have been paid by the county after December 31, 2015;

(5) The county's share of the cost of the electronic benefits transfers for the supplemental nutrition assistance program ~~incurred~~which would have been paid by the county after December 31, 2015; and

(6) The computer processing costs ~~incurred~~which would have been paid by the county after December 31, 2015, which exceed the county's costs of operation of the technical eligibility computer system in calendar year 1995

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increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996.

b. The departmental budget submitted by the county social service board in 2016 for the 2017 budget may not exceed an amount determined using the 2015 departmental budget as a starting point and applying to that amount the percentage salary and benefits increase provided by legislative appropriations for state employees for 2016.

c. The budget must include a statement identifying the total savings to the county as shown by a reduction in the amounts that otherwise would have been paid by the county to the department of human services for the costs identified in subdivision a. The department of human services shall determine the appropriate amount of what each county's costs would have been to help identify each county's total savings. ~~The amount reported must equal the full amount budgeted for these costs in the budget submitted by the county social service board and approved by the board of county commissioners in 2014. The full amount of the savings calculated for each year must be deducted from the county's mill levy calculation beginning in 2016 and continuing in each succeeding year. Each board of county commissioners shall report to the office of the tax commissioner the property tax reduction this action provided to property taxpayers in the board's county.~~

The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source to supplement the human services budget, with the exception that the county may make use of the identifiable share of other sources the county has used to supplement its human services budget within the previous two budget years and the county may use grant funds that may be available to the county under section 50-06-20.1.

d. The department of human services shall develop a process to review a request from a county social service board for any proposed increase in staff needed as a result of significantly increased caseloads for state-funded human services programs, if the increase in staff would result in the county exceeding the budget

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limitation established under this subsection. As part of its review process, the department shall review countywide caseload information and consider the option of multicounty sharing of staff. If the department approves a request for a proposed increase in staff, the county budget limitation established under subdivision b may be increased by the amount determined necessary by the department to fund the approved additional staff.

SECTION 2. AMENDMENT. Section 50-01.2-00.1 of the North Dakota Century Code is amended and reenacted as follows:

50-01.2-00.1. Definitions.

In this chapter, unless the context otherwise requires:

1. "Department" means the department of human services.
2. "Local expenses of administration" includes costs for personnel, space, equipment, computer software, materials, travel, utilities, and related costs, and the indirect costs properly allocated to those costs. The term does not include initial acquisition of computers and related hardware approved by the department for the temporary assistance for needy families program, custom computer programs, custom software development, computer operations undertaken at the direction of the department, and computer processing costs ~~to the extent those costs exceed, in any calendar year, that county's costs of operation of the technical eligibility computer system in calendar year 1995 increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996,~~ or, unless agreed to by the county social service board, any costs related to pilot programs before the programs are implemented on a statewide basis.
3. "Locally administered economic assistance programs" means those primary economic assistance programs that need to be accessible to all citizens of the state through a county social service office and include:
   a. Temporary assistance for needy families;
   b. Employment and training programs;
   c. Child care assistance programs;
   d. Medical assistance, including early periodic screening, diagnosis, and treatment;

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e. Supplemental nutrition assistance programs, including employment and training programs;

f. Refugee assistance programs;

g. Basic care services;

h. Energy assistance programs; and

i. Information and referral.

SECTION 3. AMENDMENT. Section 50-03-08 of the North Dakota Century Code is amended and reenacted as follows:

50-03-08. Appropriation for county social service board administration ~~and~~of locally administered economic assistance programs.

The board of county commissioners of each county annually shall appropriate and make available to the human services fund an amount sufficient to pay~~:~~

~~1.~~ ~~The~~ the local expenses of administration of locally administered economic assistance programs~~;~~

~~2. That county's share of fifteen percent of the amount expended in this state, in excess of the amount provided by the federal government, for medical assistance in the form of payments for care furnished to recipients of therapeutic foster care services; and~~

~~3. That county's share of the cost of other family preservation services, including intensive in-home services, provided under title VI-B, subpart 2, of the Social Security Act [Pub. L. 103-66, title XIII, 13711(a)(2); 107 Stat. 649 et seq.; 42 U.S.C. 629 et seq.], as amended, as may be agreed to by the department and the county social service board~~.

SECTION 4. Section 50-06-05.8 of the North Dakota Century Code is created and enacted as follows:

50-06-05.8. Department to assume certain costs of certain social service programs.

Notwithstanding section 50-06.2-05, or any other provision in title 50 to the contrary, and in addition to the programs identified in section 50-06-20, the department of human services shall pay the local expenses of administration incurred by a county after December 31, 2015, for family preservation programs; a county's share of the cost of the electronic benefits transfers for the supplemental nutrition assistance program incurred after December 31, 2015; and the computer processing costs incurred by the county after December 31, 2015, which exceed the

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county's costs of operation of the technical eligibility computer system in calendar year 1995 increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996.

SECTION 5. AMENDMENT. Section 50-06-20 of the North Dakota Century Code is amended and reenacted as follows:

50-06-20. Programs funded at state expense - Interpretation.

1. The state shall bear the cost, in excess of the amount provided by the federal government, of:
   a. ~~Except as~~As provided in section 50-24.1-14, medical assistance services provided under chapter 50-24.1;
   b. ~~Benefits~~Energy assistance program benefits provided under subsection 19 of section 50-06-05.1;
   c. Supplements provided under chapter 50-24.5 as basic care services;
   d. ~~Services provided under chapter 50-09 as child care assistance;~~
   ~~e.~~ ~~Services provided under chapter 50-09 as employment and training programs~~Services, programs, and costs listed in section 50-09-27;
   ~~f.~~e. Welfare fraud detection programs;
   ~~g.~~ ~~Temporary assistance for needy families;~~ and
   ~~h.~~f. Special projects approved by the department and agreed to by any affected county social service board.
2. The state shall bear the costs of amounts expended for service payments to the elderly and disabled.
3. This section does not grant any recipient of services, benefits, or supplements identified in subsection 1, any service, benefit, or supplement that a recipient could not claim in the absence of this section.

SECTION 6. Section 50-06-20.1 of the North Dakota Century Code is created and enacted as follows:

50-06-20.1. Human services grant program - Eligible counties - Reports.

1. If the authority for counties to use emergency expenditures to address an emergency created by unusual and unanticipated demands on the counties' human services fund under chapter 50-03 is eliminated, the department shall establish a grant program to

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assist certain counties. An eligible county is one that historically has utilized the emergency expenditures process set forth in chapter 50-03 and which is adjacent to or part of an Indian reservation in this state, which contains Indian trust lands within the service area of a federally recognized Indian tribe which are occupied by enrolled members of that tribe, or which includes the state hospital created pursuant to subsection 8 of section 12 of article IX of the Constitution of North Dakota.

2. The grant program established in this section is not subject to rulemaking under chapter 28-32. The department shall develop policies and procedures for the disbursement of grants and may not award more than one million nine hundred thousand dollars during the first year of a biennium, and no more than two million dollars during the second year of a biennium. The department shall notify a county of its approved funding no later than September first of each year of the biennium. The department shall issue an annual payment to counties receiving funds under this chapter in January of each year of the biennium.

3. The department shall report to the budget section annually and to the appropriations committees of the sixty-fifth legislative assembly and each succeeding legislative assembly on the funding approved under this section.

SECTION 7. AMENDMENT. Section 50-09-27 of the North Dakota Century Code is amended and reenacted as follows:

50-09-27. Programs funded at state expense - Interpretation.

1. The state shall bear the cost, in excess of the amount provided by the federal government, of:

   a. Services provided under ~~section 50-06-06.8 and~~ this chapter as child care assistance;

   b. Services provided under this chapter as employment and training programs; ~~and~~

   c. Temporary assistance for needy families benefits provided under this chapter~~.~~; and

   d. Foster care and subsidized adoption costs under this chapter.

2. This section does not grant any recipient of services, benefits, or supplements identified in subsection 1, any service, benefit, or supplement that a recipient could not claim in the absence of this section.

SECTION 8. AMENDMENT. Section 50-24.1-14 of the North Dakota Century Code is amended and reenacted as follows:

50-24.1-14. Responsibility for expenditures ~~- Exceptions~~.

~~1.~~ ~~Except as otherwise specifically provided in subsection 2 and section 50-03-08, expenditures~~Expenditures required under this chapter are the responsibility of the federal government or the state of North Dakota.

~~2.~~ ~~Each county shall reimburse the department of human services the amount required to be appropriated under subsection 3 of section 50-03-08.~~

SECTION 9. AMENDMENT. Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:
   a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.
   b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.
   c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

1.9

d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

e. If the base year is a taxable year before 2016, the base year human services county levy in dollars must be reduced to the amount of the county social service board budget levy for the budget year as determined under section 11-23-01.

SECTION 10. AMENDMENT. Subsection 34 of section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

34. Counties levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the number of mills determined by dividing the county budget limitation in dollars as determined under section 11-23-01 by the taxable valuation of the county.

SECTION 11. REPEAL. Sections 50-03-09, 50-06.2-05.1, and 50-09-21.1 of the North Dakota Century Code are repealed.

~~**SECTION 12. SOCIAL SERVICES FINANCING COMMISSION - MEMBERSHIP - REPORT TO GOVERNOR AND LEGISLATIVE MANAGEMENT.**~~

~~1. The department of human services shall establish a social services financing commission consisting of the following voting members:~~

~~a. The governor, or the governor's designee;~~

~~b. The tax commissioner, or the commissioner's designee;~~

~~c. Two members representing elected county officials identified in section 11-10-02 as selected by the North Dakota association of counties;~~

~~d. The following six members of the sixty-fourth legislative assembly: the chairman of the senate standing committee responsible for hearing issues related to human services during the sixty-fourth legislative assembly, the chairman of the house of representatives standing committee responsible for hearing issues related to human services during the sixty-fourth legislative assembly, the chairman of the senate subcommittee on appropriations responsible for the department of human services budget during the sixty-fourth legislative assembly~~

1.10

~~or designee, the chairman of the subcommittee of the house committee on appropriations responsible for the department of human services budget during the sixty-fourth legislative assembly, one member of the senate who served during the sixty-fourth legislative assembly appointed by the senate minority leader, and one member of the house who served during the sixty-fourth legislative assembly appointed by the house minority leader;~~

~~e. The director of the department of human services or the director's designee; and~~

~~f. The chief financial officer of the department of human services.~~

~~2. The social services financing commission includes the following nonvoting members:~~

~~a. Two county social service directors, selected by the North Dakota county social service association; and~~

~~b. One member representing the North Dakota association of counties.~~

~~3. The governor or the governor's designee shall serve as chairman of the commission. The commission shall assist in the development of a transition plan for transferring the cost of operating social service programs from county property tax levies to state general fund appropriations. The commission shall develop a report to be provided to the governor and legislative management by October 1, 2016. The report must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, a plan to require a property tax reduction for the amount of budgeted savings brought about by the transfer of county social services costs to the state, a plan resulting in the elimination of the county social services levy under section 50-06.2-05, and proposed legislation to implement recommended changes.~~

SECTION 12. SOCIAL SERVICES FINANCING - LEGISLATIVE MANAGEMENT STUDY.

1. During the 2015-16 interim, the legislative management shall study the feasibility and desirability of developing a proposal and options for transferring the cost of operating social service programs from county property tax levies to state general fund appropriations, the tax ramifications of the transfer, and the cost and benefits of the transfer to the state and the state's citizens. If developed, the proposal and options may include a timeline for the major milestones of a transition plan, considerations for a transition, estimated costs, the property tax reduction for the amount of budgeted savings brought about by a transfer of county social services costs to the state, and

1.11

the elimination of the county social services levy under section 50-06.2-05. The study may include input from counties and affected executive branch agencies.

2. The legislative management shall assign the study to an interim committee that studies taxation issues.

3. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly.

SECTION 13. EFFECTIVE DATE. ~~Sections~~Section 6 of this Act becomes effective immediately upon its filing with the secretary of state, section 1~~,~~ of this Act becomes effective on August 1, 2015, and sections 2, 3, 4, 5, 7, 8, ~~and~~ 9, 10, and 11 are effective for taxable years beginning after December 31, 2015.

~~**SECTION 14. EXPIRATION DATE.** Section 10 of this Act effective through July 31, 2017, and after that date is ineffective.~~

SECTION 14. EMERGENCY. Section 6 of this Act is declared to be an emergency measure.

1.12

15.0560.02014
Title.

Prepared by the Legislative Council staff for
Representative Weisz
April 22, 2015

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2206

Page 1, line 4, after "50-24.1-14" insert ", subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7"

Page 1, line 6, after "expense" insert "and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense"

Page 1, line 9, replace "establish a social services financing commission" with "provide for a legislative management study"

Page 1, line 22, remove "beginning"

Page 1, line 23, replace "and continuing for succeeding years must identify" with "may not exceed an amount determined using the departmental budget submitted in 2014 by the county social service board as a starting point, subtracting"

Page 2, line 2, after "services" insert ", and applying to the resulting amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015. For purposes of this subdivision, the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services includes the following"

Page 2, line 3, replace "incurred" with "that would have been paid"

Page 2, line 7, replace "incurred" with "which would have been paid by the county

Page 2, line 9, replace "incurred" with "which would have been paid by the county

Page 2, line 11, replace "incurred" with "which would have been paid by the county"

Page 2, line 13, replace "incurred" with "which would have been paid by the county"

Page 2, line 15, replace "incurred" with "which would have been paid by the county"

Page 2, line 20, after "b." insert "The departmental budget submitted by the county social service board in 2016 for the 2017 budget may not exceed an amount determined using the 2015 departmental budget as a starting point and applying to that amount the percentage salary and benefits increase provided by legislative appropriations for state employees for 2016.

c."

Page 2, line 21, after "paid" insert "by the county"

Page 2, line 22, after the first "department" insert "of human services"

Page 2, line 22, after the second "department" insert "of human services"

Page 2, line 24, remove "The amount reported must equal the"

Page 2, replace lines 25 through 31 with:

1.13

"The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source to supplement the human services budget, with the exception that the county may make use of the identifiable share of other sources the county has used to supplement its human services budget within the previous two budget years and the county may use grant funds that may be available to the county under section 50-06-20.1.

d. The department of human services shall develop a process to review a request from a county social service board for any proposed increase in staff needed as a result of significantly increased caseloads for state-funded human services programs, if the increase in staff would result in the county exceeding the budget limitation established under this subsection. As part of its review process, the department shall review countywide caseload information and consider the option of multicounty sharing of staff. If the department approves a request for a proposed increase in staff, the county budget limitation established under subdivision b may be increased by the amount determined necessary by the department to fund the approved additional staff."

Page 7, after line 6, insert:

"**SECTION 9. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

   a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

   b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

   c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

   d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying

1.14

the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

e. If the base year is a taxable year before 2016, the base year human services county levy in dollars must be reduced to the amount of the county social service board budget levy for the budget year as determined under section 11-23-01.

SECTION 10. AMENDMENT. Subsection 34 of section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

34. Counties levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the number of mills determined by dividing the county budget limitation in dollars as determined under section 11-23-01 by the taxable valuation of the county."

Page 7, remove lines 9 through 31

Page 8, replace lines 1 through 14 with:

"SECTION 12. SOCIAL SERVICES FINANCING - LEGISLATIVE MANAGEMENT STUDY.

1. During the 2015-16 interim, the legislative management shall study the feasibility and desirability of developing a proposal and options for transferring the cost of operating social service programs from county property tax levies to state general fund appropriations, the tax ramifications of the transfer, and the cost and benefits of the transfer to the state and the state's citizens. If developed, the proposal and options may include a timeline for the major milestones of a transition plan, considerations for a transition, estimated costs, the property tax reduction for the amount of budgeted savings brought about by a transfer of county social services costs to the state, and the elimination of the county social services levy under section 50-06.2-05. The study may include input from counties and affected executive branch agencies.

2. The legislative management shall assign the study to an interim committee that studies taxation issues.

3. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Page 8, line 15, replace "Sections" with "Section 6 of this Act becomes effective immediately upon its filing with the secretary of state, section"

Page 8, line 15, replace the comma with " of this Act becomes effective on August 1, 2015, and sections"

Page 8, line 15, remove "and"

Page 8, line 15, after "9" insert ", 10, and 11"

1.15

Page 8, remove lines 17 and 18

Renumber accordingly

Attach #1
SB 2206
04/22/2015
J# 26369

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2206

That the House recede from its amendments printed on page 1504 of the Senate Journal and pages 1311-1313 and pages 1658-1659 of the House Journal and that Engrossed Senate Bill No. 2206 be amended as follows:

Page 1, line 9, after "a" insert "legislative management"

Page 1, line 9, review "commission" with "committee"

Page 7, remove lines 9 through 31

Page 8, replace lines 1 through 14 with:

"SECTION 10. LEGISLATIVE MANAGEMENT INTERIM COUNTY SOCIAL SERVICE FINANCE COMMITTEE – WORK GROUP ESTABLISHED.

1. During the 2015-16 interim, the chairman of the legislative management shall appoint an interim county social service finance committee to develop a transition plan for potentially transferring the costs of operating social services programs from county property tax levies to state general fund appropriations. The membership of the committee must include the chairmen of the house finance and taxation committee and the house human services committee or their designees, and the chairmen of the senate finance and taxation committee and senate human services committee or their designees. The director of the department of human services shall serve as a nonvoting member of the committee. The chairman of the legislative management may appoint additional members of the legislative assembly as the chairman determines appropriate. The chairman of the house human services committee shall chair the interim county social service finance committee and the chairman of the senate human services committee shall serve as vice-chairman of the interim county social service finance committee. The four designated members from the legislative assembly shall serve as legislative liaisons to the work group created under this section.
2. a. A work group to the committee is established which consists of the following voting members:
    1) The director of the department of human services or the director's designee;
    2) The chief financial officer of the department of human services;
    3) Two members representing elected county officials identified in section 11-10-02 as selected by the North Dakota association of counties;

4) The tax commissioner, or the commissioner's designee;
5) The director of the office of management and budget or the director's designee;
6) Two county social service directors, selected by the North Dakota county social service association; and
7) One member representing the North Dakota association of counties.

b. The director of the department of human services shall serve as the chairman of the work group. The work group shall make recommendations to and seek direction from the interim county social service finance committee for the potential development of a transition plan for transferring the cost of operating social service programs from county property tax levies to state general fund appropriations. The work group shall report at each meeting of the interim county social service finance committee during the 2015-2016 interim on the progress of the plan and to receive direction from the committee in the development of the plan. A proposed transition plan must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, a plan to require a property tax reduction for the amount of the budgeted savings brought about by the transfer of county social services costs to the state, a plan resulting in the elimination of the county social services levy under section 50-06.2-05, and potential legislation to implement recommended changes.

3. The committee shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the legislative management, which shall report the findings and recommendations to the sixty-fifth legislative assembly."

Renumber accordingly

15.0560.02017
Title.

Prepared by the Legislative Council

April 25, 2015

Attach#1
04/27/2015
SB 2206
26426

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2206

That the House recede from its amendments as printed on page 1504 of the Senate Journal and pages 1311-1313 and pages 1658 and 1659 of the House Journal and that Engrossed Senate Bill No. 2206 be amended as follows:

Page 1, line 4, after "50-24.1-14" insert ", subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7"

Page 1, line 6, after "expense" insert "and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense"

Page 1, line 9, replace "establish a social services financing commission" with "provide for a legislative management study"

Page 1, line 9, remove "to provide an"

Page 1, line 10, remove "expiration date;"

Page 1, line 22, remove "beginning"

Page 1, line 23, replace "and continuing for succeeding years must identify" with "may not exceed an amount determined using the departmental budget submitted in 2014 by the county social service board as a starting point, subtracting"

Page 1, line 24, after "responsibility" insert "for 2014"

Page 2, line 2, after "services" insert ", and applying to the resulting amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015. For purposes of this subdivision, the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services includes the following"

Page 2, line 3, replace "incurred" with "that would have been paid"

Page 2, line 7, replace "incurred" with "which would have been paid by the county

Page 2, line 9, replace "incurred" with "which would have been paid by the county

Page 2, line 11, replace "incurred" with "which would have been paid by the county"

Page 2, line 13, replace "incurred" with "which would have been paid by the county"

Page 2, line 15, replace "incurred" with "which would have been paid by the county"

Page 2, line 20, after "b." insert "The departmental budget submitted by the county social service board in 2016 for the 2017 budget may not exceed an amount determined using the 2015 departmental budget as a starting point and applying to that amount the percentage salary and benefits increase provided by legislative appropriations for state employees for 2016.

c."

1.2

Page 2, line 21, after "paid" insert "by the county"

Page 2, line 22, after the first "department" insert "of human services"

Page 2, line 22, after the second "department" insert "of human services"

Page 2, line 24, remove "The amount reported must equal the"

Page 2, replace lines 25 through 31 with:

"The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source to supplement the human services budget, with the exception that the county may make use of the identifiable amount of other sources the county has used to supplement its human services budget for 2015 and the county may use grant funds that may be available to the county under section 50-06-20.1.

d. The department of human services shall develop a process to review a request from a county social service board for any proposed increase in staff needed as a result of significantly increased caseloads for state-funded human services programs, if the increase in staff would result in the county exceeding the budget limitation established under this subsection. As part of its review process, the department shall review countywide caseload information and consider the option of multicounty sharing of staff. If the department approves a request for a proposed increase in staff, the county budget limitation established under subdivision b may be increased by the amount determined necessary by the department to fund the approved additional staff."

Page 7, after line 6, insert:

"**SECTION 9. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

   a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

   b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

e. If the base year is a taxable year before 2016, the base year human services county levy in dollars must be reduced to the amount of the county social service board budget levy for the budget year as determined under section 11-23-01.

SECTION 10. AMENDMENT. Subsection 34 of section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

34. Counties levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the number of mills determined by dividing the county budget limitation in dollars as determined under section 11-23-01 by the taxable valuation of the county."

Page 7, remove lines 9 through 31

Page 8, replace lines 1 through 14 with:

"SECTION 12. LEGISLATIVE MANAGEMENT STUDY - INTERIM COUNTY SOCIAL SERVICES FINANCE COMMITTEE - WORKING GROUP.

1. During the 2015-16 interim, the chairman of the legislative management shall appoint the legislative management interim county social services finance committee to develop a transition plan for potentially transferring the costs of operating social services programs from county property tax levies to state general fund appropriations. The director of the department of human services shall serve as a nonvoting member of the committee.

2. A county social services finance working group is established, with the following voting members:

a. The director of the department of human services or the director's designee;

b. The chief financial officer of the department of humans services;

c. Two members representing elected county officials identified in section 11-10-02 as selected by the North Dakota association of counties;

d. The tax commissioner or the commissioner's designee;

1.4

e. The director of the office of management and budget or the director's designee;

f. Two county social services directors selected by the North Dakota county social services directors association; and

g. One member representing the North Dakota association of counties.

3. The director of the department of human services shall serve as the chairman of the working group and the legislative management interim county social services finance committee may designate committee members to serve as legislative liaisons to the working group. During the 2015-16 interim, the working group shall make recommendations to and seek direction from the county social services finance committee in assisting the committee with the committee's study charge. At each meeting of the committee, the working group shall report on the progress of the working group's activities and receive direction from the committee on the working group's study charge.

4. Under this section, a proposed transition plan must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, a plan to require a property tax reduction for the amount of the budgeted savings brought about by the transfer of county social services costs to the state, a plan resulting in the elimination of the county social services levy under section 50-06.2-05, and potential legislation to implement recommended changes.

5. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Page 8, line 15, remove "2, 3, 4, 5, 7, 8, and"

Page 8, line 15, after "9" insert ", and 10 of this Act become effective on August 1, 2015. Sections 2, 3, 4, 5, 7, 8, and 11 of this Act"

Page 8, remove lines 17 and 18

Renumber accordingly

Prepared by the Legislative Council staff for
Representative Carlson
April 27, 2015

attach#2
04/27/2015
SB 2206
26426

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2206

That the House recede from its amendments as printed on page 1504 of the Senate Journal and pages 1311-1313 and pages 1658 and 1659 of the House Journal and that Engrossed Senate Bill No. 2206 be amended as follows:

Page 1, line 4, after "50-24.1-14" insert ", subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7"

Page 1, line 6, after "expense" insert "and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense"

Page 1, line 9, replace "establish a social services financing commission" with "provide for a legislative management study"

Page 1, line 9, remove "to provide an"

Page 1, line 10, remove "expiration date;"

Page 1, line 22, remove "beginning"

Page 1, line 23, replace "and continuing for succeeding years must identify" with "may not exceed an amount determined using the departmental budget submitted in 2014 by the county social service board as a starting point, subtracting"

Page 1, line 24, after "responsibility" insert "for 2014"

Page 2, line 2, after "services" insert ", and applying to the resulting amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015. For purposes of this subdivision, the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services includes the following"

Page 2, line 3, replace "incurred" with "that would have been paid"

Page 2, line 7, replace "incurred" with "which would have been paid by the county"

Page 2, line 9, replace "incurred" with "which would have been paid by the county"

Page 2, line 11, replace "incurred" with "which would have been paid by the county"

Page 2, line 13, replace "incurred" with "which would have been paid by the county"

Page 2, line 15, replace "incurred" with "which would have been paid by the county"

Page 2, line 20, after "b." insert "The departmental budget submitted by the county social service board in 2016 for the 2017 budget may not exceed an amount determined using the 2015 departmental budget as a starting point and applying to that amount the percentage salary and benefits increase provided by legislative appropriations for state employees for 2016.

c."

22

Page 2, line 21, after "paid" insert "by the county"

Page 2, line 22, after the first "department" insert "of human services"

Page 2, line 22, after the second "department" insert "of human services"

Page 2, line 24, remove "The amount reported must equal the"

Page 2, replace lines 25 through 31 with:

"The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source to supplement the human services budget, with the exception that the county may make use of the identifiable amount of other sources the county has used to supplement its human services budget for 2015 and the county may use grant funds that may be available to the county under section 50-06-20.1.

d. The department of human services shall develop a process to review a request from a county social service board for any proposed increase in staff needed as a result of significantly increased caseloads for state-funded human services programs, if the increase in staff would result in the county exceeding the budget limitation established under this subsection. As part of its review process, the department shall review countywide caseload information and consider the option of multicounty sharing of staff. If the department approves a request for a proposed increase in staff, the county budget limitation established under subdivision b may be increased by the amount determined necessary by the department to fund the approved additional staff."

Page 7, after line 6, insert:

"**SECTION 9. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

   a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

   b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

e. If the base year is a taxable year before 2016, the base year human services county levy in dollars must be reduced to the amount of the county social service board budget levy for the budget year as determined under section 11-23-01.

SECTION 10. AMENDMENT. Subsection 34 of section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

34. Counties levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the number of mills determined by dividing the county budget limitation in dollars as determined under section 11-23-01 by the taxable valuation of the county."

Page 7, remove lines 9 through 31

Page 8, replace lines 1 through 14 with:

"SECTION 12. LEGISLATIVE MANAGEMENT STUDY - SOCIAL SERVICE PROGRAM OPERATIONS TRANSITION.

1. During the 2015-16 interim, the legislative management shall conduct a study to develop a proposed transition plan for transferring the costs of operating social services programs from county property tax levies to state general fund appropriations.

2. At any meetings held in furtherance of this study, the legislative management may invite, as nonvoting members, any of the following to participate in this study:

a. The director of the department of human services or designee;

b. The chief financial officer of the department of humans services;

c. Two members representing elected county officials identified in section 11-10-02 as selected by the North Dakota association of counties;

d. The tax commissioner or designee;

e. The director of the office of management and budget or designee;

2.4

f. Two county social services directors selected by the North Dakota county social services directors association; and

g. One member representing the North Dakota association of counties.

3. The proposed transition plan must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, a plan to require a property tax reduction for the amount of the budgeted savings brought about by the transfer of county social services costs to the state, and a plan resulting in the elimination of the county social services levy under section 50-06.2-05. The study must include consideration of the feasibility and desirability of implementing the proposed transition plan.

4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Page 8, line 15, remove "2, 3, 4, 5, 7, 8, and"

Page 8, line 15, after "9" insert ", and 10 of this Act become effective on August 1, 2015. Sections 2, 3, 4, 5, 7, 8, and 11 of this Act"

Page 8, remove lines 17 and 18

Renumber accordingly

15.0560.02019 **FIRST ENGROSSMENT** 2.5

Sixty-fourth Legislative Assembly of North Dakota

ENGROSSED SENATE BILL NO. 2206

Introduced by

Senators Dever, J. Lee, Murphy

Representatives Holman, Owens, Weisz

A BILL for an Act to create and enact sections 50-06-05.8 and 50-06-20.1 of the North Dakota Century Code, relating to the department of human services assuming certain costs of certain social service programs and to the establishment of a human services grant program; to amend and reenact sections 11-23-01, 50-01.2-00.1, 50-03-08, 50-06-20, 50-09-27, and 50-24.1-14, subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7 of the North Dakota Century Code, relating to county social service board budgets and programs funded at state expense and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense; to repeal sections 50-03-09, 50-06.2-05.1, and 50-09-21.1 of the North Dakota Century Code, relating to the county's share of medical assistance for therapeutic foster care, service payments to the elderly and disabled, and the county share of foster care costs; to ~~establish a social services financing commission~~provide for a legislative management study; to provide an effective date; ~~to provide an expiration date;~~ and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 11-23-01 of the North Dakota Century Code is amended and reenacted as follows:

11-23-01. Officers required to furnish commissioners with departmental budget.

1. Every officer in charge of any institution, office, or undertaking supported wholly or in part by the county shall file with the board of county commissioners a departmental budget that is prescribed by the state auditor. The departmental budget must include an itemized statement of the estimated amount of money that will be required for the maintenance, operation, or improvement of the institution, office, or undertaking for the ensuing year. The board of county commissioners may require additional information to clarify the departmental budget.

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2. a. The departmental budget submitted by the county social service board ~~beginning~~ in 2015 for the 2016 budget ~~and continuing for succeeding years must identify~~may not exceed an amount determined using the departmental budget submitted in 2014 by the county social service board as a starting point, subtracting the reduction in the county's social service funding responsibility for 2014 derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services, and applying to the resulting amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015. For purposes of this subdivision, the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services includes the following:

(1) Foster care and subsidized adoption costs ~~incurred~~that would have been paid by the county after December 31, 2015;

(2) The county's share of grant costs for medical assistance in the form of payments for care furnished to recipients of therapeutic foster care services ~~incurred~~which would have been paid by the county after December 31, 2015;

(3) The county's share of the costs for service payments to the elderly and disabled ~~incurred~~which would have been paid by the county after December 15, 2015;

(4) The county's share of salary and benefits for family preservation services pursuant to section 50-06-05.8 ~~incurred~~which would have been paid by the county after December 31, 2015;

(5) The county's share of the cost of the electronic benefits transfers for the supplemental nutrition assistance program ~~incurred~~which would have been paid by the county after December 31, 2015; and

(6) The computer processing costs ~~incurred~~which would have been paid by the county after December 31, 2015, which exceed the county's costs of operation of the technical eligibility computer system in calendar year 1995

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increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996.

b. The departmental budget submitted by the county social service board in 2016 for the 2017 budget may not exceed an amount determined using the 2015 departmental budget as a starting point and applying to that amount the percentage salary and benefits increase provided by legislative appropriations for state employees for 2016.

c. The budget must include a statement identifying the total savings to the county as shown by a reduction in the amounts that otherwise would have been paid by the county to the department of human services for the costs identified in subdivision a. The department of human services shall determine the appropriate amount of what each county's costs would have been to help identify each county's total savings. ~~The amount reported must equal the full amount budgeted for these costs in the budget submitted by the county social service board and approved by the board of county commissioners in 2014. The full amount of the savings calculated for each year must be deducted from the county's mill levy calculation beginning in 2016 and continuing in each succeeding year. Each board of county commissioners shall report to the office of the tax commissioner the property tax reduction this action provided to property taxpayers in the board's county.~~

The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source to supplement the human services budget, with the exception that the county may make use of the identifiable amount of other sources the county has used to supplement its human services budget for 2015 and the county may use grant funds that may be available to the county under section 50-06-20.1.

d. The department of human services shall develop a process to review a request from a county social service board for any proposed increase in staff needed as a result of significantly increased caseloads for state-funded human services programs, if the increase in staff would result in the county exceeding the budget

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limitation established under this subsection. As part of its review process, the department shall review countywide caseload information and consider the option of multicounty sharing of staff. If the department approves a request for a proposed increase in staff, the county budget limitation established under subdivision b may be increased by the amount determined necessary by the department to fund the approved additional staff.

SECTION 2. AMENDMENT. Section 50-01.2-00.1 of the North Dakota Century Code is amended and reenacted as follows:

50-01.2-00.1. Definitions.

In this chapter, unless the context otherwise requires:

1. "Department" means the department of human services.
2. "Local expenses of administration" includes costs for personnel, space, equipment, computer software, materials, travel, utilities, and related costs, and the indirect costs properly allocated to those costs. The term does not include initial acquisition of computers and related hardware approved by the department for the temporary assistance for needy families program, custom computer programs, custom software development, computer operations undertaken at the direction of the department, and computer processing costs ~~to the extent those costs exceed, in any calendar year, that county's costs of operation of the technical eligibility computer system in calendar year 1995 increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996,~~ or, unless agreed to by the county social service board, any costs related to pilot programs before the programs are implemented on a statewide basis.
3. "Locally administered economic assistance programs" means those primary economic assistance programs that need to be accessible to all citizens of the state through a county social service office and include:
    a. Temporary assistance for needy families;
    b. Employment and training programs;
    c. Child care assistance programs;
    d. Medical assistance, including early periodic screening, diagnosis, and treatment;

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e. Supplemental nutrition assistance programs, including employment and training programs;

f. Refugee assistance programs;

g. Basic care services;

h. Energy assistance programs; and

i. Information and referral.

SECTION 3. AMENDMENT. Section 50-03-08 of the North Dakota Century Code is amended and reenacted as follows:

50-03-08. Appropriation for county social service board administration ~~and~~<u>of locally administered economic assistance</u> programs.

The board of county commissioners of each county annually shall appropriate and make available to the human services fund an amount sufficient to pay~~:~~

~~1.~~ ~~The~~ <u>the</u> local expenses of administration of locally administered economic assistance programs~~;~~

~~2. That county's share of fifteen percent of the amount expended in this state, in excess of the amount provided by the federal government, for medical assistance in the form of payments for care furnished to recipients of therapeutic foster care services; and~~

~~3. That county's share of the cost of other family preservation services, including intensive in-home services, provided under title VI-B, subpart 2, of the Social Security Act [Pub. L. 103-66, title XIII, 13711(a)(2); 107 Stat. 649 et seq.; 42 U.S.C. 629 et seq.], as amended, as may be agreed to by the department and the county social service board~~.

SECTION 4. Section 50-06-05.8 of the North Dakota Century Code is created and enacted as follows:

<u>**50-06-05.8. Department to assume certain costs of certain social service programs.**</u>

<u>Notwithstanding section 50-06.2-05, or any other provision in title 50 to the contrary, and in addition to the programs identified in section 50-06-20, the department of human services shall pay the local expenses of administration incurred by a county after December 31, 2015, for family preservation programs; a county's share of the cost of the electronic benefits transfers for the supplemental nutrition assistance program incurred after December 31, 2015; and the computer processing costs incurred by the county after December 31, 2015, which exceed the</u>

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county's costs of operation of the technical eligibility computer system in calendar year 1995 increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996.

SECTION 5. AMENDMENT. Section 50-06-20 of the North Dakota Century Code is amended and reenacted as follows:

50-06-20. Programs funded at state expense - Interpretation.

1. The state shall bear the cost, in excess of the amount provided by the federal government, of:
   a. ~~Except as~~As provided in section 50-24.1-14, medical assistance services provided under chapter 50-24.1;
   b. ~~Benefits~~Energy assistance program benefits provided under subsection 19 of section 50-06-05.1;
   c. Supplements provided under chapter 50-24.5 as basic care services;
   d. ~~Services provided under chapter 50-09 as child care assistance;~~
   ~~e.~~ ~~Services provided under chapter 50-09 as employment and training programs~~Services, programs, and costs listed in section 50-09-27;
   ~~f.~~e. Welfare fraud detection programs;
   ~~g.~~ ~~Temporary assistance for needy families;~~ and
   ~~h.~~f. Special projects approved by the department and agreed to by any affected county social service board.
2. The state shall bear the costs of amounts expended for service payments to the elderly and disabled.
3. This section does not grant any recipient of services, benefits, or supplements identified in subsection 1, any service, benefit, or supplement that a recipient could not claim in the absence of this section.

SECTION 6. Section 50-06-20.1 of the North Dakota Century Code is created and enacted as follows:

50-06-20.1. Human services grant program - Eligible counties - Reports.

1. If the authority for counties to use emergency expenditures to address an emergency created by unusual and unanticipated demands on the counties' human services fund under chapter 50-03 is eliminated, the department shall establish a grant program to

2.11

assist certain counties. An eligible county is one that historically has utilized the emergency expenditures process set forth in chapter 50-03 and which is adjacent to or part of an Indian reservation in this state, which contains Indian trust lands within the service area of a federally recognized Indian tribe which are occupied by enrolled members of that tribe, or which includes the state hospital created pursuant to subsection 8 of section 12 of article IX of the Constitution of North Dakota.

2. The grant program established in this section is not subject to rulemaking under chapter 28-32. The department shall develop policies and procedures for the disbursement of grants and may not award more than one million nine hundred thousand dollars during the first year of a biennium, and no more than two million dollars during the second year of a biennium. The department shall notify a county of its approved funding no later than September first of each year of the biennium. The department shall issue an annual payment to counties receiving funds under this chapter in January of each year of the biennium.

3. The department shall report to the budget section annually and to the appropriations committees of the sixty-fifth legislative assembly and each succeeding legislative assembly on the funding approved under this section.

SECTION 7. AMENDMENT. Section 50-09-27 of the North Dakota Century Code is amended and reenacted as follows:

50-09-27. Programs funded at state expense - Interpretation.

1. The state shall bear the cost, in excess of the amount provided by the federal government, of:
   a. Services provided under ~~section 50-06-06.8 and~~ this chapter as child care assistance;
   b. Services provided under this chapter as employment and training programs; ~~and~~
   c. Temporary assistance for needy families benefits provided under this chapter; and
   d. Foster care and subsidized adoption costs under this chapter.
2. This section does not grant any recipient of services, benefits, or supplements identified in subsection 1, any service, benefit, or supplement that a recipient could not claim in the absence of this section.

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SECTION 8. AMENDMENT. Section 50-24.1-14 of the North Dakota Century Code is amended and reenacted as follows:

50-24.1-14. Responsibility for expenditures ~~- Exceptions~~.

~~1.~~ ~~Except as otherwise specifically provided in subsection 2 and section 50-03-08, expenditures~~Expenditures required under this chapter are the responsibility of the federal government or the state of North Dakota.

~~2.~~ ~~Each county shall reimburse the department of human services the amount required to be appropriated under subsection 3 of section 50-03-08.~~

SECTION 9. AMENDMENT. Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

   a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

   b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

   c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

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d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

e. If the base year is a taxable year before 2016, the base year human services county levy in dollars must be reduced to the amount of the county social service board budget levy for the budget year as determined under section 11-23-01.

SECTION 10. AMENDMENT. Subsection 34 of section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

34. Counties levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the number of mills determined by dividing the county budget limitation in dollars as determined under section 11-23-01 by the taxable valuation of the county.

SECTION 11. REPEAL. Sections 50-03-09, 50-06.2-05.1, and 50-09-21.1 of the North Dakota Century Code are repealed.

~~**SECTION 12. SOCIAL SERVICES FINANCING COMMISSION - MEMBERSHIP - REPORT TO GOVERNOR AND LEGISLATIVE MANAGEMENT.**~~

~~1. The department of human services shall establish a social services financing commission consisting of the following voting members:~~

~~a. The governor, or the governor's designee;~~

~~b. The tax commissioner, or the commissioner's designee;~~

~~c. Two members representing elected county officials identified in section 11-10-02 as selected by the North Dakota association of counties;~~

~~d. The following six members of the sixty-fourth legislative assembly: the chairman of the senate standing committee responsible for hearing issues related to human services during the sixty-fourth legislative assembly, the chairman of the house of representatives standing committee responsible for hearing issues related to human services during the sixty-fourth legislative assembly, the chairman of the senate subcommittee on appropriations responsible for the department of human services budget during the sixty-fourth legislative assembly~~

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~~or designee, the chairman of the subcommittee of the house committee on appropriations responsible for the department of human services budget during the sixty-fourth legislative assembly, one member of the senate who served during the sixty-fourth legislative assembly appointed by the senate minority leader, and one member of the house who served during the sixty-fourth legislative assembly appointed by the house minority leader;~~

~~e. The director of the department of human services or the director's designee; and~~

~~f. The chief financial officer of the department of human services.~~

~~2. The social services financing commission includes the following nonvoting members:~~

~~a. Two county social service directors, selected by the North Dakota county social service association; and~~

~~b. One member representing the North Dakota association of counties.~~

~~3. The governor or the governor's designee shall serve as chairman of the commission. The commission shall assist in the development of a transition plan for transferring the cost of operating social service programs from county property tax levies to state general fund appropriations. The commission shall develop a report to be provided to the governor and legislative management by October 1, 2016. The report must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, a plan to require a property tax reduction for the amount of budgeted savings brought about by the transfer of county social services costs to the state, a plan resulting in the elimination of the county social services levy under section 50-06.2-05, and proposed legislation to implement recommended changes.~~

SECTION 12. LEGISLATIVE MANAGEMENT STUDY - SOCIAL SERVICE PROGRAM OPERATIONS TRANSITION.

1. During the 2015-16 interim, the legislative management shall conduct a study to develop a proposed transition plan for transferring the costs of operating social services programs from county property tax levies to state general fund appropriations.
2. At any meetings held in furtherance of this study, the legislative management may invite, as nonvoting members, any of the following to participate in this study:
   a. The director of the department of human services or designee;

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b. The chief financial officer of the department of humans services;

c. Two members representing elected county officials identified in section 11-10-02 as selected by the North Dakota association of counties;

d. The tax commissioner or designee;

e. The director of the office of management and budget or designee;

f. Two county social services directors selected by the North Dakota county social services directors association; and

g. One member representing the North Dakota association of counties.

3. The proposed transition plan must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, a plan to require a property tax reduction for the amount of the budgeted savings brought about by the transfer of county social services costs to the state, and a plan resulting in the elimination of the county social services levy under section 50-06.2-05. The study must include consideration of the feasibility and desirability of implementing the proposed transition plan.

4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly.

SECTION 13. EFFECTIVE DATE. Sections 1, ~~2, 3, 4, 5, 7, 8, and~~ 9, and 10 of this Act become effective on August 1, 2015. Sections 2, 3, 4, 5, 7, 8, and 11 of this Act are effective for taxable years beginning after December 31, 2015.

~~**SECTION 14. EXPIRATION DATE.** Section 10 of this Act effective through July 31, 2017, and after that date is ineffective.~~

SECTION 14. EMERGENCY. Section 6 of this Act is declared to be an emergency measure.

15.0560.02020
Title.

Prepared by the Legislative Council staff for
Senator Dever

April 27, 2015

attach #1
04/27/2015
SB 2206
26428

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2206

That the House recede from its amendments as printed on page 1504 of the Senate Journal and pages 1311-1313 and pages 1658 and 1659 of the House Journal and that Engrossed Senate Bill No. 2206 be amended as follows:

Page 1, line 4, after "50-24.1-14" insert ", subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7"

Page 1, line 6, after "expense" insert "and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense"

Page 1, line 9, replace "establish a social services financing commission" with "provide for a legislative management study"

Page 1, line 9, remove "to provide an"

Page 1, line 10, remove "expiration date;"

Page 1, line 22, remove "beginning"

Page 1, line 23, replace "and continuing for succeeding years must identify" with "may not exceed an amount determined using the departmental budget submitted in 2014 by the county social service board as a starting point, subtracting"

Page 1, line 24, after "responsibility" insert "for 2014"

Page 2, line 2, after "services" insert ", and applying to the resulting amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015. For purposes of this subdivision, the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services includes the following"

Page 2, line 3, replace "incurred" with "that would have been paid"

Page 2, line 7, replace "incurred" with "which would have been paid by the county

Page 2, line 9, replace "incurred" with "which would have been paid by the county

Page 2, line 11, replace "incurred" with "which would have been paid by the county"

Page 2, line 13, replace "incurred" with "which would have been paid by the county"

Page 2, line 15, replace "incurred" with "which would have been paid by the county"

Page 2, line 20, after "b." insert "The departmental budget submitted by the county social service board in 2016 for the 2017 budget may not exceed an amount determined using the 2015 departmental budget as a starting point and applying to that amount the percentage salary and benefits increase provided by legislative appropriations for state employees for 2016.

c."

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Page 2, line 21, after "paid" insert "by the county"

Page 2, line 22, after the first "department" insert "of human services"

Page 2, line 22, after the second "department" insert "of human services"

Page 2, line 24, remove "The amount reported must equal the"

Page 2, replace lines 25 through 31 with:

"The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source to supplement the human services budget, with the exception that the county may make use of the identifiable amount of other sources the county has used to supplement its human services budget for 2015 and the county may use grant funds that may be available to the county under section 50-06-20.1.

d. The department of human services shall develop a process to review a request from a county social service board for any proposed increase in staff needed as a result of significantly increased caseloads for state-funded human services programs, if the increase in staff would result in the county exceeding the budget limitation established under this subsection. As part of its review process, the department shall review countywide caseload information and consider the option of multicounty sharing of staff. If the department approves a request for a proposed increase in staff, the county budget limitation established under subdivision b may be increased by the amount determined necessary by the department to fund the approved additional staff."

Page 7, after line 6, insert:

"**SECTION 9. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

   a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

   b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

e. If the base year is a taxable year before 2016, the base year human services county levy in dollars must be reduced to the amount of the county social service board budget levy for the budget year as determined under section 11-23-01.

SECTION 10. AMENDMENT. Subsection 34 of section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

34. Counties levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the number of mills determined by dividing the county budget limitation in dollars as determined under section 11-23-01 by the taxable valuation of the county."

Page 7, remove lines 9 through 31

Page 8, replace lines 1 through 14 with:

"SECTION 12. LEGISLATIVE MANAGEMENT STUDY - INTERIM COUNTY SOCIAL SERVICES FINANCE COMMITTEE - WORKING GROUP.

1. During the 2015-16 interim, the chairman of the legislative management shall appoint the legislative management interim county social services finance committee to develop a transition plan for potentially transferring the costs of operating social services programs from county property tax levies to state general fund appropriations.

2. A county social services finance working group is established, with the following members:

a. The director of the department of human services or the director's designee;

b. The chief financial officer of the department of humans services;

c. Two members representing elected county officials identified in section 11-10-02 as selected by the North Dakota association of counties;

d. The tax commissioner or the commissioner's designee;

1.4

e. The director of the office of management and budget or the director's designee;

f. Two county social services directors selected by the North Dakota county social services directors association; and

g. One member representing the North Dakota association of counties.

3. The director of the department of human services shall serve as the chairman of the working group. During the 2015-16 interim, the working group shall make recommendations to and seek direction from the county social services finance committee in assisting the committee with the committee's study charge. At each meeting of the committee, the working group shall report on the progress of the working group's activities and receive direction from the committee on the working group's study charge.

4. Under this section, a proposed transition plan must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, a plan to require a property tax reduction for the amount of the budgeted savings brought about by the transfer of county social services costs to the state, a plan resulting in the elimination of the county social services levy under section 50-06.2-05, and potential legislation to implement recommended changes. The study must include consideration of the feasibility of implementing the proposed transition plan.

5. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Page 8, line 15, remove "2, 3, 4, 5, 7, 8, and"

Page 8, line 15, after "9" insert ", and 10 of this Act become effective on August 1, 2015. Sections 2, 3, 4, 5, 7, 8, and 11 of this Act"

Page 8, remove lines 17 and 18

Renumber accordingly

Attach #1

15.0560.02022
Title.

Prepared by the Legislative Council staff for
Representative Weisz
April 27, 2015

SB 2206
04/28/2015
J# 26445

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2206

That the House recede from its amendments as printed on page 1504 of the Senate Journal and pages 1311-1313 and pages 1658 and 1659 of the House Journal and that Engrossed Senate Bill No. 2206 be amended as follows:

Page 1, line 4, after "50-24.1-14" insert ", subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7"

Page 1, line 6, after "expense" insert "and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense"

Page 1, line 9, replace "establish a social services financing commission" with "provide for a legislative management study"

Page 1, line 9, remove "to provide an"

Page 1, line 10, remove "expiration date;"

Page 1, line 22, remove "beginning"

Page 1, line 23, replace "and continuing for succeeding years must identify" with "may not exceed an amount determined using the departmental budget submitted in 2014 by the county social service board as a starting point, subtracting"

Page 1, line 24, after "responsibility" insert "for 2014"

Page 2, line 2, after "services" insert ", and applying to the resulting amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015. For purposes of this subdivision, the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services includes the following"

Page 2, line 3, replace "incurred" with "that would have been paid"

Page 2, line 7, replace "incurred" with "which would have been paid by the county

Page 2, line 9, replace "incurred" with "which would have been paid by the county

Page 2, line 11, replace "incurred" with "which would have been paid by the county"

Page 2, line 13, replace "incurred" with "which would have been paid by the county"

Page 2, line 15, replace "incurred" with "which would have been paid by the county"

Page 2, line 20, after "b." insert "The departmental budget submitted by the county social service board in 2016 for the 2017 budget may not exceed an amount determined using the 2015 departmental budget as a starting point and applying to that amount the percentage salary and benefits increase provided by legislative appropriations for state employees for 2016.

c."

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Page 2, line 21, after "paid" insert "by the county"

Page 2, line 22, after the first "department" insert "of human services"

Page 2, line 22, after the second "department" insert "of human services"

Page 2, line 24, remove "The amount reported must equal the"

Page 2, replace lines 25 through 31 with:

"The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source to supplement the human services budget, with the exception that the county may make use of the identifiable amount of other sources the county has used to supplement its human services budget for 2015 and the county may use grant funds that may be available to the county under section 50-06-20.1.

d. The department of human services shall develop a process to review a request from a county social service board for any proposed increase in staff needed as a result of significantly increased caseloads for state-funded human services programs, if the increase in staff would result in the county exceeding the budget limitation established under this subsection. As part of its review process, the department shall review countywide caseload information and consider the option of multicounty sharing of staff. If the department approves a request for a proposed increase in staff, the county budget limitation established under subdivision b may be increased by the amount determined necessary by the department to fund the approved additional staff."

Page 6, line 3, replace "is not subject to" with "must be implemented through"

Page 6, line 4, replace "shall develop" with "may adopt emergency rules, without application of the grounds for emergency rulemaking otherwise required under section 28-32-03, to set out the"

Page 7, after line 6, insert:

"**SECTION 9. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

   a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

<u>e. If the base year is a taxable year before 2016, the base year human services county levy in dollars must be reduced to the amount of the county social service board budget levy for the budget year as determined under section 11-23-01.</u>

SECTION 10. AMENDMENT. Subsection 34 of section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

34. Counties levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding <u>the lesser of</u> twenty mills <u>or the number of mills determined by dividing the county budget limitation in dollars as determined under section 11-23-01 by the taxable valuation of the county</u>."

Page 7, remove lines 9 through 31

Page 8, replace lines 1 through 14 with:

"**SECTION 12. LEGISLATIVE MANAGEMENT STUDY - SOCIAL SERVICES FINANCE PROGRAM TRANSITION.**

1. During the 2015-16 interim, the legislative management shall conduct a study to develop a proposed transition plan for transferring the costs of operating social services programs from county property tax levies to state general fund appropriations.

2. If a county social services finance working group is established, upon request of the legislative management the working group shall report its progress and findings. The membership of the working group may include:

   a. The director of the department of human services or the director's designee;

   b. The chief financial officer of the department of humans services;

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c. Two members representing elected county officials identified in section 11-10-02 as selected by the North Dakota association of counties;

d. The tax commissioner or the commissioner's designee;

e. The director of the office of management and budget or the director's designee;

f. Two county social services directors selected by the North Dakota county social services directors association; and

g. One member representing the North Dakota association of counties.

3. Under this section, a proposed transition plan must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, a plan to require a property tax reduction for the amount of the budgeted savings brought about by the transfer of county social services costs to the state, a plan resulting in the elimination of the county social services levy under section 50-06.2-05, and potential legislation to implement recommended changes. The study must include consideration of the feasibility of implementing the proposed transition plan.

4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Page 8, line 15, remove "2, 3, 4, 5, 7, 8, and"

Page 8, line 15, after "9" insert ", and 10 of this Act become effective on August 1, 2015. Sections 2, 3, 4, 5, 7, 8, and 11 of this Act"

Page 8, remove lines 17 and 18

Renumber accordingly

15.0560.02022

FIRST ENGROSSMENT

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Sixty-fourth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2206

Introduced by

Senators Dever, J. Lee, Murphy

Representatives Holman, Owens, Weisz

A BILL for an Act to create and enact sections 50-06-05.8 and 50-06-20.1 of the North Dakota Century Code, relating to the department of human services assuming certain costs of certain social service programs and to the establishment of a human services grant program; to amend and reenact sections 11-23-01, 50-01.2-00.1, 50-03-08, 50-06-20, 50-09-27, and 50-24.1-14, subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7 of the North Dakota Century Code, relating to county social service board budgets and programs funded at state expense and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense; to repeal sections 50-03-09, 50-06.2-05.1, and 50-09-21.1 of the North Dakota Century Code, relating to the county's share of medical assistance for therapeutic foster care, service payments to the elderly and disabled, and the county share of foster care costs; to ~~establish a social services financing commission~~provide for a legislative management study; to provide an effective date; ~~to provide an expiration date;~~ and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 11-23-01 of the North Dakota Century Code is amended and reenacted as follows:

11-23-01. Officers required to furnish commissioners with departmental budget.

1. Every officer in charge of any institution, office, or undertaking supported wholly or in part by the county shall file with the board of county commissioners a departmental budget that is prescribed by the state auditor. The departmental budget must include an itemized statement of the estimated amount of money that will be required for the maintenance, operation, or improvement of the institution, office, or undertaking for the ensuing year. The board of county commissioners may require additional information to clarify the departmental budget.

2. a. The departmental budget submitted by the county social service board ~~beginning~~ in 2015 for the 2016 budget ~~and continuing for succeeding years must identify~~may not exceed an amount determined using the departmental budget submitted in 2014 by the county social service board as a starting point, subtracting the reduction in the county's social service funding responsibility for 2014 derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services, and applying to the resulting amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015. For purposes of this subdivision, the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services includes the following:

(1) Foster care and subsidized adoption costs ~~incurred~~that would have been paid by the county after December 31, 2015;

(2) The county's share of grant costs for medical assistance in the form of payments for care furnished to recipients of therapeutic foster care services ~~incurred~~which would have been paid by the county after December 31, 2015;

(3) The county's share of the costs for service payments to the elderly and disabled ~~incurred~~which would have been paid by the county after December 15, 2015;

(4) The county's share of salary and benefits for family preservation services pursuant to section 50-06-05.8 ~~incurred~~which would have been paid by the county after December 31, 2015;

(5) The county's share of the cost of the electronic benefits transfers for the supplemental nutrition assistance program ~~incurred~~which would have been paid by the county after December 31, 2015; and

(6) The computer processing costs ~~incurred~~which would have been paid by the county after December 31, 2015, which exceed the county's costs of operation of the technical eligibility computer system in calendar year 1995

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increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996.

b. The departmental budget submitted by the county social service board in 2016 for the 2017 budget may not exceed an amount determined using the 2015 departmental budget as a starting point and applying to that amount the percentage salary and benefits increase provided by legislative appropriations for state employees for 2016.

c. The budget must include a statement identifying the total savings to the county as shown by a reduction in the amounts that otherwise would have been paid by the county to the department of human services for the costs identified in subdivision a. The department of human services shall determine the appropriate amount of what each county's costs would have been to help identify each county's total savings. ~~The amount reported must equal the full amount budgeted for these costs in the budget submitted by the county social service board and approved by the board of county commissioners in 2014. The full amount of the savings calculated for each year must be deducted from the county's mill levy calculation beginning in 2016 and continuing in each succeeding year. Each board of county commissioners shall report to the office of the tax commissioner the property tax reduction this action provided to property taxpayers in the board's county.~~

The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source to supplement the human services budget, with the exception that the county may make use of the identifiable amount of other sources the county has used to supplement its human services budget for 2015 and the county may use grant funds that may be available to the county under section 50-06-20.1.

d. The department of human services shall develop a process to review a request from a county social service board for any proposed increase in staff needed as a result of significantly increased caseloads for state-funded human services programs, if the increase in staff would result in the county exceeding the budget

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limitation established under this subsection. As part of its review process, the department shall review countywide caseload information and consider the option of multicounty sharing of staff. If the department approves a request for a proposed increase in staff, the county budget limitation established under subdivision b may be increased by the amount determined necessary by the department to fund the approved additional staff.

SECTION 2. AMENDMENT. Section 50-01.2-00.1 of the North Dakota Century Code is amended and reenacted as follows:

50-01.2-00.1. Definitions.

In this chapter, unless the context otherwise requires:

1. "Department" means the department of human services.
2. "Local expenses of administration" includes costs for personnel, space, equipment, computer software, materials, travel, utilities, and related costs, and the indirect costs properly allocated to those costs. The term does not include initial acquisition of computers and related hardware approved by the department for the temporary assistance for needy families program, custom computer programs, custom software development, computer operations undertaken at the direction of the department, and computer processing costs ~~to the extent those costs exceed, in any calendar year, that county's costs of operation of the technical eligibility computer system in calendar year 1995 increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996,~~ or, unless agreed to by the county social service board, any costs related to pilot programs before the programs are implemented on a statewide basis.
3. "Locally administered economic assistance programs" means those primary economic assistance programs that need to be accessible to all citizens of the state through a county social service office and include:
   a. Temporary assistance for needy families;
   b. Employment and training programs;
   c. Child care assistance programs;
   d. Medical assistance, including early periodic screening, diagnosis, and treatment;

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e. Supplemental nutrition assistance programs, including employment and training programs;

f. Refugee assistance programs;

g. Basic care services;

h. Energy assistance programs; and

i. Information and referral.

SECTION 3. AMENDMENT. Section 50-03-08 of the North Dakota Century Code is amended and reenacted as follows:

50-03-08. Appropriation for county social service board administration ~~and~~of locally administered economic assistance programs.

The board of county commissioners of each county annually shall appropriate and make available to the human services fund an amount sufficient to pay~~:~~

~~1.~~ ~~The~~ the local expenses of administration of locally administered economic assistance programs~~;~~

~~2. That county's share of fifteen percent of the amount expended in this state, in excess of the amount provided by the federal government, for medical assistance in the form of payments for care furnished to recipients of therapeutic foster care services; and~~

~~3. That county's share of the cost of other family preservation services, including intensive in-home services, provided under title VI-B, subpart 2, of the Social Security Act [Pub. L. 103-66, title XIII, 13711(a)(2); 107 Stat. 649 et seq.; 42 U.S.C. 629 et seq.], as amended, as may be agreed to by the department and the county social service board~~.

SECTION 4. Section 50-06-05.8 of the North Dakota Century Code is created and enacted as follows:

50-06-05.8. Department to assume certain costs of certain social service programs.

Notwithstanding section 50-06.2-05, or any other provision in title 50 to the contrary, and in addition to the programs identified in section 50-06-20, the department of human services shall pay the local expenses of administration incurred by a county after December 31, 2015, for family preservation programs; a county's share of the cost of the electronic benefits transfers for the supplemental nutrition assistance program incurred after December 31, 2015; and the computer processing costs incurred by the county after December 31, 2015, which exceed the

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county's costs of operation of the technical eligibility computer system in calendar year 1995 increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996.

SECTION 5. AMENDMENT. Section 50-06-20 of the North Dakota Century Code is amended and reenacted as follows:

50-06-20. Programs funded at state expense - Interpretation.

1. The state shall bear the cost, in excess of the amount provided by the federal government, of:
   a. ~~Except as~~As provided in section 50-24.1-14, medical assistance services provided under chapter 50-24.1;
   b. ~~Benefits~~Energy assistance program benefits provided under subsection 19 of section 50-06-05.1;
   c. Supplements provided under chapter 50-24.5 as basic care services;
   d. ~~Services provided under chapter 50-09 as child care assistance;~~
   ~~e.~~ ~~Services provided under chapter 50-09 as employment and training programs~~Services, programs, and costs listed in section 50-09-27;
   ~~f.~~e. Welfare fraud detection programs;
   ~~g.~~ ~~Temporary assistance for needy families;~~ and
   ~~h.~~f. Special projects approved by the department and agreed to by any affected county social service board.
2. The state shall bear the costs of amounts expended for service payments to the elderly and disabled.
3. This section does not grant any recipient of services, benefits, or supplements identified in subsection 1, any service, benefit, or supplement that a recipient could not claim in the absence of this section.

SECTION 6. Section 50-06-20.1 of the North Dakota Century Code is created and enacted as follows:

50-06-20.1. Human services grant program - Eligible counties - Reports.

1. If the authority for counties to use emergency expenditures to address an emergency created by unusual and unanticipated demands on the counties' human services fund under chapter 50-03 is eliminated, the department shall establish a grant program to

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assist certain counties. An eligible county is one that historically has utilized the emergency expenditures process set forth in chapter 50-03 and which is adjacent to or part of an Indian reservation in this state, which contains Indian trust lands within the service area of a federally recognized Indian tribe which are occupied by enrolled members of that tribe, or which includes the state hospital created pursuant to subsection 8 of section 12 of article IX of the Constitution of North Dakota.

2. The grant program established in this section ~~is not subject to~~must be implemented through rulemaking under chapter 28-32. The department ~~shall develop~~may adopt emergency rules, without application of the grounds for emergency rulemaking otherwise required under section 28-32-03, to set out the policies and procedures for the disbursement of grants and may not award more than one million nine hundred thousand dollars during the first year of a biennium, and no more than two million dollars during the second year of a biennium. The department shall notify a county of its approved funding no later than September first of each year of the biennium. The department shall issue an annual payment to counties receiving funds under this chapter in January of each year of the biennium.

3. The department shall report to the budget section annually and to the appropriations committees of the sixty-fifth legislative assembly and each succeeding legislative assembly on the funding approved under this section.

SECTION 7. AMENDMENT. Section 50-09-27 of the North Dakota Century Code is amended and reenacted as follows:

50-09-27. Programs funded at state expense - Interpretation.

1. The state shall bear the cost, in excess of the amount provided by the federal government, of:

   a. Services provided under ~~section 50-06-06.8 and~~ this chapter as child care assistance;

   b. Services provided under this chapter as employment and training programs; ~~and~~

   c. Temporary assistance for needy families benefits provided under this chapter; and

   d. Foster care and subsidized adoption costs under this chapter.

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2. This section does not grant any recipient of services, benefits, or supplements identified in subsection 1, any service, benefit, or supplement that a recipient could not claim in the absence of this section.

SECTION 8. AMENDMENT. Section 50-24.1-14 of the North Dakota Century Code is amended and reenacted as follows:

50-24.1-14. Responsibility for expenditures ~~- Exceptions~~.

~~1.~~ ~~Except as otherwise specifically provided in subsection 2 and section 50-03-08, expenditures~~Expenditures required under this chapter are the responsibility of the federal government or the state of North Dakota.

~~2.~~ ~~Each county shall reimburse the department of human services the amount required to be appropriated under subsection 3 of section 50-03-08.~~

SECTION 9. AMENDMENT. Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:
   a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.
   b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.
   c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill

rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

e. If the base year is a taxable year before 2016, the base year human services county levy in dollars must be reduced to the amount of the county social service board budget levy for the budget year as determined under section 11-23-01.

SECTION 10. AMENDMENT. Subsection 34 of section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

34. Counties levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the number of mills determined by dividing the county budget limitation in dollars as determined under section 11-23-01 by the taxable valuation of the county.

SECTION 11. REPEAL. Sections 50-03-09, 50-06.2-05.1, and 50-09-21.1 of the North Dakota Century Code are repealed.

~~**SECTION 12. SOCIAL SERVICES FINANCING COMMISSION - MEMBERSHIP - REPORT TO GOVERNOR AND LEGISLATIVE MANAGEMENT.**~~

~~1. The department of human services shall establish a social services financing commission consisting of the following voting members:~~

~~a. The governor, or the governor's designee;~~

~~b. The tax commissioner, or the commissioner's designee;~~

~~c. Two members representing elected county officials identified in section 11-10-02 as selected by the North Dakota association of counties;~~

~~d. The following six members of the sixty-fourth legislative assembly: the chairman of the senate standing committee responsible for hearing issues related to human services during the sixty-fourth legislative assembly, the chairman of the house of representatives standing committee responsible for hearing issues related to human services during the sixty-fourth legislative assembly, the~~

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~~chairman of the senate subcommittee on appropriations responsible for the department of human services budget during the sixty-fourth legislative assembly or designee, the chairman of the subcommittee of the house committee on appropriations responsible for the department of human services budget during the sixty-fourth legislative assembly, one member of the senate who served during the sixty-fourth legislative assembly appointed by the senate minority leader, and one member of the house who served during the sixty-fourth legislative assembly appointed by the house minority leader;~~

~~e. The director of the department of human services or the director's designee; and~~

~~f. The chief financial officer of the department of human services.~~

~~2. The social services financing commission includes the following nonvoting members:~~

~~a. Two county social service directors, selected by the North Dakota county social service association; and~~

~~b. One member representing the North Dakota association of counties.~~

~~3. The governor or the governor's designee shall serve as chairman of the commission. The commission shall assist in the development of a transition plan for transferring the cost of operating social service programs from county property tax levies to state general fund appropriations. The commission shall develop a report to be provided to the governor and legislative management by October 1, 2016. The report must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, a plan to require a property tax reduction for the amount of budgeted savings brought about by the transfer of county social services costs to the state, a plan resulting in the elimination of the county social services levy under section 50-06.2-05, and proposed legislation to implement recommended changes.~~

SECTION 12. LEGISLATIVE MANAGEMENT STUDY - SOCIAL SERVICES FINANCE PROGRAM TRANSITION.

1. During the 2015-16 interim, the legislative management shall conduct a study to develop a proposed transition plan for transferring the costs of operating social services programs from county property tax levies to state general fund appropriations.

2. If a county social services finance working group is established, upon request of the legislative management the working group shall report its progress and findings. The membership of the working group may include:
   a. The director of the department of human services or the director's designee;
   b. The chief financial officer of the department of humans services;
   c. Two members representing elected county officials identified in section 11-10-02 as selected by the North Dakota association of counties;
   d. The tax commissioner or the commissioner's designee;
   e. The director of the office of management and budget or the director's designee;
   f. Two county social services directors selected by the North Dakota county social services directors association; and
   g. One member representing the North Dakota association of counties.
3. Under this section, a proposed transition plan must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, a plan to require a property tax reduction for the amount of the budgeted savings brought about by the transfer of county social services costs to the state, a plan resulting in the elimination of the county social services levy under section 50-06.2-05, and potential legislation to implement recommended changes. The study must include consideration of the feasibility of implementing the proposed transition plan.
4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly.

SECTION 13. EFFECTIVE DATE. Sections 1, ~~2, 3, 4, 5, 7, 8, and~~ 9, and 10 of this Act become effective on August 1, 2015. Sections 2, 3, 4, 5, 7, 8, and 11 of this Act are effective for taxable years beginning after December 31, 2015.

~~**SECTION 14. EXPIRATION DATE.** Section 10 of this Act effective through July 31, 2017, and after that date is ineffective.~~

SECTION 14. EMERGENCY. Section 6 of this Act is declared to be an emergency measure.