

**2019 SENATE APPROPRIATIONS**

**SB 2002**

# 2019 SENATE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Harvest Room, State Capitol

SB 2002  
1/9/2019  
JOB # 30569

- Subcommittee  
 Conference Committee

Committee Clerk: Alice Delzer/Alicia Larsgaard
--

## Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the Secretary of State and public printing.

## Minutes:

- |   |
|---|
| 1. Testimony of Al Jaeger, Secretary of State                           |
| 2. Support for SB 2002 – Election Equipment –<br>Donnell Preskey Hushka |

**Chairman Holmberg:** Called the Committee to order on SB 2002. Roll call was taken. All committee members were present. Adam Mathiak, Legislative Council and Stephanie Gullickson, OMB were also present. The subcommittee is Senator Hogue, Chair; Senator Oehlke and Senator Grabinger.

**Al Jaeger, Secretary of State** See attachment #1 for testimony in favor of SB 2002.

**Chairman Holmberg:** Are there any questions for the secretary?

**Vice Chairman Krebsbach:** Did you have conversation and if so, what were the feelings of the counties when you are not going to share that \$10 with them?

**Al Jaegar:** For the last 33 months, the counties haven't done anything to earn it. That sounds harsh, but since we went live, they have no involvement. I explained that if we are able to switch the \$10 into the way it is proposed, the opportunity of our office to help all 53 counties, we will have impacted counties like Slope. I think Cass county receives around \$25,000. They do not have any involvement and still get that money. I would imagine that in Cass county's budget, \$25,000 is a drop or two. It doesn't negatively impact them. Yet, we are able to help all of them. There might be some that complain about the state doing something again but I try to explain to them that we are trying to help them better in an area that I can't help them now.

**Senator Grabinger:** With this new system, can you dissolve a corporation online without coming to your office and can that be done with a credit card now rather than with cash like it used to be?

**Al Jaeger:** I do not know the exact answer to your question. All I know is that I have had staff for over a year, go through everything. I would suspect there is a way that would be able to be done online and because of everything they went through, I have a hunch it is covered.

**Senator Grabinger:** Are you taking credit card for everything now? Because you said you can pay online.

**Al Jaeger:** Yes, online would be credit card. In some cases, our larger company customers can do some sort of transfer fund online.

**Senator Grabinger:** Okay, because I had to pay cash previously because they didn't take my card.

**Al Jaeger:** What kind of card was it?

**Senator Grabinger:** It was a VISA.

**Al Jaeger:** Okay, well I will have to find out about that now because I am curious now because we have been taking credit cards for a long time. Maybe there was a fear that if you dissolved, you wouldn't have a good account, but I will find out why that happened. It is unusual.

**Senator Mathern:** I got a letter from someone who went through a toll in another state and he was not aware of the fee and so was billed for \$9 on an automatic system where the camera noted her license. The letter never got to her because D.O.T didn't recognize her box number address because they don't recognize box numbers as legal addresses. Her situation turned into default because she never got it the actual notice of the requirement to pay the \$9. Does this have something to do with our voting requirements?

**Al Jaeger:** I am not sure when they changed it, but D.O.T no longer issues drivers licenses with Po Box addresses. I do not know how this connects with the situation you are speaking of. There are reasons for that. For example, a Po Box doesn't establish someone's voting eligibility.

**Senator Mathern:** She said her only issue was that she was from Alexander, ND where the only option for her was a Box number.

**Al Jaeger:** We have candidates where you put down your residential address and you put down your address where the mail goes. That happens a lot. I am sorry but I can't address why she didn't get the notice or what the process is.

**Senator Mathern:** Is this related to our election law address requirement?

**Al Jaeger:** Voting eligibility is based on your residence and not on Po Boxes. That has been forever. Last year, it wasn't a new law, we've never accepted Po Boxes.

**V. Chairman Wanzek:** Your central allocation filing that you proposed of \$10 goes to general services fund and \$10 goes to the county? The fee is \$40 and you said that is not changing? So what happens to the other \$20.

**Al Jaeger:** It goes into the state's general fund. The general fund will receive the same amount they did before.

**V. Chairman Wanzek:** So the only one that is getting cut out will be the counties?

**Al Jaeger:** They are getting cut out, but my intent is to make it good to them by bringing it back to them in a different manner and that is to support the election system.

**V. Chairman Wanzek:** But the \$40 isn't changing?

**Al Jaeger:** No, that is in an entirely different section of law. It is the section of secure transactions article 9. The only thing is that in this section, the \$10 gets reverted to my special fund, rather than going to the counties. It has been something through this transition. I talked to recorders yesterday and they said they were surprised that it lasted as long as it did. I helped them through the transition because of what they were receiving before. Counties have no involvement at all anymore.

**(43:19) Donnell Preskey Hushka, ND Association of Counties:** Testified in favor of SB 2002 and provided Attachment # 2 – Support for SB 2002: Secretary of State Budget – Election Equipment. I recognize, this testimony is focused on the tabulators, but the replacement of the election system being proposed, goes beyond just the tabulators. It is the auto marks that supply ways to those with disabilities to vote on their own and also electronic poll books systems which we are in full support of.

**Chairman Holmberg:** The counties determine the polling sites in conjunction with the big cities. The first time I ran, there were 1627 precincts and now there is 424. Is that continuing, and what is the direction that the counties are going?

**Donnell Preskey Hushka:** That's one of the things they have taken a look at. The way to reduce stress on the machines, is to reduce the number of polling locations. The survey is 2016 asked for how many location sites they have and then in 2018. The number one action in the survey was "What action did you take in 2018 because of the aging equipment?" Increasing the vote by mail options was 70% of what they did. Reducing the number of precincts came in second along with increasing vote centers. It is important to note that those are also local decisions as you mentioned. Burleigh county for instance, proposed going to more of a vote center and got a lot of push back from their local legislators wanting to have more precincts instead of vote centers. **(49.23)**

**Chairman Holmberg:** Grand Forks has done that. They have 5 or 6 places that vote at the Alerus Center.

**Senator Mathern:** In light of your testimony should there be an emergency clause on this section. It sounds a little bit drastic in terms of what the possibilities are here. What's the back-up for all these machines? Is there a paper ballot? I am also asking the counties.



**Donnell Preskey Hushka:** (50.16) Absolutely, there should be an emergency clause and I believe I heard that that was included in Secretary Jaeger's testimony. The counties came in and supported new election equipment last session and really tried to make a lot of the same points that failures were starting to happen and as we have more elections, it is becoming even more problematic. The day after the election, my inbox was full of examples that auditors gave of failures happening on election day. A lot of scenarios such as ballots jamming when put into the scanner, the diverter that separates the ballots began to fail. Each machine has a memory card that at the end of the night, you take that card and it is uploaded to the Secretary of State's office and they have had a lot of problems with the readers for those memory cards. We are at the end of the line. I was careful when preparing this testimony because I didn't want to write it like this is catastrophic, but it is, because this is the integrity of our whole election system. When the voter puts that ballot in, they want to know that it is counted.

**(52:26) Senator Robinson:** I hear we are struggling with election workers. How serious is the need for election workers?

**Donnell Preskey Hushka:** There is a bill this session that is being proposed for more part time election workers. A lot of our smaller counties are in support of that bill because it would allow them more opportunity for their voters. Especially that aging population. It is a long day of voting. Your county is looking for more workers and if you are not on the ballot, they would love to have you.

**(53:50) Al Jaeger:** There was a bill that was heard and it passed the House floor yesterday. It is Bill # 1059. The idea is that they can go shift some things like that. Donnell talked about all the issues, one of the things, is these issues have not made major news, our goal has always been what are the results. I have to commend the auditors and counties for what they have done. Yes, they have had challenges. As she said, we are at the end of the line. The new systems in terms of assistance voting, has come a long ways. What we have now is called an auto mark. It is required at every polling system. The new systems accommodate the much better. Our RFP was very complete and it is digital so when she was talking about the mechanical part, with the digital, those things are captured and very easily retrieved. It is a paper ballot system so keep that in mind. People will still mark a paper ballot. It really will help. North Dakota has always been a big time leader in making sure our military folks can vote. Federal law says they can start voting earlier than everyone else. It was amazing that in those first 24 hours, we had people casting ballots from all over the world. So one of the things we do have is that we have made it so military individuals can vote from all over the world. We do have some things that are working very well.

**Chairman Holmberg:** had to leave the hearing so V. Chairman Wanzek chaired the rest of the hearing.

**(57:50) V. Chairman Wanzek:** If the legislature approves the funding for a new system, what is the timeline? How soon could it be fully implemented?

**Al Jaeger:** What I am hoping for is that it passes with the emergency clause and that clause part of the bill, as soon as it is filed with me, it will be effective. I will be running upstairs and

telling them to issue it. If we can't start the process until July, the next election is 11 months. All I am saying is that separate from this bill, the faster we can have everything in place for an election. Keep in mind that while we have the June election date, we have an early voting date where machines are being used up to a couple weeks prior to that. There might be voting in May already. We need as much time as we possibly can have. That is why we are not waiting and issuing the RFP and then getting the money because the RFP is already there. It is ready to go as soon as we know we have the money.

**V. Chairman Wanzek:** Any other questions? Is there anyone else here to comment on the Secretary of State's budget? Seeing none we will close the hearing on the Secretary of State budget. We will close the hearing on SB 2002.

# 2019 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

SB 2002  
1/22/2019  
Job # 31193

- Subcommittee  
 Conference Committee

Committee Clerk: Rose Laning / Marne Johnson

### Explanation or reason for introduction of bill/resolution:

AN ACT to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing; relating to the salary of the secretary of state, the general services operating fund, and fees charged by the secretary of state; to authorize a line item transfer during the 2017-19 biennium; to provide a report to the legislative assembly; to provide exemptions; and to declare an emergency.

### Minutes:

No Attachments

Legislative Council: Alex Cronquist  
OMB: Larry Martin

The Senate Appropriations Committee met to discuss the agency bills and others that have been presented thus far and wanted to get input from the whole committee on what should be the focus of each sub-committee.

Chairman Holmberg said that we're not going thru salaries at this time.

SB 2001 – Governor (sub-committee: Hogue, Lee, Mathern)

- The 10% movement of moving money between line items. Have a standard response for them.
- Discuss the governor's salary - this reduces salary just short of \$200,000 & what happens to the rest of it. They took their 5% cut. (Language needs to be revisited)
- Council said by putting it in a line item, then it couldn't get spent in other areas.
- Transfer language - limited it to 10% before going to emergency commission

SB 2002 – Secretary of State (sub-committee: Hogue, Oehlke, Grabinger)

- Voting equipment – replacing voting machines (matching requirement by state)
- Emergency clause should be there.
- 10% line item transfers

SB 2003 – Attorney General (sub-committee: Sorvaag, Bekkedahl, Mathern)

- Litigation authority
- Amount of money for Litigation
- Joining in with other states suing the federal government
- New line in OMB to tap into litigation pool
- Human trafficking grants added to AG bill

SB 2004 – State Auditor (sub-committee: Oehlke, Dever, Mathern)

- Looking at number of FTE requests
- FTEs between University system and Auditor's office
- ITD FTEs.

SB 2005 – State Treasurer (sub-committee: Bekkedahl, Dever, Robinson)

- Investments of the Veterans Post War Trust Fund (low interest)
- Treasurer's salary

SB 2006 – Tax Commissioner (sub-committee: Wanzek, Bekkedahl, Mathern)

- Discovery of compliance of businesses with no physical sales tax.
- Concern about staffing – many retirees and loss of senior staff.
- Authority for line item transfers between the Homestead Tax Credit and Disabled Veteran's Credit programs.
- Litigation funds – or funds in litigation pool.

SB 2007 – Labor & Human Rights (sub-committee: Poolman, Sorvaag, Robinson)

- Salary of Commissioner as she will be in charge of Dept of Labor and Human Rights as well as the Dept. of Commerce.

SB 2008 – Public Service Commissioner (sub-committee: Lee, Wanzek, Grabinger)

- Wanting additional staff for indemnity issues
- Additional staff
- \$100,000 increase in budget

## **JOB # 31232 -**

SB 2009 – Agriculture Commissioner (sub-committee: Wanzek, Erbele, Grabinger)

- Want to move APUC and Trade Office to his office.
- 2 less FTEs
- Ag bio-science program – an appropriation bill. Should it be added to the budget or let it a stand-alone bill.

SB 2010 – Insurance Commissioner (sub-committee: Oehlke, Erbele, Grabinger)

- Moving the Fire & Tornado fund over to the ND Insurance Reserve Fund
- Boiler inspection program

- Fire Departments & Sheriff's tax on insurance

SB 2011 – Securities Commission (sub-committee: Krebsbach)

- Money for a FINTECH position
- Section 3 appropriation of any income from federal funds (14:17)

**Larry Martin:** Like the transfer language, we added a lot of the language to spend additional federal or other funds to the cabinet agencies. Again, some of them receive money from outside sources, so we wanted them to have the ability to pay out. Job Service has similar language currently because they do get additional federal money so they have to be able to spend it out. We added that language to all the cabinet bills.

SB 2012 – Human Services (sub-committee: Dever, Erbele, Mathern)

- Provider rates. Governor 1-1. They want 3-3-3.
- Medicaid – reauthorization of the expansion. Do we reimburse?
- Behavioral Health
- State Hospital – support the move from New England for the women? Justification for the state hospital – a study?
- Policy and how its structured – for whole department. \$182M
- Nursing Homes
- Study the 36 Critical Access Hospitals - Commercial rates vs. traditional rates
- Study resolution of medical care in the future for the state
- 1915(i) needs support.
- Commercial vs. traditional rates

SB 2013 – Public Instruction; Library, Blind & Deaf (sub-committee: Holmberg, Poolman, Robinson)

- Will have some meetings but need to wait for Education Committee to complete policy. Governor's school information is confusing.
- 1 FTE reinstated.
- Adult education.
- FTEs at school at Devils' Lake
- Governor moved pre-school money from Commerce to DPI (where is the money?)
- Transportation grants

SB 2014 – Protection & Advocacy (sub-committee: Sorvaag, Krebsbach, Grabinger)

- Adding of one employee
- Additional operating expenses
- Transferring guardianship programs to P & A.

SB 2015 – Office of Management & Budget (sub-committee: Holmberg, Bekkedahl, Robinson)

- Transferring money – \$1B of oil revenue to general funds.  
If we put \$1B in and oil prices go down and we have less money in the general fund, we might have a risk with allotments.  
Do we want to expose ourselves more in the general fund by putting \$1B in the general fund from direct oil revenue?
- Fees or dues for several organizations. Last session we reduced dues by 10%.
- WICHE (Western Interstate Commission for Higher Ed) dues were in OMB and Commission was placed under Higher Ed. Did the \$15,000 get transferred?

SB 2016 – Office of Adjutant General (sub-committee: Hogue, Holmberg, Grabinger)

- Land Acquisition - Proposed 6,000 acres of land in south Camp Grafton. Want to ask the adjutant, you have \$15M set aside to acquire 6000 continuous acres and will not exercise the power of eminent domain. How much will they pay an acre?  
How did they come up with \$15M?
- \$15M set aside to gain land - long term leases. Be wary of setting precedent for cost/acre.
- Locals are not on board?

SB 2017 – Game & Fish (sub-committee: Oehlke, Wanzek, Grabinger)

- Section 5 on green sheet – additional amounts appropriated to Game & Fish Dept. There is appropriated additional income from the feds from other funds to that agency. Would the federal funds go to their agency first?
- If they're receiving monies from federal, they can spend them out.
- Section 6 - Require them to hang onto \$15M unless we have a budget section meeting and have an exception for some emergency. They have to invest it and its not making money where its being invested. They'd like it to be invested by the state investment board.
- Sportsman's clubs – raise the fishing licenses; boat tax/gas tax.

# 2019 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

SB 2002  
1/28/2019  
Job # 31586

- Subcommittee  
 Conference Committee

Committee Clerk Signature Rose Laning / Pam Dever

### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the Secretary of State and public printing.

### Minutes:

Testimony Attached # 1 – 2.

Legislative Council: Chris Kadrmas  
OMB: Stephanie Gullickson

**Chairman Hogue** called the sub-committee to order on SB 2002. **Senator Oehlke** and **Senator Grabinger** were also present.

**Chris Kadrmas** handed out the Base Level Funding Changes – Attached # 1.

**Senator Hogue:** I have a few questions right away. I was wondering about updating our voting system and funding. The Governor's proposal calls for that to be taken out of the SIIF fund. I wanted to make sure you don't care where the money comes from do you?

**Al Jaeger, Secretary of State, State of North Dakota:** No. We asked for \$12M, and we have \$3 million already from the federal government. There will be \$9 million coming from somewhere. (1.24) The governor has recommended \$8M, rather than \$9 million. We ask to be restored to the \$9M. We already have the bid in place and because of procurement rules, we can't say anything. \$8 million would be a little short. To get the voting system, it is critical that we handle it first, so we would ask that you add an emergency clause to that part. We're a year away from the next elections. The second phase is providing electronic poll book to all counties in the state. That will be a second RFP (Request for Proposal). We are going back to what we had two years ago.

**Senator Hogue:** We were talking about the emergency clause and there is no objection to do that. You have appropriation bill and usually you can expect to get the 2/3's votes of both chambers. Does that help you at all? If the appropriation and the governor signs in mid-April, as opposed to July one. Is that critical?

**Al Jaeger:** Yes. Every little bit helps because when everything passes and is filed, there is a time element called notice of intent. July 1<sup>st</sup> adds on too much time. Going June backwards, we are getting tighter. Voting can actually start 54 days from election. (4.14)

**Senator Hogue:** Is the plan to consolidate? Will we have the same number of machines?

**Al Jaeger:** We took that into account in the RFP. I will ask Jim to respond.

**Jim Silrum, Deputy Secretary of State:** There appears to be Fewer machines, but mostly because a number of counties are voting by mail. There aren't as many polling places open. The emergency clause is necessary because when we purchase these machines, we actually have a selected vender and rent a warehouse here in Bismarck. We do acceptance testing on 100% of the machines. That is the time that is necessary for us to do that. We're hoping that by early summer, we'll be testing those if not sooner. (5.43)

**Senator Oehlke:** You mentioned acceptance testing and I'm guessing that is more than shaking the box. What does that all entail?

**Jim Silrum:** It is much more. We physically put every machine thru the paces of what it is to run an election and make sure it tabulates the votes correctly. That is produces the necessary reports, etc. There is a laundry list of items that we check. Even though these are federally certified machines, we do that because but ND runs their elections a little different than other states. Every state needs to go through this practice. It takes at least a ½ day to do one of these machines. And we only have so many staff. (7.10)

**Senator Grabinger:** When we have downsized our polling sites in Jamestown and only have one in Stutsman county. By doing so with these new machines, is there the ability to go with less to do the same job? Is there any more efficiency in that?

**Al Jaeger:** There was a survey done and every county was taken into account. The bid is based on a number of different things. There are some central account machines in there. If we don't need the machines, we will not buy them.

**Senator Grabinger:** But we're allocating money, if we go ahead with this, based on a set number of machines. Now you are saying you may not need that many. You will decide that later after we allocated the money? (8.48)

**Jim Silrum:** In preparations for this, all 53 counties were queried and interviewed how many machines they would need. We already have reduced the number appropriately for the RFP. Should a county decide that they will change vote by mail back to machine in precincts, then we have a situation in place that those counties could buy machines at the bidding price we paid. Right now, those who are vote by mail will still be vote by mail. The need for fewer machines, is that since 2004, there are now available on the market as central count machines that tabulate absentee ballots. The cost of those machines has come way down. We envision that every county will be able to have one of the central count machines rather than three or four tabulators. (10.35) Those factors have all been tied in.

**Senator Grabinger:** The governor put in \$1M less. So is he believing that is because of the efficiencies? With these new machines, what guarantee do we have down the road? Will we have to get new machines 10 years down the road? What is longevity of these machines?



**Jim Silrum:** We have no understanding why the governor brought this down by \$1M. Where he thinks we will get the other million from, I don't know. The total amount is going to be necessary. As to technology and its life span. We've had this current system since 2004. The current system could last as long. The only thing that would truly drive any change is if machines wear out. Or if the legislature wants us to change how we vote.

**Senator Grabinger:** Did you look at other types of voting machines? Why did you pick this brand?

**Al Jaeger:** We established the RFP. That was out for bidding. There's an evaluation committee of people on my staff, county auditors. They review all of the bids based on criteria. The committee selected 2 vendors and they came and demonstrated their product to the committee; and one company was identified to accepting the bid. It was a good process.

**Senator Hogue:** Are any vendors that competed in this process the same as our past machines?

**Al Jaeger:** They were one of the last two finalists.

**Senator Hogue:** I asked because we all understand planned obsolescence and manufacturers and software sellers tell you that they will not service this stuff. You are forced to buy.

**Al Jaeger:** You need to keep in mind that when HAVA (Help America Vote Act) was passed in 2002, everyone in country was buying machines. The technology back then was already behind. The operating system was a Microsoft system that they will not support any more. That had nothing to do with the manufacturer in 2002-03. We are in a completely digital age, right now. Where we had mechanical parts, and I am amazed that the county auditor has been able to salvaged one machine to another to repair machines. The entire country is on the verge of buying machines. Completely different world than when we bought our old machines. (16.30)

**Senator Hogue:** We don't know why the governor went from \$9M to \$8M. You feel you need \$9M because you need that to award the contract. What will happen if you only get \$8 million?

**Al Jaeger:** We would still have the voting system, but we would have to cut short the electronic poll books. We want to have them in all the counties. There is election security involved.

**Senator Hogue:** We spent a lot of time on this portion of your budget. Please turn to ethics Measure 1. Have your staff looked at whether that will impose additional burdens on your office? Will that have any budget effects.

**Al Jaeger:** It doesn't think we have looked at it. Measure 1 doesn't do anything with Secretary of State. There are some reporting things that may involve some programming.

**Jim Silrum:** Al is correct. As the measure as passed by voters, we don't know if we'll be handling campaign finance or lobbyist reporting any more.

**Senator Hogue:** The two bills that will be heard seem to assume that SOS will retain the campaign reporting obligations. They will have to adjust for inflation. The committees seem to think you'll still be handling this. Maybe they will say we will have our own. I wanted to know your opinions as you look at the bill drafts.

**Al Jaeger:** We have other bills that don't look like they'll have anything, but we've asked for other things to be restored. We have asked for things to be restored or be allowed. That may give us the wiggle room to cover some money. That's where our flexibility comes in. It's under that programming like the carrying forward of our special fund and removing that language from the law. Then we don't have to come back 6-7 times asking. The \$10 that is going to counties, if that comes back to us. It's designed to support our programming and also help out with some of the voting equipment going out on an ongoing basis.

**Chairman Hogue:** Can we ask you to look at those bills and see if there is potential fiscal affect?

**Jim Silrum:** We will look at those, but a question I have is, regarding that, is when it talks about disclosing the true source of funding. If someone gives \$500 to someone else. What of that is from another source? That causes real programming changes. Our system doesn't contemplate sub contributions for gifts to candidates. If Al gives you as a candidate, \$500, but I gave him \$250 of that. How do you report that in the system?

**Senator Hogue:** We would not have to worry if you gave me cash.

**Jim Silrum:** You see where I am going with that. We're trying to understand what all these mean with all words that were added to our constitution say. (22.43)

**Senator Hogue:** We don't want to pass your bills and then in 11<sup>th</sup> hour there are additional requirements and added costs, and we've passed your budget with emergency clause, then there is a hole there. (23.07)

**Al Jaeger:** The entire bill doesn't have to be emergency, just one section.

**Senator Hogue:** Your government services fund, if it goes over \$75, then it goes to general fund. You are asking that it does not happen. Who requested?

**Al Jaeger:** We've come back over 6-7 biennium's and asked for that to be extended. Two years ago when I met with legislative council budget analyst, they said no one else has this so get rid of it. I went to OMB. The governor has recommended that we do that. The history and going way back when Governor Schafer was here, he did away with all special funds. We can only expend the revenue that comes in. As we got into different projects, we kept requesting it. You as legislative body always have control over our budget.

**Senator Grabinger:** Temporary employees and overtime was discussed two years ago. Is that \$150,000 for temp salaries?

**Al Jaeger:** Yes, we still have temporary people. We're just in process of going thru soft opening on our first stop two weeks ago. We will be transitioning to on line filing. Right now we have contractors that are moving line. We are just getting the brunt of that right now. We are going through a transition right now. We have annual reports and entered into the system as part of the electronic record. There is a back log on that.

**Senator Grabinger:** We should see a cut down in temporary position as we move forward in this. The whole idea was to eliminate that and get passed that. Will we get there?

**Al Jaeger:** It is important for funding to get thru that entire transition. We got cut back 2 FTEs last time. We asked for it back, but the governor kept us at 32, that also includes the SOS. We have 4 temps. And one of our part-time people is working from Texas. He's the only one of our people that can do AS-400 programming. If we didn't have him, we'd be in big problems.

**Senator Hogue:** Does OMB have any insights on our \$9 vs \$9 million dilemmas out of the SIIF fund?

**Stephanie Gullickson, (OMB):** The reason why governor took a million out was hoping there were some efficiencies found and secondly, using that \$10 from each county for the voting system. That is \$800,000. It bridged that gap. (29.50) The SIIF is where most things are funded out of in governor's budget.

**Al Jaeger:** Some of the \$10 is for continuing maintenance as we go forward. We think we can give the counties a bigger benefit. Slope county gets very little. A big county like Cass, gets a lot and their budget is huge. They don't really need it.

**Chairman Hogue:** Anything else?

**Al Jaeger:** This is just the pages out of our testimony and about what we want restored. We would like some special funds money restored. We need special fund authority. You can give me \$30M in authority, but if we only have revenue of \$3 million, does me no good. (Handed out excerpt of his testimony.) Testimony Attached # 2. When it comes to voting system and cost, the county's share of the cost exceeds what they expect. (32.26)

**Senator Hogue:** Supplemental reporting of your operating funds. What do you have there?

**Al Jaeger:** That's easy to provide. We tract that very closely.

**Senator Grabinger:** Did you keep track of where you spent the overtime?

**Al Jaeger:** Yes, it is in our expenditures. We can show that.

Adjourned (33.47)

# 2019 SENATE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Harvest Room, State Capitol

SB 2002  
2/7/2019  
Job #32362 (25:51)

Subcommittee  
 Conference Committee

Committee Clerk: Rose Laning/ Meghan Pegel
--

## Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the Secretary of State and public printing.

## Minutes:

2 Attachments
---------------

Legislative Council: Chris Kadrmas  
OMB: Stephanie Gullickson

**Chairman Hogue** called the sub-committee to order on SB 2002. **Senator Oehlke** and **Senator Grabinger** were also present.

## Chris Kadrmas provided Base Level Funding Changes (see attachment #1)

**Senator Hogue:** The principle issue for resolution involved the funding of the proposed new election equipment. The Association of Counties had offered to provide a witness or someone to provide testimony from the county level. I thought it would be a good idea if we heard from them about their election equipment. Devra, please talk to us about the status of your equipment- how many pieces you have and how many you think you need.

## Devra Smestad, Ward County Auditor/Treasurer (see attachment #2)

**(4:10) Senator Hogue:** Are you aware of the RFP that the Secretary has issued and if that is funded, whether that will meet your needs and Ward County?

**Devra Smestad:** I know the RFP went out. I was not part of the committee that reviewed all of the election equipment, but to my understanding yes, it would.

**Senator Hogue:** You don't have any concerns that you wouldn't have adequate machines or enough equipment to continue at your current level of polling sites?

**Devra Smestad:** I would expect that we'd all have enough equipment to do that and maybe one or two spares like we've always had since the beginning.

**Senator Hogue:** You said everything went well until canvassing?

**Devra Smestad:** We have preventative maintenance before every election where they come out, test machines and fix them if needed. In testing, some machines ran a blank ballot but wouldn't return it. Some of our auto marks which allow people with disabilities to vote independently, the hinges on the screens broke. Because we have enough spares, we switched them and still had several on hand just in case. When we have our PCMCIA card, that's what's programmed to read the ballot and tabulate. There's an internal battery on them that you cannot replace and an external battery you can replace. I personally have those batteries replaced every time we have them programmed because they are so old. We have purchased all brand new ones and they just aren't holding their battery life. When I have a scanner quit, is it broken wire, something internal, the battery? I don't know. However, when I have a card quit, I can only guess that that's going to be that internal battery that cannot be changed. We program about 5-6 additional backup batteries for PC cards just to make sure we have enough to cover in case these kind of things happen. We lost a machine during canvassing; I couldn't put a new card in it or boot up at all. I just replaced it and finished the canvassing.

**Senator Hogue:** There is \$9M that the Secretary requested versus the \$8M that the Governor's executive budget had proposed. We heard from Steph about the rationale for the governor's proposal. I would like to know the Secretary's side. The governor claims there was \$800,000 for an IT project that was restored. If the provision in the bill allows you to keep that extra \$10 that would otherwise go to the counties, you should be made whole in terms of having the \$9M. If you get \$8M from the SIIF fund, there should be an additional at least \$800,000 to cover that \$1M difference. What is wrong with the governor's reasoning?

**(9:00) Al Jaeger, North Dakota Secretary of State**

**Jaeger:** It really shorts us on the other end that we need to have the continuing dollars for the maintenance of the equipment and that \$10 is not only for the election system; there are other systems that we need to support. We're going through a transition period. The voting system is like a package. We're being asked to create efficiencies from another location, but those funds are needed in those other means. We don't gain any efficiencies from the package itself, and if we don't receive the million dollars and have to use it from other spots, that really jeopardizes our other support that we need to do, not only for the continuing maintenance but other and maintenance. It's designed to balance itself out. We understand the governor's reasoning, but we feel that it's not taking into consideration our other needs and the other parts of our overall budget.

**Senator Grabinger:** You were just saying that \$9M would short you on maintenance. I was under the understanding before that the \$9M plus the \$3M in federal is what you needed for the purchase price, nothing to do with maintenance.

**Jaeger:** The package is \$12. What is being drawn is going to short us in those other areas. The major difference I see is the voting system and the cut on special fund authority. On special fund authority, we need the spending authority. You can give me \$30M in spending authority but if our revenue is only \$1M, I can only spend \$1M. The only things we wanted to have restored- one was the million dollars and one was so we don't have to keep coming back on the one thing we've asked for during the last 7 sessions because that's part of the

budgeting process for your review. The other thing is transferring that \$10 to us to be put in the pot so that we can go and help the counties statewide in an equal basis to support the election system. If we lose that million dollars, we're not able to carry through those other processes.

**Senator Hogue:** Tell us about the IT project. As I understand it, there was \$800,000 for the technology projects that was restored to your budget. Is that project complete?

**Jaeger:** We had a soft deployment about 3 weeks ago. 80% of it is in the process of being deployed now. We still have paper that we have to catch up on and going ahead with the online filing. We've been inundated the last few weeks with phone calls and other things. When everything is said and done, we'll be sending out an upwards of 200,000 letters. The first letters that have gone out were to the contractors because their license renewal was March 1<sup>st</sup>. I believe as of this morning, we had about 1,700 that are in the system that have completed their filing online. There's been letters sent out at the pace of about 20-25,000 in staggered amounts to various people; that's underway now. With the carry forward from our special fund, that's to help us through this transition period. I would say at the end of this next biennium we'll know very well where we're at. If we're shorted on the voting system to borrow it from some other place, that will impact us in everything else.

**(15:40) Jim Silrum, Deputy Secretary of State**

**Silrum:** The \$800,000 that is being restored comes from the filing fees that are currently paid for the uniform commercial code filings that are done through our central indexing system. Right now of those filings, \$10 goes to each county for where the first debtor of record is listed. When we had our discussions with the governor's office, it was suggested that if that \$10 were to come to the secretary of state, that \$10 equaling about \$800,000 for the biennium could be used to support all efforts of our technology within the office including our central indexing system that the lenders of the state use so much. When Secretary Jaeger says that if we use all of that \$800,000 for the voting system, then we're actually shortchanging the first op and the central indexing system.

**Senator Grabinger:** Isn't the UCC form you're asking for filed with the court? I thought the UCC form was for when a bank gave a loan, they could go back after the product if the loan went bad. I thought that was filed with the local court house?

**Jaeger:** We have 350,000 files in the system. That's where the security is located. The courts have nothing at all to do with it.

**Senator Grabinger:** The banks send it to you and not the court house?

**Jaeger:** No. 24-7 on March 1<sup>st</sup> the system will be 3 years. For 3 years, 24-7, the lenders put all of that in the liens for crops, machinery, personal property, etc. Whatever security, that's filed in that system; that's where the legal part is.

**Senator Hogue:** Anything against real estate has typically been filed with the county, formerly the register of deeds, now the recorders. If it was a fixture, the Uniform Commercial

code wanted those filed in the locality where the real estate was located. We've slowly transitioned, so the central index system is filed now with the Secretary of State.

**Jaeger:** We tried to balance this out overall with all the needs and make sure everything is covered going forward. What the governor perceived in terms of that money, it takes it away from some of our other needs.

**(20:10) Senator Hogue:** I have a suggestion. The secretary is asking for \$9M out of the SIIF and the executive budget is \$8M. I think we ought to go to \$8.2M from SIIF and move that \$800,000 out of the IT and into the operating lines so that the Secretary can use that for maintenance of his election equipment among other equipment. I don't know what the House will do, but I think the governor's reasoning is correct. However, even if it is, it doesn't make the secretary whole to get him to that \$9M that he needs. I think we should go along our committee of the whole's recommendation about the 2 and the 3 and leaving the health insurance alone. I'm okay with the Secretary keeping that additional monies that would otherwise go to the counties. I think the governor's recommendations are sound, so if we took that money and relocated, I think the Secretary can be made whole.

**Senator Grabinger:** I suggest we go with the executive budget with 3 changes: the salaries, the benefits and I'll go along with your \$8.2M and switching the \$800,000 over. Otherwise we go with the executive budget and the recommendations for the governor with those 3 changes.

**Senator Oehlke:** We should not include the retirement contribution increase at this point. The general operating services fund in section 4, do we want to move that across?

**Senator Hogue:** He's already had that.

**Kadrmaz:** If the committee chooses to accept both Senator Hogue and Senator Grabinger's recommendations, then it would include section 4 on the left side because that was included in the governor's recommendation. If you flip it over, it would also include section 5 which is the change in the fee and who gets to keep the fee. Then it would accept section 6 but amend it to \$8.2M, and it would accept section 7. The \$800,000 is currently in the operating line and if it were to be used for election reform, it would have to shifted to the election reform line.

**Senator Hogue:** Yes, I think we would want to do that.

**Senator Grabinger:** moved Chris' explanation of the changes.  
**Senator Oehlke** seconded the motion.

**A Roll Call vote was taken: 3 yeas, 0 nays, 0 absent. Motion carries.**

# 2019 SENATE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Harvest Room, State Capitol

SB 2002  
2/8/2019  
JOB # 32431

- Subcommittee  
 Conference Committee

Committee Clerk: Alice Delzer
-------------------------------

## Explanation or reason for introduction of bill/resolution:

A BILL for an Act to defray the expenses of the secretary of state (Do Pass as Amended.)

## Minutes:

1.Proposed Amendment # 19.0215.01001
--------------------------------------

**Chairman Holmberg:** opened the hearing on SB 2002. All committee members were present except Senator Gary Lee. Adam Mathiak, Legislative Council and Larry Martin, OMB were also present.

**Senator Hogue: moved the Amendment. 2<sup>nd</sup> by Senator Oehlke.** Senator Hogue explained the Amendment.

**Chairman Holmberg:** was the secretary of state ok with the changes you made?

**Senator Hogue: (4.05)** I would not describe the secretary of state has happy. he indicated that it will be a challenge. I think the executive staff member and our own staff member felt there is ample fiscal ability to acquire the election equipment.

**Chairman Holmberg:** And he's got the House. All in favor of the Amendment, say aye. It carried.

**Senator Hogue: Moved a Do Pass as Amended. 2<sup>nd</sup> by Senator Dever.**

**Chairman Holmberg:** Call the roll on a Do Pass as Amended on SB 2002.

**A Roll Call vote was taken. Yea: 13; Nay: 0; Absent: 1. Senator Grabinger will carry the bill.**

The hearing was closed on SB 2002.



SK  
 105

PROPOSED AMENDMENTS TO SENATE BILL NO. 2002

Page 1, line 2, after "printing" insert "; to amend and reenact sections 54-09-05, 54-09-08, and 54-09-11 of the North Dakota Century Code, relating to the salary of the secretary of state, the general services operating fund, and fees charged by the secretary of state; to provide a report to the legislative assembly; and to provide an exemption"

Page 1, replace lines 11 through 20 with:

"	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$4,652,764	\$296,571	\$4,949,335
Operating expenses	2,711,018	298,535	3,009,553
Petition review	8,000	0	8,000
Election reform	1,192,655	11,607,965	12,800,620
Total all funds	\$8,564,437	\$12,203,071	\$20,767,508
Less estimated income	3,044,155	12,385,493	15,429,648
Total general fund	\$5,520,282	(\$182,422)	\$5,337,860
Full-time equivalent positions	32.00	0.00	32.00"

Page 2, replace lines 1 through 4 with:

"	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Public printing	\$288,450	(\$31,172)	\$257,278
Total general fund	\$288,450	(\$31,172)	\$257,278"

Page 2, replace lines 6 through 10 with:

"	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total general fund	\$5,808,732	(\$213,594)	\$5,595,138
Grand total special funds	3,044,155	12,385,493	15,429,648
Grand total all funds	\$8,852,887	\$12,171,899	\$21,024,786"

Page 2, line 11, after "**FUNDING**" insert "- **REPORT**"

Page 2, line 12, after "biennium" insert "and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 2, replace lines 14 and 15 with:

"Electronic payment processing system	\$194,000	\$0
Voting system and e-poll books	0	11,200,000
Total special funds	\$194,000	\$11,200,000

The 2019-21 biennium one-time funding amounts are not part of the entity's base budget for the 2019-21 biennium. The secretary of state shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

2005

**SECTION 3. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - VOTING SYSTEM AND E-POLL BOOKS.** The estimated income line item in section 1 of this Act includes the sum of \$8,200,000 from the strategic investment and improvements fund for the statewide voting system and e-poll book project for the biennium beginning July 1, 2019, and ending June 31, 2021.

**SECTION 4. AMENDMENT.** Section 54-09-05 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-05. Salary of secretary of state.**

The annual salary of the secretary of state is one hundred ~~twoseven~~ thousand ~~sixeight~~ hundred ~~eighty-nine~~ ~~eighty-five~~ dollars through June 30, ~~2016~~2019, and one hundred ~~fiveeleven~~ thousand ~~sevenone~~ hundred ~~seventytwo~~ ~~two~~ dollars thereafter.

**SECTION 5. AMENDMENT.** Section 54-09-08 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-08. Secretary of state's general services operating fund.**

The secretary of state's general services operating fund is a special fund in the state treasury. Moneys in the fund are to be used pursuant to legislative appropriations for the provision of services under section 16.1-02-15, subsection 4 of section 41-09-94, subsection 5 of section 41-09-96, subsection 7 of section 54-09-04, and sections 10-35-33, 54-09-10, and 54-09-11. ~~At the close of each biennium, the secretary of state shall transfer any unobligated balance remaining in the fund exceeding seventy five thousand dollars to the general fund.~~

**SECTION 6. AMENDMENT.** Section 54-09-11 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-11. Fees.**

1. The secretary of state shall establish fees for any programming charges specifically incurred to provide information requested by persons which is related to the central indexing system and for other services provided through the computerized system.
2. A fee may not be required for furnishing information on a verbal request pursuant to subsection 3 of section 54-09-10, and the fee for furnishing a certificate under subsection 3 of section 54-09-10 is fifteen dollars.
3. ~~The secretary of state shall establish the fee for furnishing lists from the central indexing system based on actual costs to produce the lists for distribution~~ For preparing a listing or compilation of any information recorded or filed in the office of the secretary of state, the secretary of state may charge a fee of forty dollars for each record requested. The secretary of state shall provide the requested information in an electronic format, unless the secretary of state agrees to a request to provide the information in a different format. If the secretary of state provides the requested information in a paper format, the secretary of state may charge an additional fee of fifty cents per page.
4. Fees collected by the secretary of state under this section, under subsection 4 of section 41-09-94, and subsection 5 of section 41-09-96,

and ~~ten~~ twenty dollars from each filing entered into the central indexing system must be deposited in the secretary of state's general services operating fund. Fees collected by the secretary of state under this section ~~must~~ may be used for the programming and maintenance of the central indexing system information technology systems administered by the secretary of state.

- 5. ~~The secretary of state shall pay ten dollars to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to section 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, or 41-09-72. The payment must be made monthly from the general fund in the state treasury.~~

**SECTION 7. EXEMPTION - TECHNOLOGY PROJECT.** The \$3,050,000 general fund appropriation for the technology project in the operating expenses line item in subdivision 1 of section 1 of chapter 36 of the 2015 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation may continue and be expended during the biennium beginning July 1, 2019, and ending June 30, 2021.

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2002 - Summary of Senate Action**

	Base Budget	Senate Changes	Senate Version
Secretary of State			
Total all funds	\$8,564,437	\$12,203,071	\$20,767,508
Less estimated income	3,044,155	12,385,493	15,429,648
General fund	\$5,520,282	(\$182,422)	\$5,337,860
FTE	32.00	0.00	32.00
Public Printing			
Total all funds	\$288,450	(\$31,172)	\$257,278
Less estimated income	0	0	0
General fund	\$288,450	(\$31,172)	\$257,278
FTE	0.00	0.00	0.00
Bill total			
Total all funds	\$8,852,887	\$12,171,899	\$21,024,786
Less estimated income	3,044,155	12,385,493	15,429,648
General fund	\$5,808,732	(\$213,594)	\$5,595,138
FTE	32.00	0.00	32.00

**Senate Bill No. 2002 - Secretary of State - Senate Action**

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$4,652,764	\$296,571	\$4,949,335
Operating expenses	2,711,018	298,535	3,009,553
Petition review	8,000		8,000
Election reform	1,192,655	11,607,965	12,800,620
Total all funds	\$8,564,437	\$12,203,071	\$20,767,508
Less estimated income	3,044,155	12,385,493	15,429,648
General fund	\$5,520,282	(\$182,422)	\$5,337,860
FTE	32.00	0.00	32.00

495

**Department 108 - Secretary of State - Detail of Senate Changes**

	<b>Adjusts Funding for Base Payroll Changes<sup>1</sup></b>	<b>Adds Funding for Salary and Benefit Increases<sup>2</sup></b>	<b>Adds Funding for Temporary Salaries<sup>3</sup></b>	<b>Reduces Funding for Election Reform<sup>4</sup></b>	<b>Increases Funding for Operating Expenses<sup>5</sup></b>	<b>Increases Funding for Technology Projects<sup>6</sup></b>
Salaries and wages	(\$118,954)	\$265,525	\$150,000			
Operating expenses					\$293,671	
Petition review						
Election reform	1,020	9,442		(\$402,497)		\$800,000
<b>Total all funds</b>	<b>(\$117,934)</b>	<b>\$274,967</b>	<b>\$150,000</b>	<b>(\$402,497)</b>	<b>\$293,671</b>	<b>\$800,000</b>
Less estimated income	(200,158)	16,676	150,000	(402,497)	820,673	800,000
<b>General fund</b>	<b>\$82,224</b>	<b>\$258,291</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$527,002)</b>	<b>\$0</b>
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	<b>Adds Funding for Microsoft Office 365<sup>7</sup></b>	<b>Adds Funding for Voting System and E-poll Books<sup>8</sup></b>	<b>Total Senate Changes</b>
Salaries and wages			296,571
Operating expenses	\$4,864		\$298,535
Petition review			
Election reform		\$11,200,000	11,607,965
<b>Total all funds</b>	<b>\$4,864</b>	<b>\$11,200,000</b>	<b>\$12,203,071</b>
Less estimated income	799	11,200,000	12,385,493
<b>General fund</b>	<b>\$4,065</b>	<b>\$0</b>	<b>(\$182,422)</b>
FTE	0.00	0.00	0.00

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Salary increase	\$124,429	\$7,752	\$132,181
Health insurance increase	133,862	8,924	142,786
<b>Total</b>	<b>\$258,291</b>	<b>\$16,676</b>	<b>\$274,967</b>

<sup>3</sup> Adds funding for temporary salaries from the Secretary of State's general services operating fund.

<sup>4</sup> Reduces federal (\$229,662) and state matching funds (\$172,835) for election reform.

<sup>5</sup> Increases funding from the Secretary of State's general services operating fund (\$820,673) and reduces funding from the general fund (\$527,002) to provide a total of \$3,009,553 for operating expenses.

<sup>6</sup> Increases funding for technology projects from additional revenue of \$800,000 deposited in the Secretary of State's general services operating fund as a result of changes in Section 6 of the bill. The \$800,000 in additional revenue is anticipated to be used for the Secretary of State's statewide voting system and e-poll book project, which is expected to cost a total of \$12 million during the 2019-21 biennium.

<sup>7</sup> Adds funding for Microsoft Office 365 licensing.

<sup>8</sup> Adds one-time funding from the strategic investment and improvements fund (\$8,200,000) and federal funds (\$3,000,000) for the Secretary of State's statewide voting system and e-poll book project, which is expected to cost a total of \$12 million during the 2019-21 biennium.

This amendment also adds sections to:

- Identify \$8.2 million from the strategic investment and improvements fund for the Secretary of State's statewide voting system and e-poll book project.
- Provide the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$105,770 to \$107,885, effective July 1, 2019, and to \$111,122, effective July 1, 2020, to reflect the 2 percent and 3 percent salary increase.

585

- Amend North Dakota Century Code Section 54-09-08 to remove the requirement to transfer all funds in the Secretary of State's general services operating fund exceeding \$75,000 to the general fund at the end of each biennium.
- Amend Section 54-09-11 to remove a directive for the Secretary of State to establish a fee for furnishing lists from the central indexing system and establish a fee of \$40 for preparing any listing or compilation of any information recorded or filed, and provide an additional fee of 50 cents per page for a listing in paper format. The section also amends Section 54-09-11 to increase the filing fee for the central indexing system from \$10 to \$20 and allows the fee to be used for the programming and maintenance of the information technology systems administered by the Secretary of State. The section also amends Section 54-09-11 to remove the requirement for the Secretary of State to pay \$10 to the county recorder of the county of residence for the first debtor listed on certain statements.
- Provide that any unexpended funds from the technology project in Section 2 of Chapter 36 of the 2015 Session Laws may be continued and spent during the 2019-21 biennium.

**Senate Bill No. 2002 - Public Printing - Senate Action**

	Base Budget	Senate Changes	Senate Version
Public printing	\$288,450	(\$31,172)	\$257,278
Total all funds	\$288,450	(\$31,172)	\$257,278
Less estimated income	0	0	0
General fund	\$288,450	(\$31,172)	\$257,278
FTE	0.00	0.00	0.00

**Department 109 - Public Printing - Detail of Senate Changes**

	Reduces Funding for Public Printing <sup>1</sup>	Total Senate Changes
Public printing	(\$31,172)	(\$31,172)
Total all funds	(\$31,172)	(\$31,172)
Less estimated income	0	0
General fund	(\$31,172)	(\$31,172)
FTE	0.00	0.00

<sup>1</sup> Reduces funding for public printing to provide a total of \$257,278 from the general fund.



Date: 2-7-2019

Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2002

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: Chris' explanation of the changes to the spec. budget

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 Grabinger Seconded By Oehlke

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger	X	
Senator Wanzek			Senator Robinson		
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee					
Senator Dever					
Senator Sorvaag					
Senator Oehlke	X				
Senator Hogue	X				

Total (Yes) 3 No 0

Absent 0

Floor Assignment \_\_\_\_\_

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

Date: 2-8-2019  
Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2002

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: 19.0215.01001

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 Hogue    Seconded By Oehlke

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek			Senator Robinson		
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee					
Senator Dever					
Senator Sorvaag					
Senator Oehlke					
Senator Hogue					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

*Voice Vote  
it Carried*

Date: 2-8-2019  
 Roll Call Vote #: 2

**2019 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2002**

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 Hogue    Seconded By Dever

Senators	Yes	No	Senators	Yes	No
Senator Holmberg	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator Grabinger	✓	
Senator Wanzek	✓		Senator Robinson	✓	
Senator Erbele	✓				
Senator Poolman	✓				
Senator Bekkedahl	✓				
Senator G. Lee	A				
Senator Dever	✓				
Senator Sorvaag	✓				
Senator Oehlke	✓				
Senator Hogue	✓				

Total (Yes) 13 No 0

Absent 1

Floor Assignment Grabinger

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



**REPORT OF STANDING COMMITTEE**

**SB 2002: Appropriations Committee (Sen. Holmberg, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2002 was placed on the Sixth order on the calendar.

Page 1, line 2, after "printing" insert "; to amend and reenact sections 54-09-05, 54-09-08, and 54-09-11 of the North Dakota Century Code, relating to the salary of the secretary of state, the general services operating fund, and fees charged by the secretary of state; to provide a report to the legislative assembly; and to provide an exemption"

Page 1, replace lines 11 through 20 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$4,652,764	\$296,571	\$4,949,335
Operating expenses	2,711,018	298,535	3,009,553
Petition review	8,000	0	8,000
Election reform	<u>1,192,655</u>	<u>11,607,965</u>	<u>12,800,620</u>
Total all funds	\$8,564,437	\$12,203,071	\$20,767,508
Less estimated income	<u>3,044,155</u>	<u>12,385,493</u>	<u>15,429,648</u>
Total general fund	\$5,520,282	(\$182,422)	\$5,337,860
Full-time equivalent positions	32.00	0.00	32.00"

Page 2, replace lines 1 through 4 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Public printing	<u>\$288,450</u>	<u>(\$31,172)</u>	<u>\$257,278</u>
Total general fund	\$288,450	(\$31,172)	\$257,278"

Page 2, replace lines 6 through 10 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total general fund	\$5,808,732	(\$213,594)	\$5,595,138
Grand total special funds	<u>3,044,155</u>	<u>12,385,493</u>	<u>15,429,648</u>
Grand total all funds	\$8,852,887	\$12,171,899	\$21,024,786"

Page 2, line 11, after "**FUNDING**" insert "- **REPORT**"

Page 2, line 12, after "biennium" insert "and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 2, replace lines 14 and 15 with:

"Electronic payment processing system	\$194,000	\$0
Voting system and e-poll books	0	11,200,000
Total special funds	\$194,000	\$11,200,000

The 2019-21 biennium one-time funding amounts are not part of the entity's base budget for the 2019-21 biennium. The secretary of state shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

**SECTION 3. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - VOTING SYSTEM AND E-POLL BOOKS.** The estimated income line item in section 1 of this Act includes the sum of \$8,200,000 from the strategic investment and improvements fund for the statewide voting system and

e-poll book project for the biennium beginning July 1, 2019, and ending June 31, 2021.

**SECTION 4. AMENDMENT.** Section 54-09-05 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-05. Salary of secretary of state.**

The annual salary of the secretary of state is one hundred ~~two~~ ~~seven~~ thousand ~~six~~ ~~eight~~ hundred ~~eighty~~ ~~nine~~ ~~eighty~~ ~~five~~ dollars through June 30, 2016 ~~2019~~, and one hundred ~~five~~ ~~eleven~~ thousand ~~seven~~ ~~hundred~~ ~~seventy~~ ~~two~~ dollars thereafter.

**SECTION 5. AMENDMENT.** Section 54-09-08 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-08. Secretary of state's general services operating fund.**

The secretary of state's general services operating fund is a special fund in the state treasury. Moneys in the fund are to be used pursuant to legislative appropriations for the provision of services under section 16.1-02-15, subsection 4 of section 41-09-94, subsection 5 of section 41-09-96, subsection 7 of section 54-09-04, and sections 10-35-33, 54-09-10, and 54-09-11. ~~At the close of each biennium, the secretary of state shall transfer any unobligated balance remaining in the fund exceeding seventy-five thousand dollars to the general fund.~~

**SECTION 6. AMENDMENT.** Section 54-09-11 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-11. Fees.**

1. The secretary of state shall establish fees for any programming charges specifically incurred to provide information requested by persons which is related to the central indexing system and for other services provided through the computerized system.
2. A fee may not be required for furnishing information on a verbal request pursuant to subsection 3 of section 54-09-10, and the fee for furnishing a certificate under subsection 3 of section 54-09-10 is fifteen dollars.
3. ~~The secretary of state shall establish the fee for furnishing lists from the central indexing system based on actual costs to produce the lists for distribution~~ For preparing a listing or compilation of any information recorded or filed in the office of the secretary of state, the secretary of state may charge a fee of forty dollars for each record requested. The secretary of state shall provide the requested information in an electronic format, unless the secretary of state agrees to a request to provide the information in a different format. If the secretary of state provides the requested information in a paper format, the secretary of state may charge an additional fee of fifty cents per page.
4. Fees collected by the secretary of state under this section, under subsection 4 of section 41-09-94, and subsection 5 of section 41-09-96, and ~~ten~~ ~~twenty~~ dollars from each filing entered into the central indexing system must be deposited in the secretary of state's general services operating fund. Fees collected by the secretary of state under this section ~~must~~ may be used for the programming and maintenance of ~~the central indexing system~~ information technology systems administered by the secretary of state.

5. The secretary of state shall pay ten dollars to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to section 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, or 41-09-72. The payment must be made monthly from the general fund in the state treasury.

**SECTION 7. EXEMPTION - TECHNOLOGY PROJECT.** The \$3,050,000 general fund appropriation for the technology project in the operating expenses line item in subdivision 1 of section 1 of chapter 36 of the 2015 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation may continue and be expended during the biennium beginning July 1, 2019, and ending June 30, 2021.

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2002 - Summary of Senate Action**

	Base Budget	Senate Changes	Senate Version
Secretary of State			
Total all funds	\$8,564,437	\$12,203,071	\$20,767,508
Less estimated income	3,044,155	12,385,493	15,429,648
General fund	\$5,520,282	(\$182,422)	\$5,337,860
FTE	32.00	0.00	32.00
Public Printing			
Total all funds	\$288,450	(\$31,172)	\$257,278
Less estimated income	0	0	0
General fund	\$288,450	(\$31,172)	\$257,278
FTE	0.00	0.00	0.00
Bill total			
Total all funds	\$8,852,887	\$12,171,899	\$21,024,786
Less estimated income	3,044,155	12,385,493	15,429,648
General fund	\$5,808,732	(\$213,594)	\$5,595,138
FTE	32.00	0.00	32.00

**Senate Bill No. 2002 - Secretary of State - Senate Action**

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$4,652,764	\$296,571	\$4,949,335
Operating expenses	2,711,018	298,535	3,009,553
Petition review	8,000		8,000
Election reform	1,192,655	11,607,965	12,800,620
Total all funds	\$8,564,437	\$12,203,071	\$20,767,508
Less estimated income	3,044,155	12,385,493	15,429,648
General fund	\$5,520,282	(\$182,422)	\$5,337,860
FTE	32.00	0.00	32.00

**Department 108 - Secretary of State - Detail of Senate Changes**

	Adjusts Funding for Base Payroll Changes <sup>1</sup>	Adds Funding for Salary and Benefit Increases <sup>2</sup>	Adds Funding for Temporary Salaries <sup>3</sup>	Reduces Funding for Election Reform <sup>4</sup>	Increases Funding for Operating Expenses <sup>5</sup>	Increases Funding for Technology Projects <sup>6</sup>
Salaries and wages	(\$118,954)	\$265,525	\$150,000			
Operating expenses					\$293,671	
Petition review						\$800,000
Election reform	1,020	9,442		(\$402,497)		
Total all funds	(\$117,934)	\$274,967	\$150,000	(\$402,497)	\$293,671	\$800,000
Less estimated income	(200,158)	16,676	150,000	(402,497)	820,673	800,000
General fund	\$82,224	\$258,291	\$0	\$0	(\$527,002)	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds Funding for Microsoft Office 365 <sup>2</sup>	Adds Funding for Voting System and E-poll Books <sup>3</sup>	Total Senate Changes
Salaries and wages			296,571
Operating expenses	\$4,864		\$298,535
Petition review			
Election reform		\$11,200,000	11,607,965
<b>Total all funds</b>	<b>\$4,864</b>	<b>\$11,200,000</b>	<b>\$12,203,071</b>
Less estimated income	799	11,200,000	12,385,493
General fund	\$4,065	\$0	(\$182,422)
FTE	0.00	0.00	0.00

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

	General Fund	Other Funds	Total
Salary increase	\$124,429	\$7,752	\$132,181
Health insurance increase	133,862	8,924	142,786
Total	\$258,291	\$16,676	\$274,967

<sup>3</sup> Adds funding for temporary salaries from the Secretary of State's general services operating fund.

<sup>4</sup> Reduces federal (\$229,662) and state matching funds (\$172,835) for election reform.

<sup>5</sup> Increases funding from the Secretary of State's general services operating fund (\$820,673) and reduces funding from the general fund (\$527,002) to provide a total of \$3,009,553 for operating expenses.

<sup>6</sup> Increases funding for technology projects from additional revenue of \$800,000 deposited in the Secretary of State's general services operating fund as a result of changes in Section 6 of the bill. The \$800,000 in additional revenue is anticipated to be used for the Secretary of State's statewide voting system and e-poll book project, which is expected to cost a total of \$12 million during the 2019-21 biennium.

<sup>7</sup> Adds funding for Microsoft Office 365 licensing.

<sup>8</sup> Adds one-time funding from the strategic investment and improvements fund (\$8,200,000) and federal funds (\$3,000,000) for the Secretary of State's statewide voting system and e-poll book project, which is expected to cost a total of \$12 million during the 2019-21 biennium.

This amendment also adds sections to:

- Identify \$8.2 million from the strategic investment and improvements fund for the Secretary of State's statewide voting system and e-poll book project.
- Provide the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$105,770 to \$107,885, effective July 1, 2019, and to \$111,122, effective July 1, 2020, to reflect the 2 percent and 3 percent salary increase.
- Amend North Dakota Century Code Section 54-09-08 to remove the requirement to transfer all funds in the Secretary of State's general services operating fund exceeding \$75,000 to the general fund at the end of each biennium.
- Amend Section 54-09-11 to remove a directive for the Secretary of State to establish a fee for furnishing lists from the central indexing system and establish a fee of \$40 for preparing any listing or compilation of any information recorded or filed, and provide an additional fee of 50 cents per page for a listing in paper format. The

- section also amends Section 54-09-11 to increase the filing fee for the central indexing system from \$10 to \$20 and allows the fee to be used for the programming and maintenance of the information technology systems administered by the Secretary of State. The section also amends Section 54-09-11 to remove the requirement for the Secretary of State to pay \$10 to the county recorder of the county of residence for the first debtor listed on certain statements.
- Provide that any unexpended funds from the technology project in Section 2 of Chapter 36 of the 2015 Session Laws may be continued and spent during the 2019-21 biennium.

**Senate Bill No. 2002 - Public Printing - Senate Action**

	Base Budget	Senate Changes	Senate Version
Public printing	\$288,450	(\$31,172)	\$257,278
Total all funds	\$288,450	(\$31,172)	\$257,278
Less estimated income	0	0	0
General fund	\$288,450	(\$31,172)	\$257,278
FTE	0.00	0.00	0.00

**Department 109 - Public Printing - Detail of Senate Changes**

	Reduces Funding for Public Printing <sup>1</sup>	Total Senate Changes
Public printing	(\$31,172)	(\$31,172)
Total all funds	(\$31,172)	(\$31,172)
Less estimated income	0	0
General fund	(\$31,172)	(\$31,172)
FTE	0.00	0.00

<sup>1</sup> Reduces funding for public printing to provide a total of \$257,278 from the general fund.

**2019 HOUSE APPROPRIATIONS**

**SB 2002**

# 2019 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee – Education and Environment Division Roughrider Room, State Capitol

SB 2002  
2/27/2019  
32932

- Subcommittee  
 Conference Committee

Committee Clerk: Parker Oswald

### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing.

### Minutes:

Attachments 1-3

**Chairman Representative David Monson:** Opens hearing on SB 2002.

**(1:10) Al Jaeger:** Secretary of State. Introduces self to committee and begins to present **attachment 1 on page 1.**

**(2:45) Chairman Representative David Monson:** You said \$3M from the Feds and is that already in and spent?

**Mr. Jaeger:** It is in, but not spent. Returns to **page 1 of attachment 1.**

**(4:20) Chairman Representative David Monson:** Did the Senate put the \$800,000 in your operating and you want it in the election reform line?

**Mr. Jaeger:** Correct. Returns to **attachment 1 on page 1.**

**Chairman Representative David Monson:** The HAVA (Help America Vote Act) funds are carried over and used for what?

**Mr. Jaeger:** Yes, they are carried over and we use the HAVA funds for different uses like electronic voting and other things like voter education ads.

**(7:15) Mr. Jaeger:** Continues presenting on **page 2 of attachment 1.**

**(8:55) Chairman Representative David Monson:** You would need the emergency clause on all money going towards voting systems?

**Mr. Jaeger:** Yes, everything tied into voting systems need it.

**(10:50) Representative Mark Sanford:** Was this the same amount requested 2 years ago and are you comfortable that this amount will cover the costs on a statewide basis?

**Mr. Jaeger:** The \$800,000 in special funds goes back to the operating line, it will give us flexibility and help that cause. It should get the voting system job done, but we do not know what the electronic phone books will cost.

**Chairman Representative David Monson:** You do have the authority for the \$12M. The Feds gave \$3M, the Senate had \$8.2M and the \$800,000 makes the \$12M.

**Representative Mike Nathe:** Do you use HAVA funds to cover employee costs?

**(12:50) Mr. Jaeger:** We have one that manages the system and a temp that works on the data, so 1.5 FTE (full time employee).

**Representative Mike Nathe:** How much does that cost out of the HAVA fund for the 1.5 FTE?

**(13:40) Mr. Jaeger:** It is about \$200,000 and the other is about \$80,000 for the part time for the biennium, which includes salary and benefits.

**Representative Mike Nathe:** Is this ongoing of just for the biennium?

**Mr. Jaeger:** We have had them since 2002. We have been able to use this money as long as possible. By the end of this biennium it will probably be gone and the chances of the Feds doing anything for it is not high. It was in the original bill, but we never got it. We did receive the \$3M through the election assistance model. We could use it however we wanted, so we went with voting systems, where some states use that on cyber security. ITD (Information Technology Department) does all of our state's cyber security. Returns to **page 2 of attachment 1**.

**(18:00) Representative Mark Sanford:** Did the Senate wait until the 12<sup>th</sup> hour to do your budget?

**Mr. Jaeger:** We had our meeting and then there were subcommittee meetings and we did not realize some of the changes they had made. Senator Holmberg was putting pressure on the subcommittees to get their bills out so they could vote on them, so there were some loose ends. We both missed that they did not have the emergency clause in the bill.

**(20:00) Chairman Representative David Monson:** You have been explaining your optional requests on **page 2 of attachment 1**. Was the FTE restoration for 2 FTE?

**Mr. Jaeger:** No, that is for just 1 FTE. We are still funded for the same amount of FTE that we have had the last two years. I was trying to show what our optional requests are. We asked for overtime and temporary salaries, which was cut back by the Governor.

**Representative Mark Sanford:** If we make those changes and they are ready to do that, they concede to the wisdom of the House then?



**(22:05) Mr. Jaeger:** The changes of emergency clause and the \$800,000 would make us very happy.

**Vice Chairman Representative Jim Schmidt:** We do not leave everything alone.

**Chairman Representative David Monson:** We have a tendency to take things away that the Senate has put in.

**(23:20) Mr. Jaeger:** Continues presenting on **page 3 of attachment 1**.

**(26:40) Mr. Jaeger:** The filing fee is \$40, \$10 goes to my office, \$10 to the counties and the other \$20 goes to the general fund. The counties do not use this, so it would then go to my office and the split would be \$20 to my office and \$20 to the general fund. We would use this money for election and voting system changes throughout the state, which is why we want it in the operating line.

**Chairman Representative David Monson:** What do they use their money for?

**(28:20) Mr. Jaeger:** It just goes back in their general fund.

**Chairman Representative David Monson:** Well, that \$800,000 is a big chunk.

**Mr. Jaeger:** They have nothing to do with the system and they are receiving revenue for something they do nothing for, which is why we proposed the change and can use it to help all of the counties.

**Chairman Representative David Monson:** So the Senate already did that too?

**(29:40) Mr. Jaeger:** The general fund will remain the same, there is not increase in the filing fee, it is just redistributed instead of the counties getting money. Returns to **page 3 of attachment 1**.

**Chairman Representative David Monson:** How much is it?

**(31:10) Mr. Jaeger:** We have deployed 80% and 20%. What we did is we have deployed the software that impacts the greatest number of people. Our first major thing is contractor licenses are to be renewed soon and that is done online. It is not asking for new money; it is money we have so far. We are trying to launch by the end of the biennium, but we still need that reassurance.

**Chairman Representative David Monson:** That was not included in any turn back?

**(33:10) Mr. Jaeger:** Correct, it is money from before. Continues on **page 4 of attachment 1**.

**(37:05) Representative Mark Sanford:** If you had excess fees collected and spending authority attached to them, would you; carry it over, use it on services or what?

**Mr. Jaeger:** The funds I currently have in my special funds can be used. We will have particular expenses that we have to pay off including staff and overtime pay. In 2 years, we could hopefully show you a few different figures.

**(39:15) Representative Mark Sanford:** So you would use the carryover to enhance your current projects and infrastructure?

**Mr. Jaeger:** Correct.

**(40:15) Representative Mark Sanford:** Are you still in charge of Martial arts?

**Mr. Jaeger:** I am still technically, yes. We only regulated 3 events last year and only 2 so far this year. The promoter now has to cover costs. Outlines the figures on **pages 13-18 of attachment 1**.

**(42:30) Chairman Representative David Monson:** Are there any other bills out there that may impact this budget?

**Mr. Jaeger:** There is one, but we are unaware of what is all in it and how it may affect impact awareness.

**(43:50) Alex Cronquist, LC:** There is a list of bills that would impact this and we can get you that.

**Chairman Representative David Monson:** There are around 8 so far.

**Mr. Jaeger:** There is a green sheet for this and we will check to see if it is any different than before.

**(45:10) Chairman Representative David Monson:** Any more questions or comments?

**(47:45) Donnell Preskey:** Introduces self to committee, hands out **attachment 2 and 3** and begins to present on **page 1**.

**(52:00) Chairman Representative David Monson:** Can the county change the number of precincts on their own?

**Ms. Preskey:** It is a county decision, but there is a bill going through now that would change that. Returns to **page 4 of attachment 2**.

**(53:10) Chairman Representative David Monson:** What do they do when the tabulators fail?

**Ms. Preskey:** There is a lot of problems from jamming in ballots. There is a divider that separates ballots and sometimes those do not work properly, so the workers then have to go through every vote to make sure they are separated correctly. There are cards that hold the votes and memory card readers sometimes have errors and then they have to manually enter the results of these votes. Returns to **page 4 of attachment 2**.

**(57:00) Chairman Representative David Monson:** So the \$12M that is needed will provide every county with an update, new, working or fixing tabulators?

**Ms. Preskey:** Yes, but much of the equipment cannot be replaced and that \$12M will do the job.

**Chairman Representative David Monson:** Will it cost the counties anything?

**Ms. Preskey:** The counties incur costs for administering these voting tolls, but our understanding is that it would cover the costs.

**(58:10) Representative Mike Nathe:** Can the votes be manipulated and hacked?

**Ms. Preskey:** I have seen examples that are out there by vendors, but I am not involved in the process of choosing. The big concern nationwide is to have a paper ballot that is trackable.

**Representative Mike Nathe:** Would these new machines be more efficient and save money?

**Ms. Preskey:** Absolutely. It helps keep people from voting in multiple locations.

**(59:40) Representative Mark Sanford:** I forgot to ask, but with the new equipment involving consolidation, would this lead to more precincts or reserve equipment?

**Ms. Preskey:** I am not the best to ask.

**Chairman Representative David Monson:** Do you have any say in what you order and is it all going to be standard so that if you have to move it from county to county that it can be done?

**Ms. Preskey:** It is important to have a statewide unified system that will communicate together. We have seen a lot of sharing going on between counties because they are down on working machines and the state funding goes to one system.

**(1:01:55) Chairman Representative David Monson:** It seems like rural counties did not have the money to go with the new stuff. We do not have a standardized system right now. Cass County went out and bought their own stuff because they can afford that.

**Ms. Preskey:** You are thinking of the electronic pull books, which is a bit different. That is a specific cost to the county and some have even tried that type of technology out.

**Chairman Representative David Monson:** So the \$12M would take care of the machines and pull books?

**(1:03:40) Ms. Preskey:** It would cover the tabulators, which scan the vote sheets and the pull books which verify identity and make sure that you have not voted multiple times and that is saved.

**Representative Mike Nathe:** Does that money cover training of election workers?

**Ms. Preskey:** There are two elements: one is the auditor training with poll workers is a county expense and the secretary of state trains its employees.

**Representative Mike Nathe:** Would this speed up vote counting times?

**(1:05:10) Ms. Preskey:** The delayed and non-working equipment holds up the process, so this should expedite it.

**Representative Tracy Boe:** My concern is the equity in the counties for this because some have gotten very efficient. If we subsidize this, do they have the options to reopen polling stations?

**Ms. Preskey:** Nothing on that line would change. Local control is making those decisions still, we are just updating equipment because some are using mail-in votes and others do not want to. They will not have to change their process because of this.

**(1:07:25) Chairman Representative David Monson:** If one county has precincts and wants to open more, they could eat up a lot of the funds.

**(1:08:10) Mr. Jaeger:** I will ask my deputy to come up in a moment. The voting system used is the same in all 53 counties, the equipment and auto books are the same in all counties. We want all counties to have electronic pull books. The system is the same throughout, but some have second generation technology and some do not. We did a needs based survey and many were made up of counties and people from my office. If we get the funding, we have a scoring that is done and we have a vendor that is identified, but we cannot disclose that yet.

**Chairman Representative David Monson:** What happens if Towner county wants to switch?

**Mr. Jaeger:** By law they all have to have at least one location open on voting day. That \$800,000 that was cut from SIIF (Strategic Investment and Improvement Fund), if restored would cover all of the costs.

**(1:11:35) Jim Silrum:** Deputy Secretary of State. We hired a contractor to survey the counties and that is what this is based upon. A county could change their mind to go from mail-in voting back to poll place voting. We have talked about this and they would be using machines from other counties that have extras. More than 30 of our counties are strictly mail-in voting. In this bill, all counties will have at least one central high speed count to count the absentee ballots. Each county is required to have at least one polling place open with backup machines and if they decide to open more polling places, they can do so with the equipment provided through this contract. If all else fails and all 30 counties turn back to polling place voting, there is a clause in the contract that allows for the purchase of additional equipment.

**Chairman Representative David Monson:** So the county would pay for that then.

**(1:14:55) Representative Mike Nathe:** Is there a yearly maintenance fee? What is the lifetime of these machines as well?

**Mr. Silrum:** There is a yearly maintenance fee and the amount is covered in the contract. In future biennia, the \$800,000 that goes to counties will be covered by the secretary of state in order to maintain those machines on an annual basis. Our current system has lasted 15 years and we expect the new one to last at least 10 years. The only issue is that technology changes and so does the will of the legislature also changes. We are purchasing a system that would grow with the state and not require a drastic change of equipment in the future.

**(1:17:15) Representative Mike Nathe:** How soon would the counties get these machines?

**Mr. Silrum:** The reason we want the emergency clause is so we can implement this and give other companies a protest period. The selected vendors would then rent a warehouse in Bismarck and then equipment certification testing would be ran and that would be done in early summer and transferred to the counties over the summer. There is then additional training and by the end of December, the equipment will be ready for the 2020 election cycle. You want to make sure the system is rock solid and ready to go so you can avoid last second changes.

**(1:19:45) Vice Chairman Representative Jim Schmidt:** What happens to the old ones?

**Mr. Silrum:** There is an option for the selected vendor to buy the old machines. If we happen to purchase from the last vendors, we are likely to get credit on the older machines than another. We want whoever we contract with to take those old machines and properly dispose of them and if the county does, it is another major headache for them.

**Vice Chairman Representative Jim Schmidt:** If there is a cost to that, would that be included?

**Mr. Silrum:** Yes, there would be no cost to the counties. Number one, a precinct is a boundary of area and a polling place is another thing entirely. You can have polling places that have multiple precincts allowed to vote in there. We could increase the number of precincts without increasing the number of polling places. Having more precincts allows for a more in-depth breakdown of voting numbers.

**(1:23:25) Chairman Representative David Monson:** Any other testimony for this bill?  
Closes meeting on HB 2002.

# 2019 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee – Education and Environment Division Roughrider Room, State Capitol

SB 2002  
3/18/2019  
33861

- Subcommittee  
 Conference Committee

Committee Clerk: Ellen LeTang and Parker Oswald

### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing.

### Minutes:

Attachments 1-2

**Chairman Representative David Monson:** Opens meeting on SB 2002. We are taking up Secretary of State bill. I think we okayed most of this and I think we were going to do the voting machines. The Senate gave them \$11M for voting machines and \$3M from the Feds.

**(1:50) Chris Kadrmas, LC:** Begins to present from **attachment 1**.

**Chairman Representative David Monson:** What is the origin of the other funds?

**Mr. Kadrmas:** That's for the filing fees. The \$10 of that was redistributed. Now that it's automated, they are not involved in the process. It redirects that \$10 back to the agency instead of the county. The \$12M was included originally, but the Governor did not give them the full amount and the Senate gave them \$200,000 in addition to make them whole.

**Chairman Representative David Monson:** I have \$8.2M from SIIF (Strategic Investment and Improvement Fund) & \$800,000 in operating.

**Mr. Kadrmas:** The \$800,000 can be used for any technology project and there was a fee increase as well. The senate moved it over to the election reform line using the concept that the \$800,000 in new revenue would be used for this, but the agency wants to be able to utilize it for other projects and that is why they want it in operating.

**Chairman Representative David Monson:** The counties used to get the money?

**Mr. Kadrmas:** That's correct. They used to be involved in the process, but aren't now.

**Representative Mike Nathe:** There needs to be an emergency clause in section 3. That additional \$800,000, would that be used for more e-books?

**(7:50) Mr. Kadrmas:** Initially how it was requested was increasing the revenue available for technology projects and maintenance. It was not specifically identified because they had \$12M. They can use that \$800,000 to help support that project.

**Representative Mark Sanford:** He knows what the cost will be. He wants it in general services to have the flexibility.

**Mr. Kadrmas:** It is to have some game time flexibility.

**Chairman Representative David Monson:** He doesn't want to have to come to the emergency commission. Do you think he needs the flexibility?

**Representative Mark Sanford:** It makes sense to me. What is the plan for the general services?

**(10:25) Mr. Kadrmas:** Are you asking how much is in the Secretary of State operating fund?

**Representative Mark Sanford:** Does he not have a general fund and a general services fund?

**Mr. Kadrmas:** They do receive general funds and utilize funds from the operating fund, which is where the fees go.

**Representative Mark Sanford:** That is where the expenditures come from.

**Mr. Kadrmas:** Correct. That is where the revenue is going into.

**Representative Mark Sanford:** What is he using it for now and how much is it?

**Mr. Kadrmas:** The amount is \$3.4M used from the Sec of State general fund and it's being used for a wide variety of items.

**(12:50) Representative Tracy Boe:** I don't have any problem with them having to go to the emergency commission because flexibility is one thing, but blind flexibility is another thing.

**Chairman Representative David Monson:** I'm tending to agree with you. The Senate has it so they have to come to the emergency commission, he will get his voting project done and to access the other money, he would have to come to the commission.

**Mr. Kadrmas:** Correct. He would have to go to the emergency commission to use the funds. They already have money in the budget for the biennium to cover this.

**Representative Mike Nathe:** That's not for the new poling or e-books?

**Mr. Kadrmas:** Yes, eventually there will be adjustment for maintenance, but for the initial purchase, yes.



**Representative Mike Schatz:** How often does the emergency commission meet? With an emergency clause on this, they can access this as soon as the session is over. They want to be first in line to buy it and that is what would make me in favor of it.

**Mr. Kadrmas:** As soon as the governor signs it or right before the budget section, but it has to be in correlation with the budget section. The \$800,000 is in a line anyways, so that would not impede it. The emergency clause tied to the \$800,000 would have to be reworded.

**(16:50) Chairman Representative David Monson:** The only reason for the increase in technology projects is because they want to move it to operating and that would be to fund other projects if they came in under budget?

**Mr. Kadrmas:** That is correct.

**Chairman Representative David Monson:** It's tied to election reform if we leave it where it is now.

**Mr. Kadrmas:** He has the \$12M.

**Chairman Representative David Monson:** If it came over budget, he would have flexibility to finish that project?

**Mr. Kadrmas:** Correct. He could utilize funding from the operating expense for election reform.

**Chairman Representative David Monson:** He can't move it the other way.

**Mr. Kadrmas:** Correct.

**Chairman Representative David Monson:** I have a couple of issues here. The \$0.50 increase for filing if it is on paper.

**Mr. Kadrmas:** Correct. They charge for the cost of paper.

**Chairman Representative David Monson:** Is there a charge if it comes in electronically?

**(19:50) Mr. Kadrmas:** It's \$40 fee for preparing any listing.

**Chairman Representative David Monson:** The \$40 is a new fee? That will be hard to sell on the floor. That has not been a service they provide. If it is digital it is \$40.

**Mr. Kadrmas:** The Sec of State has provided listings and I believe they have not charged fees, but the listings are for marketing reasons.

**Steph Gullickson, OMB:** I thought that they made changes in code and this realigns it.

**Chairman Representative David Monson:** In section 6, that's the \$800,000? The counties used to get it, he says they don't need it. That is extra money they never got to use.

**Mr. Kadrmas:** This established in code that they could charge a fee and collect it. The \$40 was what they had been charging.

**Ms. Gullickson:** I think they were trying to align all of the pieces of code.

**Chairman Representative David Monson:** I have a bit of a problem giving the Sec of State all of the money. I would like to save some money and not give him all of it.

**(24:45) Representative Mike Nathe:** They are charging the \$40 now, the counties keep half and he keeps half.

**Mr. Kadrmas:** The \$40 is not related to the filing fees. That money is within section 6, where it discusses amending a section of code.

**Chairman Representative David Monson:** From \$10 to \$20 for the central indexing system. Section 6 would establish a \$40 fee, then it says the fee is \$20 and \$10 goes to the counties and \$10 goes to him.

**Mr. Kadrmas:** The \$10 to \$20 is for each index filing system. It is related to the county but it is for any electronic filing entered into the indexing system.

**Chairman Representative David Monson:** Where does the \$40 come from?

**Mr. Kadrmas:** That is for a subdivision of the century code and they have the authority to set a fee for listings and they established that fee at \$40 and that had been what they were charging and charged the additional \$0.50 if it was in paper formatting.

**Chairman Representative David Monson:** If the fee had been \$40, I would not have had an issue with that. I don't think the floor will have any issue with the \$0.50 for the paper work.

**(28:00) Mr. Kadrmas:** Part of it is that originally they charged \$10 for filing and the counties were being paid for each filing out of the general fund, so the amendment eliminates the requirement to pay the counties and increases the fee to \$20 and provides the total \$20 to the Sec of State. I am not sure if the assumption was that the state covered the filing fee. Anything over \$75,000 would have ended up back in the general fund.

**Chairman Representative David Monson:** The issue I have is the \$10 to \$20. I just assumed to save the state some money. Is it possible to split it up and use different amounts?

**Mr. Kadrmas:** The idea would be to leave the fee at \$20 and send \$5 to the general fund?

**Chairman Representative David Monson:** Why not charge \$15? It will cost the people less with the filing and he gets all \$15.

**Mr. Kadrmas:** The only thing to remember is the \$800,000 total is directly related to these fees and any adjustment would make less money available for that.

**Chairman Representative David Monson:** That only makes \$400,000.

**(31:45) Mr. Kadrmas:** I know the project was completed only recently. There are operating expenses included in there.

**Representative Mark Sanford:** That's relative to the money. We do not know what the general services fund will be utilized for.

**Mr. Kadrmas:** There will be a little bit of an adjustment because of the salaries. They anticipate \$273,000 being for salaries and \$3M for operating.

**Chairman Representative David Monson:** That is a ways away from the \$800,000. Committee, what do you want to do? I think it's a little rich to give him the money.

**Representative Mark Sanford:** The senate's version ties that money up. What was the amount in the general services?

**(35:10) Mr. Kadrmas:** That is \$2.9M.

**Representative Mark Sanford:** That was a small increase.

**Chairman Representative David Monson:** What do you think about setting that fee at \$40? Let him have the \$40 and he has to come to the emergency commission?

**Vice Chairman Ms. Gullickson Jim Schmidt:** Begins to present **attachment 2**.

**Chairman Representative David Monson:** I don't see Jim Silrum here. Do you want him to come and explain?

**Representative Mark Sanford:** He left the impression that the senate would be ok.

**Chairman Representative David Monson:** It also have Terry and he's here to answer that.

**Terry Traynor:** The financing company more or less demanding that we go with electronics. It took the counties by surprise because all the monies would go away. It was a way to ease our way out of that money stream. Yes, we are in agreement because the revenue will go to a better use.

**Chairman Representative David Monson:** Unless we leave it the way the senate did it. I think it's just fine and leave it here. Put a lid on it so it cannot be used for general funds.

**Vice Chairman Representative Jim Schmidt:** Wasn't it \$9M last session and now it's gone up \$3M?

**Mr. Kadrmas:** It is \$11.2M the \$3M is federal, so it's still \$9M.

**(43:30) Chairman Representative David Monson:** Closes meeting on SB 2002.

# 2019 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee – Education and Environment Division Roughrider Room, State Capitol

SB 2002  
3/25/2019  
34205

- Subcommittee  
 Conference Committee

Committee Clerk: Parker Oswald

### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing.

### Minutes:

Attachment 1

**Chairman Representative David Monson:** Opens meeting on SB 2002. Introduces the committee to the students in the audience. The salary package is the only issue.

**(1:25) Chris Kadrmas, LC:** So far the House has concurred with everything besides the salary increase.

**Chairman Representative David Monson:** The \$800,000 he wanted moved is part of it?

**Mr. Kadrmas:** Correct.

**Chairman Representative David Monson:** We can kick this out if we would like, but we have not fully agreed on the salary increase with the Senate. We could kick it out and be done or just wait on it.

**(2:40) Representative Mark Sanford:** You mentioned we have not moved that money into the operating?

**Mr. Kadrmas:** The \$800,000 still sits in the election reform line.

**Representative Mark Sanford:** Is that forcing them to go to the budget group?

**Mr. Kadrmas:** Correct. If it is available for something else, they have to go to the emergency commission.

**Representative Mike Nathe:** If it is in operating they could move it for anything.

**Mr. Kadrmas:** They cannot use it for FTE (full time employee) and would have to have it moved to salary and wages.

**Chairman Representative David Monson:** It would have to be moved to operating and they could use it for anything.

**Representative Mark Sanford:** The deputy secretary said this was a pretty critical piece because they have a very specific general election fund. The general operations fund comes from the revenues they have. My concern was that they are tied up really tight. They can go through the budget section request and that will work, but I wanted to remind us of that.

**(5:45) Chairman Representative David Monson:** I look at it as the biennium and I do not know when they will finish getting all of the new system technology in place, but I would think they still have a year and a half left in operating before they would need to use general operating. What is in his baseline for operating? Is it the \$2.8M?

**Mr. Kadrmas:** It is \$2.7M.

**Chairman Representative David Monson:** That \$2.7M should last a long time and I would just assume know exactly when it gets moved.

**Representative Mark Sanford:** The advantage of your argument, which I certainly concede, is that if we ever get our packages together that then we are really concurring with the Senate. We can eliminate a conference committee by doing this.

**Chairman Representative David Monson:** I think Representative Mark Sanford is carrying this. If you carry, you have to vote yes. You are in a little bit of control here.

**(9:05) Representative Mike Nathe:** In regards to the compensation, do we want to kick it out at 2% and 2% and change it in full committee?

**Chairman Representative David Monson:** If we do it that way, we would have to amend every single bill. So we can just hold it and not have to amend it. It makes no difference to me, but it makes more work for the amendment. We can sit on it and not worry about it.

**(10:20) Chairman Representative David Monson:** Closes meeting on SB 2001.

# 2019 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee – Education and Environment Division Roughrider Room, State Capitol

SB 2002  
4/1/2019  
34403

- Subcommittee  
 Conference Committee

Committee Clerk: Parker Oswald

### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing.

### Minutes:

No Attachments

**Chairman Representative David Monson:** Opens meeting on SB 2002. We have not voted on this yet and the only change we have made was a recommendation on the addition of the emergency clause. They wanted \$800,000 of flexibility and we said they could come to the budget section instead of moving that into the operating funds. I think the emergency clause is on the voting machines.

**Representative Mark Sanford:** Was there another emergency clause on there?

**Chris Kadrmas, LC:** No.

**(1:50) Representative Mike Nathe:** I had a note that we are adding a clause.

**Chairman Representative David Monson:** That is the one we are talking about I believe.

**Mr. Kadrmas:** The only one I have noted is the emergency clause related to the voting machines.

**Chairman Representative David Monson:** The rest is the same as the Senate version.

**(2:40) Vice Chairman Representative Jim Schmidt:** Moves to adopt amendment, seconded by Representative Mike Nathe. Voice vote, motion carries.

**Representative Mike Nathe:** Moves a do pass as amended, seconded by Representative Tracy Boe. Motion carries with 7 yeas, 0 nays and 0 absent. Representative Mark Sanford will carry.

# 2019 HOUSE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Roughrider Room, State Capitol

SB 2002  
4/4/2019  
34514

- Subcommittee
- Conference Committee

Committee Clerk: Risa Bergquist

## Explanation or reason for introduction of bill/resolution:

**Relating to the salary of the secretary of state, the general services operating fund, and fees charged by the secretary of state; to provide a report to the legislative assembly; and to provide an exemption.**

## Minutes:

**Chairman Delzer:** Called the meeting to order for SB 2002. This is the budget for the Secretary of State.

**Representative Sanford:** We didn't make many changes from the governor's recommendation and the senate, the FTEs are staying at 32. Compensation increases are included in here with the 2 and 2 ½. In term of the salary for the secretary of state it is adjusted using the house level numbers so using the first year of the biennium his salary would go up to 107,885 dollars and in the second year it would go to 110,582 dollars. The major increase in the budget is for new election equipment, two years ago we weren't able to deal with this, we have been lucky that we haven't had a lot of problems with the equipment but it is about 15 years old. This budget includes 3 million from the federal government towards that expenditure, another 8.2 million from the SIIF fund and 800 thousand from the fees. So there is a total of 12 million committed. The counties and the communities around the state are in support of this. Looking at the bill, bottom of page 3, this deals with the fees that the secretary of state charges for providing lists to citizens. Current language says the secretary should establish a fee for doing this what the amendment does is actually says what the fees are. There's a 40-dollar fee for the list and a .50 charge per page if they want a paper copy.

Top of page 4 there is a section here on fees related to the use of the central indexing system. What this does is raises the fee for each file entered into that system from 10 to 20 dollars. This money is then to be used for the maintenance of the information technology systems administered by the secretary of state.

**7:00 Chairman Delzer:** Didn't we pass something on the floor with these fees in a separate bill?

**Brady Larson, Legislative Council:** We are not aware of a separate bill but we will double check on that.

**Representative Monson:** This was kind of confusing, but I don't think the fees are going up it's just that the counties won't be getting half anymore because the secretary is taking over those duties.

**Chairman Delzer:** And that is carry forward too even though the voting machines and the polling books is a onetime expenditure?

**Representative Monson:** Yes, that would be and the counties where fine with that.

**Chairman Delzer:** Did you ask why he wanted to put it into code with the amounts.

**Representative Sanford:** I visited with the deputy and they and checked with the auditor people and they told them that they could change those fees.

**Chairman Delzer:** We'll be back here to 2-3 session talking about raising these fees and then everybody is talking about the raising fees. On the HAVA money (Help America Vote Act) that came in during the interim and we accepted it during the emergency commission but we never appropriated it. That's why it needs to be part of this. The 8.2 million going out of SIIF, is there any kinds of strings on that? What if he doesn't spend it all? Does it come back?

**Representative Sanford:** All of that is in the election reform line, 19 on the first page, it also includes the 800 thousand that Representative Monson was talking about from the fees. It's the 12 million is intended for election reform materials and the extra 800 is for fees that the counties won't be keeping anymore

**Chairman Delzer:** And that's not one time, that 800 resided in operating?

**Representative Monson:** He asked us to give him the flexibility to move that into his operating, we said no, if he wants that in his operating he'll have to come to committee.

**Chairman Delzer:** How much of this 3 million on the technology project is left over?

**Representative Kempenich:** He's got 1.8 million is the remain appropriation as of December.

**Chairman Delzer:** We are giving him carry over and my understanding was that project was pretty much done. It would be nice to know for sure how much is in there.

**13:35 Representative Sanford: Motion to move Amendment 19.0215.02001**

**Representative Nathe: Second**

**Chairman Delzer:** We have a motion to amend 2002 with amendment 19.0215.02001 is there any further discussion? Seeing none **Voice vote, All in favor, motion carries.**



**Representative Sanford: Motion to further amend section 8 and section 9.** Section 8 authorizes the transfer of up to 140 thousand of special fund authority from the operating expenses line item to the salaries and wages line item. This is there because he's thinking there could be some overtime because of the deployment of the new software. Section 9 is the emergency clause, it should be for sections 1,3 and 8.

**Chairman Delzer:** Could we just do it for the whole bill? Would that make any difference?

**Brady Larson, Legislative Council:** We could do it for the whole bill. One section that would cause a little concern would be the fee increase, that would cause that fee increase to go into effect immediately and we would prefer that to go into effect July 1st.

**Representative Monson: Second**

**Chairman Delzer:** We have the motion to further amend, questions by the committee? This is for temporary overtime that he thinks he'll need and it's currently in his operating line.

**Representative Monson:** It's also for overtime that he has already paid out getting this system up and running so that's why he need the emergency cause.

**Chairman Delzer:** Do you know the number that is carryover money from section 7?

**Steph Gullickson, OMB:** I think it's close to about 2-3 hundred thousand.

**Chairman Delzer:** Could it have been used for anything or is it only for the computer programs? Could of it been used for the temporaries that he is hiring to put this into place?

**Mrs. Gullickson, OMB:** I believe they could have used some of that money but they may need some of that money to finish up the computer system.

**Chairman Delzer:** What we are doing here is lowering a little turn back. Further discussion? Seeing none. **Voice vote, All in Favor, Motion carries.** Any further amendments to come before the committee?

**Representative Sanford: Move the bill as amended.**

**Representative Monson: Second**

**Chairman Delzer:** We have a motion to move the bill as amended, any further discussion? Seeing none we will call the roll.

**A Roll Call vote was taken. Yea: 21 Nay: 0 Absent: 0**

**Motion Carries, Representative Sanford will carry the bill.**

**Chairman Delzer:** We will close this meeting.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2002

Page 1, line 5, remove "and"

Page 1, line 5, after "exemption" insert "; and to declare an emergency"

Page 1, replace lines 16 through 22 with:

"Salaries and wages	\$4,652,764	\$325,362	\$4,978,126
Operating expenses	2,711,018	298,535	3,009,553
Petition review	8,000	0	8,000
Election reform	<u>1,192,655</u>	<u>11,609,092</u>	<u>12,801,747</u>
Total all funds	\$8,564,437	\$12,232,989	\$20,797,426
Less estimated income	<u>3,044,155</u>	<u>12,387,486</u>	<u>15,431,641</u>
Total general fund	\$5,520,282	(\$154,497)	\$5,365,785"

Page 2, replace lines 9 through 11 with:

"Grand total general fund	\$5,808,732	(\$185,669)	\$5,623,063
Grand total special funds	<u>3,044,155</u>	<u>12,387,486</u>	<u>15,431,641</u>
Grand total all funds	\$8,852,887	\$12,201,817	\$21,054,704"

Page 2, line 26, replace "biennium" with "period"

Page 2, line 26, replace "July 1, 2019" with "with the effective date of this Act"

Page 3, line 3, replace "eleven" with "ten"

Page 3, line 4, replace "one" with "five"

Page 3, line 4, replace "twenty-two" with "eighty-two"

Page 4, after line 16, insert:

**"SECTION 8. EMERGENCY.** The election reform line in section 1 and section 3 of this Act are declared to be an emergency measure."

Re-number accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2002 - Summary of House Action**

	Base Budget	Senate Version	House Changes	House Version
Secretary of State				
Total all funds	\$8,564,437	\$20,767,508	\$29,918	\$20,797,426
Less estimated income	<u>3,044,155</u>	<u>15,429,648</u>	<u>1,993</u>	<u>15,431,641</u>
General fund	\$5,520,282	\$5,337,860	\$27,925	\$5,365,785
FTE	32.00	32.00	0.00	32.00
Public Printing				
Total all funds	\$288,450	\$257,278	\$0	\$257,278
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General fund	\$288,450	\$257,278	\$0	\$257,278

FTE	0.00	0.00	0.00	0.00
Bill total				
Total all funds	\$8,852,887	\$21,024,786	\$29,918	\$21,054,704
Less estimated income	3,044,155	15,429,648	1,993	15,431,641
General fund	\$5,808,732	\$5,595,138	\$27,925	\$5,623,063
FTE	32.00	32.00	0.00	32.00

**Senate Bill No. 2002 - Secretary of State - House Action**

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	\$4,652,764	\$4,949,335	\$28,791	\$4,978,126
Operating expenses	2,711,018	3,009,553		3,009,553
Petition review	8,000	8,000		8,000
Election reform	1,192,655	12,800,620	1,127	12,801,747
Total all funds	\$8,564,437	\$20,767,508	\$29,918	\$20,797,426
Less estimated income	3,044,155	15,429,648	1,993	15,431,641
General fund	\$5,520,282	\$5,337,860	\$27,925	\$5,365,785
FTE	32.00	32.00	0.00	32.00

**Department 108 - Secretary of State - Detail of House Changes**

	Adjusts Funding for Salary Increases <sup>1</sup>	Total House Changes
Salaries and wages	\$28,791	\$28,791
Operating expenses		
Petition review		
Election reform	1,127	1,127
Total all funds	\$29,918	\$29,918
Less estimated income	1,993	1,993
General fund	\$27,925	\$27,925
FTE	0.00	0.00

<sup>1</sup> Funding is added to provide for employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and an increase of 2.5 percent on July 1, 2020. The Senate provided funding for salary increases of 2 percent on July 1, 2019, and 3 percent on July 1, 2020. Changes are made to Section 4 of the bill providing for the Secretary of State's salary increase

The House added a section to provide the election reform line in Section 1 and Section 3 of the bill are an emergency measure.

**PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2002**

Page 1, line 5, remove “and” and after “exemption” insert “; to provide for a transfer; and to declare an emergency”

Page 4, after line 16, insert:

**“SECTION 8. TRANSFER.** The office of the secretary of state is authorized to transfer up to \$140,000 of special fund authority from the operating expenses line item to the salaries and wages line item contained in section 1 of chapter 2 of the 2017 Session Laws.

**SECTION 9. EMERGENCY.** Section 8 of this Act is declared to be an emergency measure.”

Renumber accordingly

DP 4/4/19  
1 of 2

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2002

Page 1, line 4, after the semicolon insert "to authorize a line item transfer during the 2017-19 biennium;"

Page 1, line 5, remove "and"

Page 1, line 5, replace "an exemption" with "exemptions; and to declare an emergency"

Page 1, replace lines 16 through 22 with:

"Salaries and wages	\$4,652,764	\$325,362	\$4,978,126
Operating expenses	2,711,018	298,535	3,009,553
Petition review	8,000	0	8,000
Election reform	<u>1,192,655</u>	<u>11,609,092</u>	<u>12,801,747</u>
Total all funds	\$8,564,437	\$12,232,989	\$20,797,426
Less estimated income	<u>3,044,155</u>	<u>12,387,486</u>	<u>15,431,641</u>
Total general fund	\$5,520,282	(\$154,497)	\$5,365,785"

Page 2, replace lines 9 through 11 with:

"Grand total general fund	\$5,808,732	(\$185,669)	\$5,623,063
Grand total special funds	<u>3,044,155</u>	<u>12,387,486</u>	<u>15,431,641</u>
Grand total all funds	\$8,852,887	\$12,201,817	\$21,054,704"

Page 2, line 26, replace "biennium" with "period"

Page 2, line 26, replace "July 1, 2019" with "with the effective date of this Act"

Page 2, after line 27, insert:

**"SECTION 4. EXEMPTION - LINE ITEM TRANSFER - 2017-19 BIENNIUM.**  
Notwithstanding section 54-16-06, the secretary of state may transfer up to \$140,000 of special funds from the operating expenses line item to the salaries and wages line item contained in section 1 of chapter 2 of the 2017 Session Laws."

Page 3, line 3, replace "eleven" with "ten"

Page 3, line 4, replace "one" with "five"

Page 3, line 4, replace "twenty-two" with "eighty-two"

Page 4, after line 16, insert:

**"SECTION 9. EMERGENCY.** The election reform line in section 1, section 3, and section 4 of this Act are declared to be an emergency measure."

Re-number accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2002 - Summary of House Action**

Secretary of State	Base Budget	Senate Version	House Changes	House Version
--------------------	-------------	----------------	---------------	---------------

DP 8/9/17  
Zat2

Total all funds	\$8,564,437	\$20,767,508	\$29,918	\$20,797,426
Less estimated income	3,044,155	15,429,648	1,993	15,431,641
General fund	\$5,520,282	\$5,337,860	\$27,925	\$5,365,785
FTE	32.00	32.00	0.00	32.00
Public Printing				
Total all funds	\$288,450	\$257,278	\$0	\$257,278
Less estimated income	0	0	0	0
General fund	\$288,450	\$257,278	\$0	\$257,278
FTE	0.00	0.00	0.00	0.00
Bill total				
Total all funds	\$8,852,887	\$21,024,786	\$29,918	\$21,054,704
Less estimated income	3,044,155	15,429,648	1,993	15,431,641
General fund	\$5,808,732	\$5,595,138	\$27,925	\$5,623,063
FTE	32.00	32.00	0.00	32.00

**Senate Bill No. 2002 - Secretary of State - House Action**

	Base Budget	Senate Version	House Changes	House Version
Operating expenses	\$2,711,018	\$3,009,553		\$3,009,553
Salaries and wages	4,652,764	4,949,335	\$28,791	4,978,126
Petition review	8,000	8,000		8,000
Election reform	1,192,655	12,800,620	1,127	12,801,747
Total all funds	\$8,564,437	\$20,767,508	\$29,918	\$20,797,426
Less estimated income	3,044,155	15,429,648	1,993	15,431,641
General fund	\$5,520,282	\$5,337,860	\$27,925	\$5,365,785
FTE	32.00	32.00	0.00	32.00

**Department 108 - Secretary of State - Detail of House Changes**

	Adjusts Funding for Salary Increases <sup>1</sup>	Total House Changes
Operating expenses		
Salaries and wages	\$28,791	\$28,791
Petition review		
Election reform	1,127	1,127
Total all funds	\$29,918	\$29,918
Less estimated income	1,993	1,993
General fund	\$27,925	\$27,925
FTE	0.00	0.00

<sup>1</sup> Funding is added to provide for employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and an increase of 2.5 percent on July 1, 2020. The Senate provided funding for salary increases of 2 percent on July 1, 2019, and 3 percent on July 1, 2020. Changes are made to Section 4 of the bill providing for the Secretary of State's salary increase.

This amendment also:

- Authorizes a line item transfer of \$140,000 of special funds from the operating expenses line item to the salaries and wages line item during the 2017-19 biennium. The Senate version did not include this section.
- Adds a section to provide the election reform line in Section 1, Section 3, and Section 4 of the bill are declared to be an emergency measure. The Senate version did not include this section.

**2019 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. SB 2002**

House Appropriations - Education and Environment Division Committee

Subcommittee

Amendment LC# or Description: Adopt the salary and wage increase

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

Vice Chairman  
 Representative Jim  
 Motion Made By Schmidt    Seconded By Representative Mike Nathe

Representatives	Yes	No	Representatives	Yes	No
Chair David Monson			Representative Tracy Boe		
Vice Chair Jim Schmidt					
Representative Bob Martinson					
Representative Mike Nathe					
Representative Mark Sanford					
Representative Mike Schatz					

Total (Yes) Voice vote - carries No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

**2019 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. SB 2002**

House Appropriations - Education and Environment Division 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 Representative Mike Nathe Seconded By Representative Tracy Boe

<b>Representatives</b>	<b>Yes</b>	<b>No</b>	<b>Representatives</b>	<b>Yes</b>	<b>No</b>
Chair David Monson	X		Representative Tracy Boe	X	
Vice Chair Jim Schmidt	X				
Representative Bob Martinson	X				
Representative Mike Nathe	X				
Representative Mark Sanford	X				
Representative Mike Schatz	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Representative Mark Sanford

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



Date: 4/4/2019  
 Roll Call Vote #: 2

**2019 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. SB 2002**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: Section 8 Transfer, section 9 Emergency

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 Representative Sanford Seconded By Representative Monson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer					
Representative Kempenich					
Representative Anderson			Representative Schobinger		
Representative Beadle			Representative Vigesaa		
Representative Bellew					
Representative Brandenburg					
Representative Howe			Representative Boe		
Representative Kreidt			Representative Holman		
Representative Martinson			Representative Mock		
Representative Meier					
Representative Monson					
Representative Nathe					
Representative J. Nelson					
Representative Sanford					
Representative Schatz					
Representative Schmidt					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

**Voice Vote/Motion Carries**

Date: 4/4/2019  
 Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. SB 2002**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: 19.0215.02001

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 Representative Sanford Seconded By Representative Nathe

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer					
Representative Kempenich					
Representative Anderson			Representative Schobinger		
Representative Beadle			Representative Vigesaa		
Representative Bellew					
Representative Brandenburg					
Representative Howe			Representative Boe		
Representative Kreidt			Representative Holman		
Representative Martinson			Representative Mock		
Representative Meier					
Representative Monson					
Representative Nathe					
Representative J. Nelson					
Representative Sanford					
Representative Schatz					
Representative Schmidt					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

**Voice Vote/Motion Carries**

Date: 4/4/2019  
 Roll Call Vote #: 3

**2019 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. SB 2002**

House 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 Representative Sanford Seconded By Representative Monson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X				
Representative Kempenich	X				
Representative Anderson	X		Representative Schobinger	X	
Representative Beadle	X		Representative Vigesaa	X	
Representative Bellew	X				
Representative Brandenburg	A				
Representative Howe	X		Representative Boe	X	
Representative Kreidt	A		Representative Holman	X	
Representative Martinson	X		Representative Mock	X	
Representative Meier	X				
Representative Monson	X				
Representative Nathe	X				
Representative J. Nelson	X				
Representative Sanford	X				
Representative Schatz	X				
Representative Schmidt	X				

Total (Yes) 21 No 0

Absent 0

Floor Assignment Representative Sanford

**Motion Carries**

**REPORT OF STANDING COMMITTEE**

**SB 2002, as engrossed: Appropriations Committee (Rep. Delzer, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (20 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2002 was placed on the Sixth order on the calendar.

Page 1, line 4, after the semicolon insert "to authorize a line item transfer during the 2017-19 biennium;"

Page 1, line 5, remove "and"

Page 1, line 5, replace "an exemption" with "exemptions; and to declare an emergency"

Page 1, replace lines 16 through 22 with:

"Salaries and wages	\$4,652,764	\$325,362	\$4,978,126
Operating expenses	2,711,018	298,535	3,009,553
Petition review	8,000	0	8,000
Election reform	1,192,655	11,609,092	12,801,747
Total all funds	\$8,564,437	\$12,232,989	\$20,797,426
Less estimated income	<u>3,044,155</u>	<u>12,387,486</u>	<u>15,431,641</u>
Total general fund	\$5,520,282	(\$154,497)	\$5,365,785"

Page 2, replace lines 9 through 11 with:

"Grand total general fund	\$5,808,732	(\$185,669)	\$5,623,063
Grand total special funds	<u>3,044,155</u>	<u>12,387,486</u>	<u>15,431,641</u>
Grand total all funds	\$8,852,887	\$12,201,817	\$21,054,704"

Page 2, line 26, replace "biennium" with "period"

Page 2, line 26, replace "July 1, 2019" with "with the effective date of this Act"

Page 2, after line 27, insert:

**"SECTION 4. EXEMPTION - LINE ITEM TRANSFER - 2017-19 BIENNIUM.**

Notwithstanding section 54-16-06, the secretary of state may transfer up to \$140,000 of special funds from the operating expenses line item to the salaries and wages line item contained in section 1 of chapter 2 of the 2017 Session Laws."

Page 3, line 3, replace "eleven" with "ten"

Page 3, line 4, replace "one" with "five"

Page 3, line 4, replace "twenty-two" with "eighty-two"

Page 4, after line 16, insert:

**"SECTION 9. EMERGENCY.** The election reform line in section 1, section 3, and section 4 of this Act are declared to be an emergency measure."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2002 - Summary of House Action**

	Base Budget	Senate Version	House Changes	House Version
Secretary of State				
Total all funds	\$8,564,437	\$20,767,508	\$29,918	\$20,797,426
Less estimated income	<u>3,044,155</u>	<u>15,429,648</u>	<u>1,993</u>	<u>15,431,641</u>
General fund	\$5,520,282	\$5,337,860	\$27,925	\$5,365,785

FTE	32.00	32.00	0.00	32.00
Public Printing				
Total all funds	\$288,450	\$257,278	\$0	\$257,278
Less estimated income	0	0	0	0
General fund	\$288,450	\$257,278	\$0	\$257,278
FTE	0.00	0.00	0.00	0.00
Bill total				
Total all funds	\$8,852,887	\$21,024,786	\$29,918	\$21,054,704
Less estimated income	3,044,155	15,429,648	1,993	15,431,641
General fund	\$5,808,732	\$5,595,138	\$27,925	\$5,623,063
FTE	32.00	32.00	0.00	32.00

**Senate Bill No. 2002 - Secretary of State - House Action**

	Base Budget	Senate Version	House Changes	House Version
Operating expenses	\$2,711,018	\$3,009,553		\$3,009,553
Salaries and wages	4,652,764	4,949,335	\$28,791	4,978,126
Petition review	8,000	8,000		8,000
Election reform	1,192,655	12,800,620	1,127	12,801,747
Total all funds	\$8,564,437	\$20,767,508	\$29,918	\$20,797,426
Less estimated income	3,044,155	15,429,648	1,993	15,431,641
General fund	\$5,520,282	\$5,337,860	\$27,925	\$5,365,785
FTE	32.00	32.00	0.00	32.00

**Department 108 - Secretary of State - Detail of House Changes**

	Adjusts Funding for Salary Increases <sup>1</sup>	Total House Changes
Operating expenses		
Salaries and wages	\$28,791	\$28,791
Petition review		
Election reform	1,127	1,127
Total all funds	\$29,918	\$29,918
Less estimated income	1,993	1,993
General fund	\$27,925	\$27,925
FTE	0.00	0.00

<sup>1</sup> Funding is added to provide for employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and an increase of 2.5 percent on July 1, 2020. The Senate provided funding for salary increases of 2 percent on July 1, 2019, and 3 percent on July 1, 2020. Changes are made to Section 4 of the bill providing for the Secretary of State's salary increase.

This amendment also:

- Authorizes a line item transfer of \$140,000 of special funds from the operating expenses line item to the salaries and wages line item during the 2017-19 biennium. The Senate version did not include this section.
- Adds a section to provide the election reform line in Section 1, Section 3, and Section 4 of the bill are declared to be an emergency measure. The Senate version did not include this section.

**2019 TESTIMONY**

**SB 2002**



**Department 108 - Secretary of State  
Senate Bill No. 2002**

**Executive Budget Comparison to Prior Biennium Appropriations**

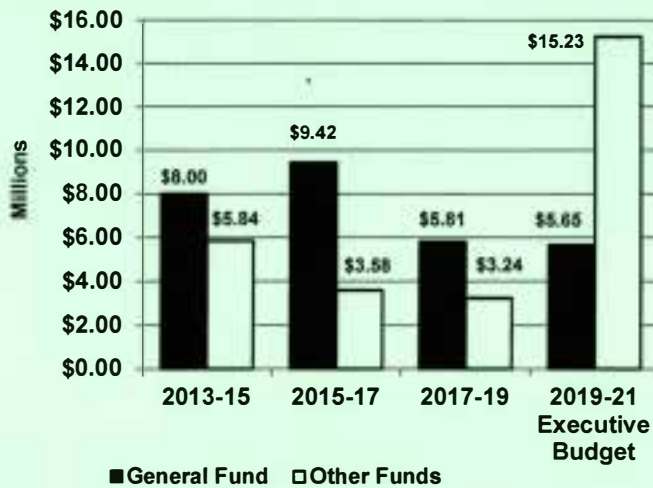
	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	32.00	\$5,654,824	\$15,233,041	\$20,887,865
2017-19 Legislative Appropriations <sup>1</sup>	32.00	5,808,732	3,238,155	9,046,887
Increase (Decrease)	0.00	(\$153,908)	\$11,994,886	\$11,840,978

<sup>1</sup>The 2017-19 biennium agency appropriation amounts have not been adjusted for additional other funds authority of \$206,280 resulting from Emergency Commission action during the 2017-19 biennium.

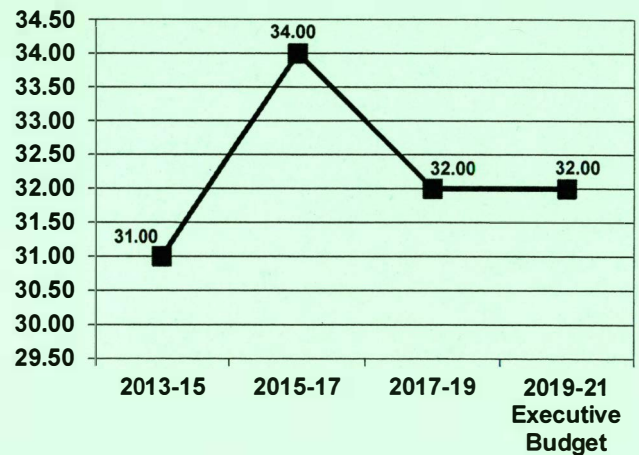
**Ongoing and One-Time General Fund Appropriations**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	\$5,654,824	\$0	\$5,654,824
2017-19 Adjusted Legislative Appropriations	5,808,732	0	5,808,732
Increase (Decrease)	(\$153,908)	\$0	(\$153,908)

**Agency Funding**



**FTE Positions**



**Executive Budget Comparison to Base Level**

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$5,654,824	\$15,233,041	\$20,887,865
2019-21 Base Level	5,808,732	3,044,155	8,852,887
Increase (Decrease)	(\$153,908)	\$12,188,886	\$12,034,978

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

**Executive Budget Highlights**

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$192,496 is for salary increases, \$120,934 is for health insurance increases, and \$24,616 is for retirement contribution increases	\$317,977	\$20,069	\$338,046
2. Adds funding for overtime and temporary staff from the Secretary of State general services operating fund	\$0	\$150,000	\$150,000
3. Removes funding for data processing for the AS400 business and licensing software as a result of the implementation of FirstStop software and adds funding for operating expenses from the Secretary of State general services operating fund	(\$527,002)	\$820,673	\$293,671

4. Removes funding for election reform, including reductions for information technology software (\$133,153), data processing (\$100,229), contractual services and repairs (\$121,000), and professional fees (\$48,115)	\$0	(\$402,497)	(\$402,497)
5. Reduces funding for public printing	(\$31,172)	\$0	(\$31,172)
6. Increases funding for technology projects from additional revenue from changes to Secretary of State fees in Section 5	\$0	\$800,000	\$800,000
7. Adds funding for Microsoft Office 365 licensing	\$4,065	\$799	\$4,864
8. Adds <b>one-time</b> funding from the <b>strategic investment and improvements fund</b> (\$8 million) and federal funds (\$3 million) to purchase a new voting system and e-poll books	\$0	\$11,000,000	\$11,000,000

**Other Sections Recommended to be Added in the Executive Budget  
(As Detailed in the Attached Appendix)**

**Secretary of State's salary** - Section 3 would provide the statutory changes increasing the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$105,770 to \$110,001, effective July 1, 2019, and to \$112,201, effective July 1, 2020, to reflect the 4 percent and 2 percent recommended salary increase.

**Secretary of State's general services operating fund** - Section 4 would amend North Dakota Century Code Section 54-09-08 to remove the requirement to transfer all funds in the Secretary of State's general services operating fund exceeding \$75,000 to the general fund at the end of each biennium.

**Secretary of State fees** - Section 5 would amend Section 54-09-11 to remove a directive for the Secretary of State to establish a fee for furnishing lists from the central indexing system and establish a fee of \$40 for preparing any listing or compilation of any information recorded or filed, and provide an additional fee of 50 cents per page for a listing in paper format. The section also would amend Section 54-09-11 to increase the filing fee for the central indexing system from \$10 to \$20 and allow the fee to be used for the programming and maintenance of the information technology systems administered by the Secretary of State. The section also would amend Section 54-09-11 to remove the requirement for the Secretary of State to pay \$10 to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to Sections 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, and 41-09-72. The effects of this section will result in an estimated increase of \$800,000 in revenue deposited in the Secretary of State general services operating fund, but not affect general fund revenues.

**Strategic investment and improvements fund** - Section 6 would provide \$8 million from the strategic investment and improvements fund to Secretary of State for a statewide voting system and e-poll book project.

**Exemption** - Section 7 would provide that any unexpended funds from the technology project in Section 2 of Chapter 36 of the 2015 Session Laws is not subject to the provisions of Section 54-11.1-11, and any unexpended funds may be expended during the 2019-21 biennium.

**Continuing Appropriations**

**Athletic commission fund** - Section 53-01-09 - Appropriates any funding received by the Secretary of State for license fees for all boxers, kickboxers, mixed style fighters, promoters, managers, judges, timekeepers, cornerpersons, knockdown counters, matchmakers, and referees or other participants and fees based on the percentage of gross revenues from any boxing, kickboxing, mixed fighting style competition, or sparring exhibition held in this state to pay for the expenses of members of the Commission of Combative Sports.

**Deficiency Appropriation**

There are no deficiency appropriations for this agency.

**Significant Audit Findings**

There are no significant audit findings for this agency.

**Major Related Legislation**

**House Bill No. 1045** - Provides definitions and establishes in Century Code electronic transactions and blockchain technology and smart contracts.



**Secretary of State - Budget No. 108**  
**Senate Bill No. 2002**  
**Base Level Funding Changes**

	<b>Executive Budget Recommendation</b>			
	<b>FTE Position</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2019-21 Biennium Base Level</b>	32.00	\$5,808,732	\$3,044,155	\$8,852,887
<b>2019-21 Ongoing Funding Changes</b>				
Base payroll changes		\$82,224	(\$200,158)	(\$117,934)
Salary increase		180,646	11,850	192,496
Health insurance increase		114,248	6,686	120,934
Retirement contribution increase		23,083	1,533	24,616
Increases temporary salaries			150,000	150,000
Reduces funding for election reform			(402,497)	(402,497)
Reduces funding for public printing		(31,172)		(31,172)
Increases funding for operating expenses		(527,002)	820,673	293,671
Increases funding for technology projects			800,000	800,000
Adds funding for Microsoft Office 365 licensing		4,065	799	4,864
<b>Total ongoing funding changes</b>	0.00	(\$153,908)	\$1,188,886	\$1,034,978
<b>One-time funding items</b>				
Adds funding for voting system and e-poll books			\$11,000,000	\$11,000,000
<b>Total one-time funding changes</b>	0.00	\$0	\$11,000,000	\$11,000,000
<b>Total Changes to Base Level Funding</b>	0.00	(\$153,908)	\$12,188,886	\$12,034,978
<b>2019-21 Total Funding</b>	32.00	\$5,654,824	\$15,233,041	\$20,887,865

**Other Sections for Secretary of State - Budget No. 108**

	<b>Executive Budget Recommendation</b>
Salary of Secretary of State	Section 3 would provide the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$105,770 to \$110,001, effective July 1, 2019, and to \$112,201, effective July 1, 2020, to reflect the 4 percent and 2 percent recommended salary increase.
Secretary of State's general services operating fund	Section 4 would amend North Dakota Century Code Section 54-09-08 to remove the requirement to transfer all funds in the Secretary of State's general services operating fund exceeding \$75,000 to the general fund at the end of each biennium.

**Other Sections for Secretary of State - Budget No. 108**

**Executive Budget Recommendation**

Secretary of State fees

Section 5 would amend Section 54-09-11 to remove a directive for the Secretary of State to establish a fee for furnishing lists from the central indexing system and establish a fee of \$40 for preparing any listing or compilation of any information recorded or filed, and provide an additional fee of 50 cents per page for a listing in paper format. The section also would amend Section 54-09-11 to increase the filing fee for the central indexing system from \$10 to \$20 and allow the fee to be used for the programming and maintenance of the information technology systems administered by the Secretary of State. The section also would amend Section 54-09-11 to remove the requirement for the Secretary of State to pay \$10 to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to Sections 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, and 41-09-72.

Strategic investment and improvements fund

Section 6 would provide \$8 million from the strategic investment and improvements fund to Secretary of State for a statewide voting system and e-poll book project.

Exemption

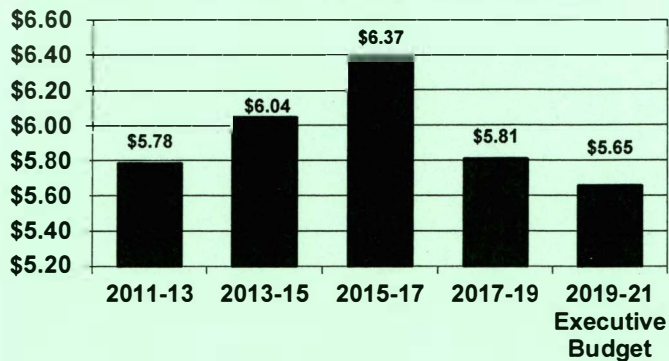
Section 7 would provide that any unexpended funds from the technology project in Section 2 of Chapter 36 of the 2015 Session Laws is not subject to the provisions of Section 54-11.1-11, and any unexpended funds may be expended during the 2019-21 biennium.

## Department 108 - Secretary of State

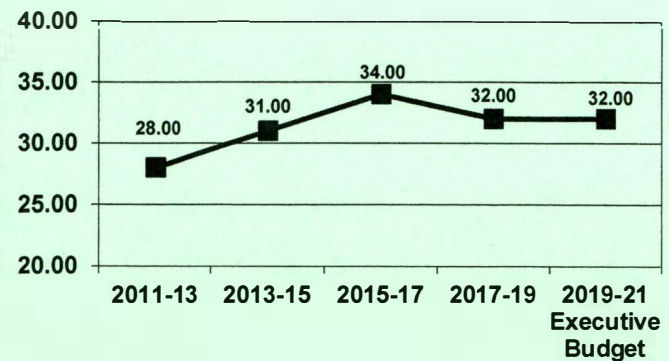
# Historical Appropriations Information

## Ongoing General Fund Appropriations Since 2011-13

Ongoing General Fund Appropriations (in Millions)



FTE Positions



Ongoing General Fund Appropriations

	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing general fund appropriations	\$5,783,121	\$6,043,495	\$6,374,720	\$5,808,732	\$5,654,824
Increase (decrease) from previous biennium	N/A	\$260,374	\$331,225	(\$234,763)	(\$153,908)
Percentage increase (decrease) from previous biennium	N/A	4.5%	5.5%	(3.9%)	(2.6%)
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	4.5%	10.2%	0.4%	(2.2%)

### Major Increases (Decreases) in Ongoing General Fund Appropriations

#### 2013-15 Biennium

1. Provided funding for costs related to increased usage of credit card payments received \$100,000

#### 2015-17 Biennium

1. Added 6 FTE positions, including 3 office assistant positions and continued 3 positions authorized during the 2013-15 biennium from one-time funding \$597,840

#### 2017-19 Biennium

1. Removed 2 FTE positions and related funding (\$211,268)
2. Adjusted funding source from the general fund to the general services operating fund for 1 FTE position (\$106,823)
3. Adjusted funding for overtime and temporary salaries by reducing funding from the general fund but increasing special funds by \$200,000 (\$50,000)
4. Adjusted funding for operating expenses by \$81,856, including a decrease of \$262,100 from the general fund and increasing \$343,956 from the general services operating fund, of which \$118,956 is for information technology expenses (\$262,100)
5. Added funding for campaign disclosure software \$50,000

#### 2019-21 Biennium (Executive Budget Recommendation)

1. Removes funding for data processing for the AS400 business and licensing software as a result of the implementation of FirstStop software (\$527,002)

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

**SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the secretary of state for the purpose of defraying the expenses of the secretary of state and public printing, for the biennium beginning July 1, 2017, and ending June 30, 2019, as follows:

Subdivision 1.

SECRETARY OF STATE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$4,652,764	\$357,115	\$5,009,879
Operating expenses	2,711,018	1,098,535	3,809,553
Petition review	8,000	0	8,000
Election reform	1,192,655	10,610,500	11,803,155
Total all funds	\$8,564,437	\$12,066,150	\$20,630,587
Less estimated income	<u>3,044,155</u>	<u>12,188,886</u>	<u>15,233,041</u>
Total general fund	\$5,520,282	\$(122,736)	\$5,397,546
Full-time equivalent positions	32.00	0.00	32.00

Subdivision 2.

SECRETARY OF STATE - PUBLIC PRINTING

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Public printing	\$288,450	\$(31,172)	\$257,278
Total general fund	\$288,450	\$(31,172)	\$257,278

Subdivision 3.

BILL TOTAL

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total general fund	\$5,808,732	\$(153,908)	\$5,654,824
Grand total special funds	3,044,155	12,188,886	15,233,041
Grand total all funds	\$8,852,887	\$12,034,978	\$20,887,865



**SECTION 2. ONE-TIME FUNDING.** The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium:

<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
Voting System and E-Poll Books	<u>\$0</u>	<u>\$11,000,000</u>
Total general fund	<u>\$0</u>	<u>\$0</u>

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The secretary of state shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

**SECTION 3. AMENDMENT.** Section 54-09-05 of the North Dakota Century Code is amended and reenacted as follows:

**Section 54-09-05. Salary of secretary of state.**

The annual salary of the secretary of state is one hundred five thousand seven hundred seventy dollars through June 30, 2018 and one hundred ten thousand and one dollars through June 30, 2020 and one hundred twelve thousand two hundred one dollars thereafter.

**SECTION 4. AMENDMENT - GENERAL SERVICES OPERATING FUND.** Section 54-09-08 of the North Dakota Century Code is amended and reenacted as follows:

The secretary of state's general services operating fund is a special fund in the state treasury. Moneys in the fund are to be used pursuant to legislative appropriations for the provision of services under section 16,1-02-15, subsection 4 of section 41-09-94, subsection 4 of section 41-09-96. Subsection 7 of section 54-09-04, and sections 10-35-33, 54-09-10, and 54-09-11. At the close of each biennium, the secretary of state shall transfer any unobligated balance remaining in the fund exceeding seventy five thousand dollars to the general fund.

**SECTION 5. AMENDMENT. FEES.** Section 54-09-11 of North Dakota Century Code is amended and reenacted as follows:

1. The secretary of state shall establish fees for any programming charges specifically incurred to provide information requested by persons which is related to the central indexing system and for other services provided through the computerized system.
2. A fee may not be required for furnishing information on a verbal request pursuant to subsection 3 of section 54-09-10, and the fee for furnishing a certificate under subsection 3 of section 54-09-10 is fifteen dollars.
3. The secretary of state shall establish the fee for furnishing lists from the central indexing system based on actual costs to produce the lists for distribution. For preparing any listing or compilation of any information recorded or filed in the office of the secretary of state, forty dollars for each record type requested. Unless otherwise agreed to by the secretary of state, the information must be provided in an electronic format. If provided in a paper format, an additional fee of fifty cents per page may be charged.

4. Fees collected by secretary of state under this section, under subsection 4 of section 41-09-94, and subsection 5 of section 41-09-96, and ~~ten~~ twenty dollars from each filing entered into the central indexing system must be deposited in the secretary of state's general services operating fund. ~~Fees collected by secretary of state under this section must be used for the programming and maintenance of the central index system information technology systems administered by the secretary of state.~~
5. ~~The secretary of state shall pay ten dollars to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to section 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02 or 41-09-72. The payment must be made monthly from the general fund in the state treasury.~~

**SECTION 6. SPECIAL FUNDS TRANSFER – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** The less estimated income line item in section 1 of this Act includes the sum of \$8,000,000, or so much of the sum as may be necessary, from the strategic investment and improvements fund which may be transferred at the direction of the secretary of state for a state wide voting system and e-poll book projects during the biennium beginning July 1, 2019, and ending June 30, 2021.

**SECTION 7 EXEMPTION.** Any unexpended funds from the technology project in section 2 of chapter 36 of the 2015 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation may be expended during the biennium beginning July 1, 2019 and ending June 30, 2021.

1-9-19 SB 2002

#1 PIA

ALVIN A. JAEGER  
SECRETARY OF STATE  
HOME PAGE [www.nd.gov/sos](http://www.nd.gov/sos)



PHONE (701) 328-2900  
FAX (701) 328-2992  
E-MAIL [sos@nd.gov](mailto:sos@nd.gov)

SECRETARY OF STATE  
STATE OF NORTH DAKOTA  
600 EAST BOULEVARD AVENUE DEPT 108  
BISMARCK ND 58505-0500

January 9, 2019

TO: Senator Holmberg, Chairman, and Members of the Senate Appropriations Committee

FR: Al Jaeger, Secretary of State

RE: SB 2002 – Appropriation for Office of Secretary of State

1. Page 1 – Agency's 90% and 95% Budget reductions submitted to Governor
2. Page 1 – Agency's requested Optional adjustments compared to the Governor's recommendation
3. Page 2 – One Time Requests
4. Page 3 – Other Agency requests recommended by the Governor for inclusion in SB 2002
5. Page 5 – Public Printing Budget
6. Page 10 – Agency Major Accomplishments
7. Page 11 – Agency Future Critical Issues
8. Page 11 – Explanation of Program Costs
9. Page 13 – Program Statistical Data
10. Page 14 – General Fund Revenue Tracking
11. Page 15 – General Services Operating Fund (special fund) Tracking
12. Page 16 – Business Registrations from June 30, 1995 to June 30, 2018
13. Page 17 – Business Registration from June 30, 2011 to December 31, 2018
14. Page 18 – Business Registration Graph Business Registrations January 2011 to December 2018
15. Page 19 – Contractor and Charitable Organizations as of December 31, 2018

P I A .

SB 2002  
 1-9-19  
 # 1  
 P 1

**Agency's 10% and 5% Budget reductions submitted to Governor**

IT – Operating Data Processing .....	\$659,077
(General Fund \$527,002; Special Fund \$132,075)	
Public Printing.....	\$31,172
(General Fund \$31,172)	
Salaries.....	\$104,923
(General Fund \$104,923)	
Total 10% and 5% reduction .....	\$795,172
(General Fund \$663,097; Special Fund \$132,075)	

**Agency's requested Optional Adjustments compared to the Governor's recommendation**

**Optional Request # 1 Operating Line**

**Secretary of State Request**.....\$1,279,750  
 (General Fund - \$527,002; Special Fund \$752,748)

**Governor Recommendation**

Restore Special Fund Operating Line .....\$752,748  
 Increase Special Fund Spending Authority .....\$800,000  
 Total .....\$1,552,748

**Agency Request**

*While the Governor's recommended \$800,000 increase in special fund spending authority is needed to cover anticipate revenue being requested in a later portion of this testimony, the agency requests a partial restoration of \$300,000 to the \$527,002 for the General Fund it had originally requested in its optional adjustment. The Operating data processing line in the General Fund is used to pay the monthly recurring base payments to ITD for hosting, fixed costs, etc. The special funds are used to pay for variables, which is the intent of the General Services Operating Fund.*

**Optional Request # 2 Salary Line**

**Secretary of State Request for FTE restoration**.....\$104,923  
 (General Fund \$104,923)

**Governor Recommendation** .....\$104,923  
 (General Fund \$104,923)

\*\*\*\*\*

**Secretary of State Request**

Overtime and Temporary Salaries and Benefits .....\$330,048  
 (Special Fund \$330,048)

**Governor Recommendation** .....\$150,000  
 (Special Fund \$150,000)

**Agency Request**

*Restore the Agency's request for \$330,048 for the Special Fund and the associated spending authority.*

P 1



SB 2002 1 -  
1-9-19  
#1  
P2

**One Time Request**

**Secretary of State Request**

Statewide Voting System and Electronic Pollbooks.....\$12,000,000  
(General Fund \$9,000,000; Federal Fund \$3,000,000 (already received))

**Governor Recommendation** .....\$11,000,000  
(From Special Funds \$8,000,000; Federal Fund \$3,000,000 (already received))

**SECTION 6. SPECIAL FUNDS TRANSFER – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** The less estimated income line item in section 1 of this Act includes the sum of \$8,000,000, or so much of the sum as may be necessary, from the strategic investment and improvements fund which may be transferred at the direction of the secretary of state for a statewide voting system and e-poll book projects during the biennium beginning July 1, 2019 and ending June 30, 2021.

**Agency Request**

*From the Special Funds to match the agency's request, increase the amount to \$9,000,00 from SIIF. The State Procurement Office issued an RFP, bids were received, review and scoring was completed, and the intent to award is ready subject to funding.*

*Add an Emergency Clause for funding availability sooner than July 1 to allow extra time to have the Voting System and Pollbooks in place for the next election in June 2020.*

**Footnote for election reform line:**

The Governor's recommendation for this line is \$11,803,155. That includes the \$8,000,000 he is recommending be funded by SIIF, the \$3,000,000 in federal funds, and the balance of approximately \$800,000 that is remaining in Help America Vote Act Funds (HAVA). The agency is requesting that line be increased to \$12,803,155.

The current voting system is based on a Windows XP operating system, which Microsoft will no longer support prior to the next scheduled election.

A portion of the balance of approximately \$800,000 will be expended during the upcoming biennium to cover the salaries of two FTE. One FTE is the Election Administration System manager and other FTE (temporary) maintains the Central Voter File.

Other portions of the remaining funds will be used for voting equipment maintenance and cover costs for maintaining and enhancing Vote.ND.Gov and ND Voices.

Because it is unlikely that additional federal funds will be granted in the future, it will be essential in the 67th Legislative Assembly consider providing funding for the two positions and the technology that is being used to support elections for maintaining election integrity.

Prior to the 2018 General Election, approximately \$77,650 was expended to publish Voter ID ads three times in all the state's daily and weekly newspapers.

P2

SB 202  
1-9-19  
# 1

**Other Agency Requests Recommended by the Governor  
(green sheet and in the Senate Journal for January 3, 2019, beginning on page 80)**

**Request # 1** – For the past five legislative sessions, the legislature has approved an Exemption in the agency's budget to the requirements in the last sentence in N.D.C.C. § 54-09-08, which has allowed the balance in the agency's Special Funds to be carried forward into the next biennium. Because the agency's appropriation is subject to legislative review each session and rather than requesting an Exemption each legislative session, it has been recommended in the past by both the Legislative Council Fiscal Division and the Office of Management and Budget that the last line be removed as proposed below.

P3

**SECTION 4. AMENDMENT - GENERAL SERVICES OPERATING FUND.** Section 54-09-08 of the North Dakota Century Code is amended and reenacted as follows:

The secretary of state's general services operating fund is a special fund in the state treasury. Moneys in the fund are to be used pursuant to legislative appropriations for the provision of services under section 16,1-02-15, subsection 4 of section 41-09-94, subsection 4 of section 41-09-96. Subsection 7 of section 54-09-04, and sections 10-35-33, 54-09-10, and 54-09-11. ~~At the close of each biennium, the secretary of state shall transfer any unobligated balance remaining in the fund exceeding seventy five thousand dollars to the general fund.~~

Its removal will allow the agency to carry forward the balance in the General Services Operating Fund (special funds), which is a part of the appropriation and spending authority being considered by the legislature in this session without the need for the Exemption adopted in each legislative session.

**Request # 2** – In the 2017 legislative session, HB 1002 (the agency's appropriation bill) included an amendment in Section 6 of the bill to Subsection 7 of section 54-09-04. Inadvertently it was overlooked that the same amendment was needed in N.D.C.C. § 54-09-11(3).

In subsections 4 and 5 of 54-09-04, the Governor recommended that \$20 rather than \$10 be deposited in the agency's General Services Operating Fund for each filing entered into the agency's Central Indexing System for programming and maintenance of the agency's information technology system. It is anticipated to add \$800,000 to the special fund. The fees for secured transactions in sections 41-09-94 and 41-09-96 are not changed. No general fund dollars are impacted.

The agency requests that the following amendment is included in SB 2002.

**SECTION 5. AMENDMENT. FEES.** Section 54-09-11 of North Dakota Century Code is amended and reenacted as follows:

1. The secretary of state shall establish fees for any programming charges specifically incurred to provide information requested by persons which is related to the central indexing system and for other services provided through the computerized system.
2. A fee may not be required for furnishing information on a verbal request pursuant to subsection 3 of section 54-09-10, and the fee for furnishing a certificate under subsection 3 of section 54-09-10 is fifteen dollars.
3. ~~The secretary of state shall establish the fee for furnishing lists from the central indexing system based on actual costs to produce the lists for distribution. For preparing any listing or compilation of any information recorded or filed in the office of the secretary of state, forty dollars for each record type requested. Unless otherwise agreed to by the secretary of state, the information must be provided in an electronic format. If provided in a paper format, an additional fee of fifty cents per page may be charged.~~
4. Fees collected by secretary of state under this section, under subsection 4 of section 41-09-94, and subsection 5 of section 41-09-96, and ~~ten~~ twenty dollars from each filing entered into the central indexing system must be deposited in the secretary of state's general services operating fund. ~~Fees collected by secretary of state under this section must be used for the programming and maintenance of the central index system information technology systems administered by the secretary of state~~
5. ~~The secretary of state shall pay ten dollars to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to section 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02 or 41-09-72. The payment must be made monthly from the general fund in the state treasury.~~

P3

SB 2002  
1-9-19  
#1 p4

**Request # 3** – The Governor recommended an exemption to section 2 of chapter 36 of the 2015 Session Laws so that the agency is not subject to the provisions of section 54-44.1-11, whereby OMB can cancel unexpended appropriations. This will allow the agency to use funds unexpended by the end of the biennium to complete its implementation of its business and licensing system technology project (FirstStop) and pay the two-year maintenance fee. The project is underbudget and the funding is available. The agency requests the following addition to SB 2002.

**SECTION 7 EXEMPTION.** Any unexpended funds from the technology project in section 2 of chapter 36 of the 2015 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation may be expended during the biennium beginning July 1, 2019 and ending June 30, 2021.

**Request # 4** – The Governor recommended a salary adjustment for the Secretary of State.

**SECTION 3. AMENDMENT. SALARY OF SECRETARY OF STATE.** Section 54-09-05 of the North Dakota Century Code is amended and reenacted as follows:

The annual salary of the secretary of state is one hundred five thousand seven hundred seventy dollars through June 30, 2018 and one hundred ten thousand and one dollars through June 30, 2020 and one hundred twelve thousand two hundred one dollars thereafter.

#4

SB 2002  
1-9-19  
# 1  
P 5

Public Printing Budget

**Program Statistical Data**

The agency distributes the publications to elected officials, legislators, legislative council, state agencies, county agencies, judicial system, and libraries as prescribed by law.

**Explanation of Program Costs**

Under state law, the agency is responsible for the distribution of publications known as "public printing" that includes the North Dakota Century Code, the North Dakota Administrative Rules, Session Law Books, etc.

Although the appropriation to cover the cost of publishing and distribution is included in the agency's budget, it is based on a recommendation from the Legislative Council, which has the legal responsibility for preparing, supervising, contracting, and communicating with the various publishers and vendors regarding these publications.

The major portion of the appropriation is directly related to the cost of printing the North Dakota Century Code, Session Laws, and the North Dakota Administrative Code.

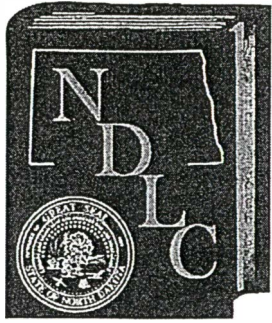
The remaining portion of the appropriation is used by the agency to cover costs related to programming database records, shipping, mailing, supplies, etc.

**Program Goals and Objectives**

To provide effective and efficient services to state agencies and others as it relates to the distribution of publications funded by the public printing appropriation.

Based on the following letters from the Legislative Council, the budget requested by the agency and recommended by the Governor for \$257,278 is adequate.

P.5



# North Dakota Legislative Council

STATE CAPITOL, 600 EAST BOULEVARD, BISMARCK, ND 58505-0360

#1 SB 2002  
1-9-19  
P6

Jim W. Smith  
Director

John Bjornson  
Legal Division Director

Allen H. Knudson  
Legislative Budget  
Analyst & Auditor

Jason J. Steckler  
Administrative Services  
Division Director

Vonette J. Richter  
Code Revisor

July 2, 2018

Honorable Alvin A. Jaeger  
Secretary of State  
State Capitol  
Bismarck, ND 58505

Dear Mr. Jaeger:

As you know, the Legislative Council is responsible for preparing the material for and supervising the publication of the North Dakota Century Code, North Dakota Administrative Code, and North Dakota Session Laws. The purpose of this letter is to notify you of the estimated costs for the 2019-21 biennium so you can include a sufficient amount in your budget request for these purposes.

During the 2017-19 biennium, cost estimates for Century Code purchases in your budget were based on the state maintaining 700 sets of the code. Your staff has advised us the number of sets needed for subscriptions is 539 sets. To allow for new subscriptions or other demand, we are basing our estimates on 550 code sets for the 2019-21 biennium.

During the 2019-21 biennium, we have tentatively identified Volumes 1A, 1B, 4A, 4B, and 12 of Century Code for replacement. These replacement volumes must be published to avoid increased costs for supplements and the eventual need to replace the entire Century Code. Replacement of volumes also makes the Century Code more easily usable for the public. The Court Rules Annotated volume is published in a softbound volume that must be replaced each biennium. Based on cost estimates furnished by LexisNexis, \$134,500 will be needed to purchase 550 sets of replacement Volumes 1A, 1B, 4A, 4B, and 12 and \$43,037 will be needed to purchase 550 sets of the Court Rules Annotated volume and two supplements to that volume.

Based on LexisNexis estimates, \$93,775 will be needed to purchase 550 sets of the 2019 pocket supplements, and \$35,475 will be needed to purchase 550 sets of the 2019 general index.

The estimated costs for Century Code updates for the 2019-21 biennium total \$307,037. In the letter (copy enclosed) of estimated costs from Ms. Leslie Metheney, Director, Government Content Acquisition, LexisNexis, it is stated that LexisNexis offers state government subscribers a 25 percent discount. Application of this discount will reduce estimated expenditures for 2019-21 Century Code updates to \$230,278.

Beginning in 2011 costs were decreased substantially because the Administrative Code is now being published in a CD-ROM format. We estimated CD-ROM preparation and mailing costs for the Administrative Code would total \$7,000 for the 2017-19 biennium. Your staff has not advised us this amount should be increased, so we believe the same amount will be adequate for the 2019-21 biennium.

We estimate that \$20,000 will be required to cover printing, binding, and mailing costs for the 2019 North Dakota Session Laws.

P V



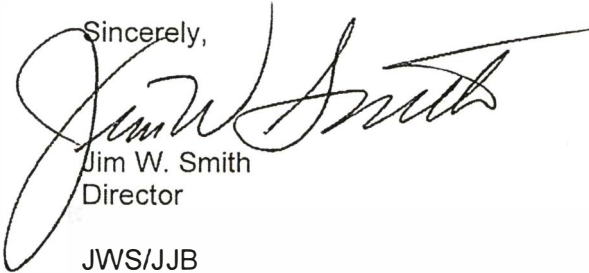
SB 2002  
1-9-19 #1  
PM

We respectfully suggest that you include \$257,278 in your budget request for the 2019-21 biennium for publication and printing costs for the North Dakota Century Code, North Dakota Administrative Code, and North Dakota Session Laws and postage and mailing costs for the Administrative Code and Session Laws. This is a 17.94 percent decrease from the comparable amount we recommended for these expenses for the 2017-19 biennium.

We are not in a position to make any suggestions regarding the other costs that must be included in the public printing line item of your budget, including the costs of individual volumes to update old sets of Century Code, the new sets of Century Code required for new members of the Legislative Assembly, and postage and mailing costs for Century Code. Therefore, those costs are not included in our estimates.

Thank you for your attention to these matters. Please contact this office if you have any questions. We are sending a copy of this letter to Mr. Joe Morrisette, Director, Office of Management and Budget, for his information.

Sincerely,



Jim W. Smith  
Director

JWS/JJB

Enc.

cc: Mr. Joe Morrisette  
Ms. Leslie Metheney

p 7



SB 2002  
1-9-19  
# 1  
p 8

June 7, 2018

John Bjornson  
Vonette Richter  
North Dakota Legislative Council  
State Capitol, 600 East Boulevard  
Bismarck, ND 58505

Dear John & Vonette:

I am pleased to provide the following estimated prices for the North Dakota Century Code 2019-2020 upkeep service. The following prices reflect slight increases from the pricing levels offered for 2017-2018. The cost of production has increased over the past two years and although the Producer Price Index for Book Publishers has risen 6% over the last two years, I have kept the requested increases lower than that amount.

As requested, I have included the base estimates on options for four or five replacement volumes in the two-year period.

**Cumulative Supplement** The price of the 2019 Supplement will depend on the number of volumes replaced. If five volumes are replaced, the price of the Supplement is \$170.50. If four volumes are replaced, the price of the Supplement is \$190.00.

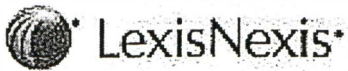
**Index** The price of the Index will be \$64.50 with the publication of five Replacement volumes. The price increases to \$67.50 with four Replacement volumes.

**Replacement Volumes** Our recommendation is for the replacement of five volumes, two in one year and three in the next. After consulting with our editorial department, our recommendation is to replace Volume 1A (2016 volume with 217 page supp); Volume 1B (2006 volume with 177 page supp); Volume 4A (2012 volume with 438 page supp); Volume 4B (2002 volume with 161 page supp) and Volume 12 (2010 volume with 317 page supp.) If five volumes are replaced, the price for each copy of each replacement volume will be \$49.00. If four volumes are replaced, the price for each copy of each replacement volume will be \$51.00.

**Package Prices** For comparison purposes, the various options with prices and the total package price of Supplement, Replacement Volumes and Index are as follows:

<u>Option</u>	<u>No. Repl. Vols.</u>	<u>Price of Supp.</u>	<u>Price of Volumes</u>	<u>Price of Index</u>	<u>Total</u>	<u>Increase</u>
1	5	\$170.50	\$49.00	\$64.50	\$480.00	4.0 %
2	4	\$190.00	\$51.00	\$68.00	\$462.00	4.5%

p 8



SB 2002  
1-9-19  
# 1  
P 9

**Court Rules Volumes and Supplements** The next edition of the Court Rules volume is currently scheduled for publication in early 2020. The price of that edition will be \$51.75, a 4% increase in the price of \$49.75 from the 2018 Edition. The first two supplements to the 2018 Edition will increase to \$13.00 and \$13.50 respectively.

**Government Discount** We will continue to offer state government subscribers a 25% discount on its purchases of the North Dakota Century Code for the 2019 - 2020 biennium.

Please let me know if you have any questions.

Sincerely,

Leslie Metheny  
Director  
Government Content Acquisition

P 9



SB 2002  
1-9-19  
#1  
P10

### Agency Statutory Authority

ND Constitution Article V, Section 12; North Dakota Century Code Title 10 and Title 16.1; North Dakota Century Code Chapters 15.02, 35-01, 35-05, 35-17, 35-21, 35-29, 35-30, 35-31, 41-09, 43-07, 44-06, 45-10, 45-10.1, 45-11, 45-22, 45-23, 47-22, 47-25, 50-22, 53-01, 54-05.1, 54-09, 54-16, and 55-01.

### Agency Description

The Secretary of State's office is the office of record for certain legal documents generated by the executive and legislative branches of state government; public records and notices including various business entities; and performs a wide range of licensing, regulatory, registration, and administrative functions within five operating units. The agency performs these functions in accordance with the requirements of the state's constitution and laws.

### Agency Mission Statement

The office will:

- Serve the people of the State of North Dakota and its guests;
- Execute with integrity the duties required by the North Dakota Constitution and the North Dakota Century Code;
- Collect and preserving the records of the State as defined by the law; and
- Act as an ambassador for the State of North Dakota, its people, and its way of life.

This mission will be dispatched effectively, efficiently, expeditiously, courteously, and with financial responsibility.

### Agency Performance Measures

Although the Secretary of State's office does not have a formal written program, the agency's management team and unit leads have access to various processes for tracking productivity, effectiveness, efficiency, quality of customer service, and compliance with laws. It is anticipated the statistical tracking of information will be improved with the agency's migration to a new database and document processing platform, for which funding was approved in a previous biennium.

### Agency Major Accomplishments

1. Enhanced agency website, which received more than 1.5 million-page views over the 12-month period ending June 30, 2018, a 200% increase from the same 12-month period two years prior.
2. Continued use of the North Dakota Central Indexing System (NDCIS), which was launched on March 1, 2016. All central indexing filings and searches are now completed online and all reports from the lending community of the state indicate the system is greatly appreciated.
3. Continued to enhance the agency's Election Management System (EMS), which provides election information on the agency's website about elections, candidates, campaign contributions, voter precinct finder, polling location details, and the reporting of election night returns. It also assists in the administration of petition review, poll worker tracking, voting statistics reporting, and early and absentee voting.
4. Completed an enhancement to the state's EMS that guides a candidate through the process of completing and filing the necessary paperwork to run for public office. When the questions are answered by the candidate, the necessary forms are generated, which can then be submitted electronically or sent to the Secretary of State's office via US Mail.
5. Continued to enhance the Central Voter File used by the SOS office and the counties to update voter records for address and name changes upon receipt of notices from the DOT and the courts, and death notices from vital statistics, issue and track absentee ballots, allow for the efficient management of early voting precincts, and to expedite the voting process on election day.
6. Continued to be ranked as one of the top states for election administration by The PEW Charitable Trusts and the Massachusetts Institute of Technology in the Election Performance Index that has been conducted since it was first launched in 2008.

P10

SB 2002  
1-9-19  
# 1  
P 11

7. Worked to enhance election applications accessible from Vote.ND.Gov to make them web responsive so that they format appropriately depending on the size of the computer, laptop, tablet, or smartphone being used to access them.
8. Received the necessary security clearances for Secretary Jaeger, Deputy Secretary Jim Silrum, and State Elections Director John Arnold to receive cybersecurity updates and notices from the Department of Homeland Security (DHS), FBI, and other agencies responsible for cybersecurity to protect our elections infrastructure, which has now been classified by DHS as critical infrastructure.
9. Neared completion of the FirstStop software system through which most of the office functions will be handled and available to the customers of our office in an online environment. The system will handle such things as registering new businesses for operation in the state, the filing of the various amendments and annual reports of these businesses, the licensing of occupations such as contractors and home inspectors, issuing and maintaining notary commissions, registering and regulating the activity of lobbyists, registering charitable organizations and professional fundraisers, and providing lists, subscriptions, and information that is available to the public.

### Agency Future Critical Issues

In the statistical data section of the program narrative, the data reveals that since 1995-97 and through the 2015-17 biennium, the agency's revenue has steadily increased. The 2015-17 biennium revenue increased 9.2 percent from the previous biennium. The increased revenue is directly related to the increase in the number of registrations, filings, and increased demand for the services provided by the agency. To respond to this increased demand, the agency is substantially dependent on the use of information technology (e.g. software, hardware, Internet, etc.), which it uses to provide the timely, accurate, and efficient services expected by the public, businesses, and customers of the agency.

Also documented in the statistical data section, the agency is processing 105,614 more documents per year than it did in 1995. Therefore, to provide services in a cost effective and efficient manner for the public, it is vitally important that the agency receive support for technology initiatives and additional FTEs to handle the increase in workload.

Business in North Dakota begins with the Secretary of State's office and is the first place stop and prime filer of a variety of business related information. The agency has a key role in the state's e-government initiatives making it imperative the agency has adequate funding and support to implement the appropriate technology to meet these goals and provide services the public is requesting. It is critical to complete the migration of the database from its current environment to the new platform. The increase in services and productivity will be significant.

The Secretary of State's office continues to encounter challenges with adequate FTEs and the ability to offer competitive salaries. The agency needs to offer competitive salaries to address compression issues and pay competitive for agency staff.

### Explanation of Program Costs

For the 2017-2019 biennium, the appropriated salary line represented approximately 44 percent of the agency's total general fund spending authority.

The appropriated operating line for 2017-2019 represented approximately 56 percent of the agency's total general fund spending authority. Of that amount, approximately 21 percent of the operating line was budgeted for the agency's database and processing project and approximately 14 percent to the state's Information Technology Division (ITD). The remaining 21 percent is spread among other object code categories and supports the general operations of the agency. Those budget object codes include telecommunications, travel, mailing services, professional development, fees and services, repairs and maintenance of equipment, insurance, office supplies, printing, professional supplies and materials, and miscellaneous expenses.

The agency also has a general service fund, which is the retail account for information sold by the agency. Approximately 54 percent of that budget is to cover expenses related to the technology for providing the requested information.

P 11

SB 2002  
1-9-19  
# 1  
p12

Extensive technology is used by the agency to increase productivity, provide better and faster services for the public, and to maintain many thousands of records associated with approximately 100 diverse and varied categories that relate to the duties of the agency. For example:

1. The agency's budget supports the statewide Central Indexing System (CIS), which includes approximately 350,000 files. On March 1, 2016 the North Dakota Central Indexing System (NDCIS) was launched allowing all filings related to various personal property liens to be completed electronically online. The budget supports the ongoing costs and maintenance of the NDCIS.
2. The agency's budget supports FirstStop, which is a database of approximately 265,000 names for approximately 100 diverse and varied categories related to the duties of the agency and for associated expenses such as programming.
3. The agency's budget supports an Internet web site and covers associated expenses.

p12

SB 2002  
1-9-19  
# 1  
P 13

## Program Statistical Data

### History of Revenue and Expenditures for the past ten budget cycles

#### Revenue

- 2001/2003 \$6,277,698 (general \$5,869,160; \* special \$371,868) increased 5.5percent over previous biennium
- 2003/2005 \$6,716,245 (general \$6,289,108, \* special \$401,305) increased 7.0percent over previous biennium
- 2005/2007 \$7,289,015 (general \$6,815,185, \* special \$454,445) increased 8.5percent over previous biennium.
- 2007/2009 \$7,949,077 (general \$7,432,582, \* special \$516,495) increased 9.1percent over previous biennium.
- 2009/2011 \$9,058,760 (general \$8,543,052, \* special \$515,708) increased 14percent over previous biennium.
- 2011/2013 \$12,384,546 (general \$11,782,731, \* special \$601,815) increased 36.7percent over previous biennium.
- 2013/2015 \$12,917,111 (general \$12,252,412, \* special \$664,699) increased 4.3percent over previous biennium.
- 2015/2017 \$14,104,318 (general \$12,486,458, \*special \$1,617,861) increased 9.2percent over previous biennium.
- 2017/2019 Estimated: \$ 13,550,000 (Estimated: general \$12,000,000, \* special \$1,550,000)

#### Expenditures

- 2001/2003 - \$3,961,253 increased 11.7percent over previous biennium (see note # 1)
- 2003/2005 - \$4,146,332 increased 4.7percent over previous biennium
- 2005/2007 - \$4,536,178 increased 9.4percent over previous biennium (see note # 2)
- 2007/2009 - \$5,666,247 increased 24.9percent over previous biennium (see note #3)
- 2009/2011 - \$6,168,973 increased 8.9percent over previous biennium (see note #4)
  
- 2011/2013 - \$8,383,125 increased 35.9percent over previous biennium (see note #5)
- 2013/2015 - \$9,018,517 increased 7.58percent over previous biennium (see note #6)
- 2015/2017 - \$8,340,716 decreased 7.52percent over previous biennium (see note #7)

Note 1: ITD again reallocated costs related to the statewide area network resulting in another \$175,000 increase added to the agency's budget.

Note 2: The expenditures included a one-time amount of \$125,000 for migration of database.

Note 3: The expenditures included a one-time amount of \$825,000 for migration of database.

Note 4: The expenditures included a one-time amount of \$702,000 for migration of database (One-time funding was \$780,000 total, we requested \$78,000 in carryover to 11-13 Biennium).

Note 5: The expenditures included one-time amounts of \$3,500,000 for migration of database and \$43,039 for online public meeting system. In addition, the one-time funding carryover of \$78,000 for migration of database. (We requested \$1,351,035 in carryover to 13-15 for migration of database).

Note 6: The expenditures included one-time amounts of \$2,048,352 for migration of database and \$109,794 for business process mapping project. (We requested carryover to 15-17 for the remaining migration of database and business process mapping).

Note 7: The expenditures for IT data processing decreased by \$727,796 from the 13-15 biennium to the 15-17 biennium.

P 13

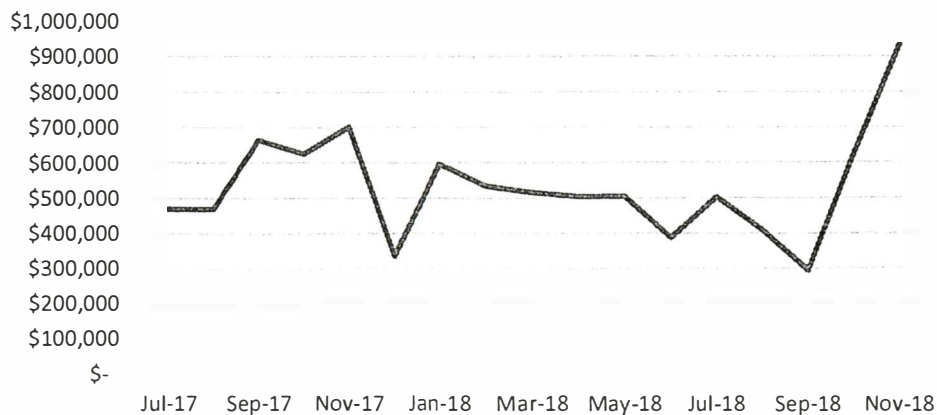
SB 2002

1-9-19

# 1  
P 14

2017/2019 Biennium - General Fund Revenue					
November 30, 2018					
	Revenue	Monthly Average Revenue Per Budget	Monthly Accumulative Revenue Total	Accumulative Monthly Budget	(Under) Over Budget
Date	Revenue	\$ 12,500,000			
Jul-17	\$ 469,322	\$ 520,833	\$ 469,322	\$ 520,833	\$ (51,512)
Aug-17	\$ 469,627	\$ 520,833	\$ 938,949	\$ 1,041,667	\$ (102,718)
Sep-17	\$ 664,656	\$ 520,833	\$ 1,603,605	\$ 1,562,500	\$ 41,105
Oct-17	\$ 625,713	\$ 520,833	\$ 2,229,318	\$ 2,083,333	\$ 145,984
Nov-17	\$ 702,681	\$ 520,833	\$ 2,931,999	\$ 2,604,167	\$ 327,832
Dec-17	\$ 334,033	\$ 520,833	\$ 3,266,032	\$ 3,125,000	\$ 141,032
Jan-18	\$ 596,717	\$ 520,833	\$ 3,862,748	\$ 3,645,833	\$ 216,915
Feb-18	\$ 535,089	\$ 520,833	\$ 4,397,837	\$ 4,166,667	\$ 231,170
Mar-18	\$ 515,988	\$ 520,833	\$ 4,913,824	\$ 4,687,500	\$ 226,324
Apr-18	\$ 504,544	\$ 520,833	\$ 5,418,368	\$ 5,208,333	\$ 210,035
May-18	\$ 505,228	\$ 520,833	\$ 5,923,596	\$ 5,729,167	\$ 194,429
Jun-18	\$ 386,517	\$ 520,833	\$ 6,310,113	\$ 6,250,000	\$ 60,113
Jul-18	\$ 502,488	\$ 520,833	\$ 6,812,600	\$ 6,770,833	\$ 41,767
Aug-18	\$ 409,700	\$ 520,833	\$ 7,222,300	\$ 7,291,667	\$ (69,367)
Sep-18	\$ 294,156	\$ 520,833	\$ 7,516,456	\$ 7,812,500	\$ (296,044)
Oct-18	\$ 622,399	\$ 520,833	\$ 8,138,855	\$ 8,333,333	\$ (194,479)
Nov-18	\$ 934,821	\$ 520,833	\$ 9,073,675	\$ 8,854,167	\$ 219,509

Revenue



P. 14



SB 2002

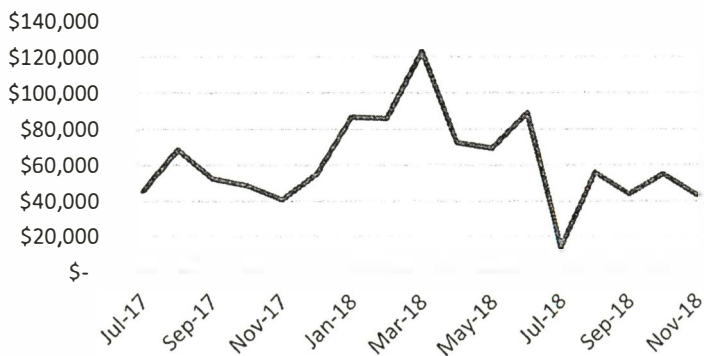
1-9-19

# 1

P15

2017/2019 Biennium - General Services Revenue (Special Fund)					
November 30, 2018					
	Revenue	Monthly Average Revenue Per Budget	Monthly Accumulative Revenue Total	Accumulative Monthly Budget	(Under) Over Budget
Date	Revenue	1,200,000			
Jul-17	\$ 45,657	\$ 50,000	\$ 45,657	\$ 50,000	\$ (4,343)
Aug-17	\$ 68,641	\$ 50,000	\$ 114,299	\$ 100,000	\$ 14,299
Sep-17	\$ 52,401	\$ 50,000	\$ 166,699	\$ 150,000	\$ 16,699
Oct-17	\$ 48,573	\$ 50,000	\$ 215,273	\$ 200,000	\$ 15,273
Nov-17	\$ 40,601	\$ 50,000	\$ 255,874	\$ 250,000	\$ 5,874
Dec-17	\$ 55,000	\$ 50,000	\$ 310,873	\$ 300,000	\$ 10,873
Jan-18	\$ 86,796	\$ 50,000	\$ 397,669	\$ 350,000	\$ 47,669
Feb-18	\$ 86,141	\$ 50,000	\$ 483,810	\$ 400,000	\$ 83,810
Mar-18	\$ 122,974	\$ 50,000	\$ 606,784	\$ 450,000	\$ 156,784
Apr-18	\$ 72,533	\$ 50,000	\$ 679,317	\$ 500,000	\$ 179,317
May-18	\$ 69,414	\$ 50,000	\$ 748,731	\$ 550,000	\$ 198,731
Jun-18	\$ 89,200	\$ 50,000	\$ 837,930	\$ 600,000	\$ 237,930
Jul-18	\$ 13,542	\$ 50,000	\$ 851,472	\$ 650,000	\$ 201,472
Aug-18	\$ 55,850	\$ 50,000	\$ 907,321	\$ 700,000	\$ 207,321
Sep-18	\$ 43,797	\$ 50,000	\$ 951,118	\$ 750,000	\$ 201,118
Oct-18	\$ 55,062	\$ 50,000	\$ 1,006,180	\$ 800,000	\$ 206,180
Nov-18	\$ 42,985	\$ 50,000	\$ 1,049,165	\$ 850,000	\$ 199,165

Revenue



P15

SB 2002  
 1-9-19  
 #1  
 P16

**Demand for Services**

The demand for the agency's services has grown steadily during the period beginning June 30, 1995 and ending June 30, 2018. This is in direct relationship to the net increase in filings and registrations as listed below.

	June 30, 1995	June 30, 2018	Percentage Increase/ (Decrease)
Contractors	4,701	10,342	120%
Charitable Solicitation	559	3,898	597%
Notary Publics	10,419	15,299	47%
ND For-Profit Corporations	10,734	12,488	16%
ND Cooperatives	434	252	(42%)
ND Professional Corporations	552	974	76%
Foreign For-Profit Corporations	7,307	15,913	118%
Foreign Cooperatives	45	73	62%
Limited Liability Companies (all)	441	35,018	7841%
Limited Liability partnerships (all)	13	3,562	27300%
Limited Partnerships (all)	864	1,596	85%
Limited Liability Limited Partnerships	0	1,477	1477%
Partnership Fictitious Names	1,362	2,007	47%
Trademarks	1,286	1,544	20%
Trade names	3,565	31,619	787%
ND non-profit corporations*	0	8,026	8026%
Foreign non-profit corporations*	0	3,808	3808%
<b>Total</b>	<b>42,282</b>	<b>147,896</b>	<b>250%</b>

\*Prior to 1997, non-profit corporations were not required to file an annual corporate report. Therefore, the agency is processing an additional 11,134 filings that it did not process seventeen years ago.

P16

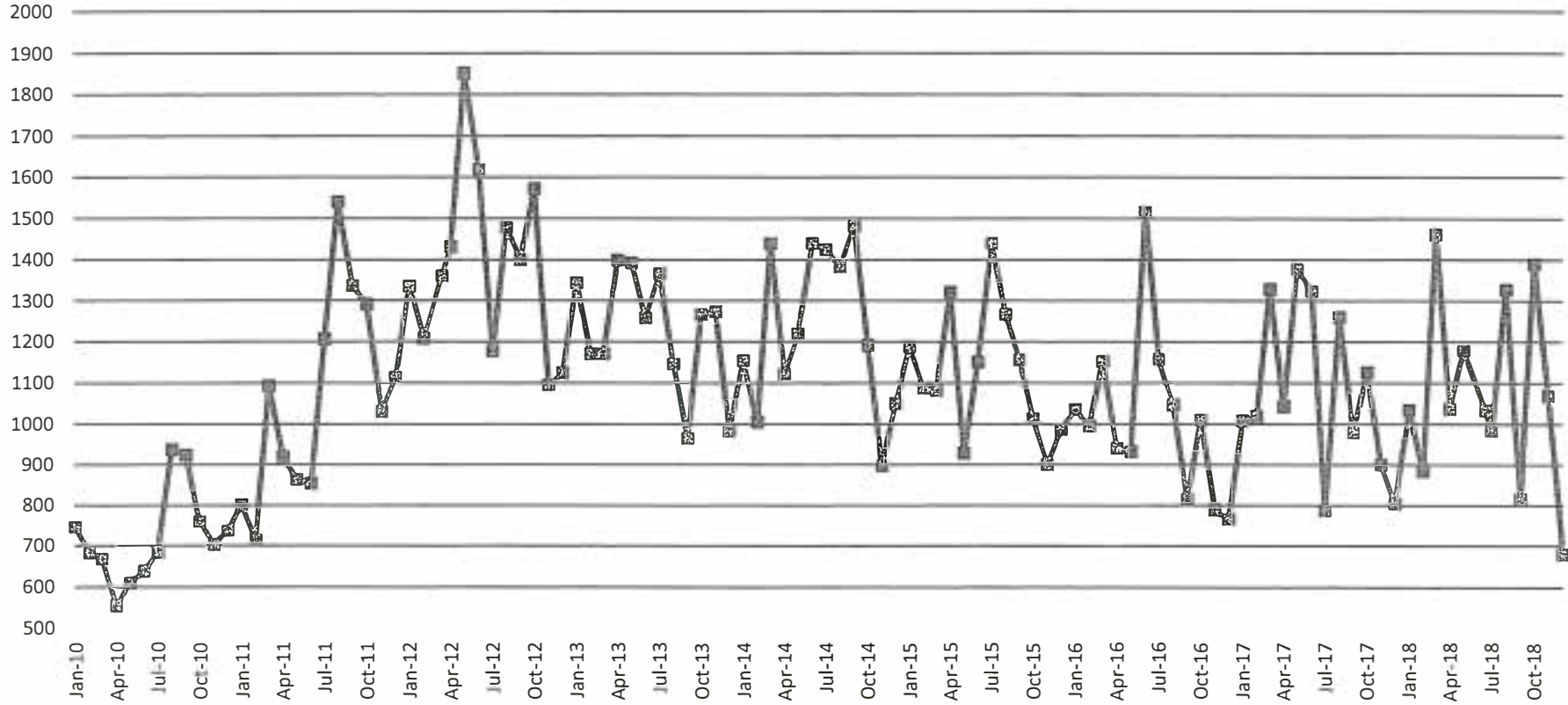
SB2002  
1-9-19  
#1 P17

	June 30, 2011	June 30, 2013	June 30, 2015	June 30, 2017	June 30, 2018	December 31, 2018	Increase from June 30, 2011	% Inc (Dec)
Corporations - ND	13,330	13,783	13,473	12,808	12,488	12,006	(1,324)	(9.93%)
Corporations - ND Professional	971	983	979	971	974	944	(27)	(2.78%)
Corporations - Foreign	14,072	16,483	16,783	16,167	15,913	16,258	2,186	15.53%
Corporations - Foreign Professional	166	301	379	366	361	375	209	125.90%
<b>Total</b>	<b>28,539</b>	<b>31,550</b>	<b>31,614</b>	<b>30,312</b>	<b>29,736</b>	<b>29,583</b>	<b>1,044</b>	<b>3.66%</b>
Limited Liability Company - ND	9,732	15,723	19,817	22,195	23,710	25,655	15,923	163.61%
Limited Liability Company - ND Professional	138	208	304	397	436	483	345	250.00%
Limited Liability Company - Foreign	5,288	8,077	9,515	9,953	10,372	10,989	5,701	107.81%
<b>Total</b>	<b>15,158</b>	<b>24,008</b>	<b>29,636</b>	<b>32,545</b>	<b>34,518</b>	<b>37,127</b>	<b>21,969</b>	<b>144.93%</b>
Partnership Fictitious Names	1,777	1,945	2,144	2,057	2,007	1,968	191	10.75%
Limited Liability Partnerships	2,874	3,219	3,407	3,515	3,562	3,479	605	21.05%
Limited Partnerships	1,602	1,690	1,645	1,597	1,596	1,520	(82)	(5.12%)
Limited Liability Limited Partnerships	774	1,017	1,218	1,408	1,477	1,464	690	89.15%
<b>Total</b>	<b>7,027</b>	<b>7,871</b>	<b>8,414</b>	<b>8,577</b>	<b>8,642</b>	<b>8,431</b>	<b>1,404</b>	<b>19.98%</b>
Nonprofit Corporations - ND	7,432	7,589	7,705	7,952	8,026	8,156	724	9.74%
Nonprofit Corporations - Foreign	2,309	2,737	3,087	3,508	3,808	4,003	1,694	73.37%
Nonprofit Limited Liability Company - ND	8	15	17	27	39	32	24	300.00%
Nonprofit Limited Liability Company - Foreign	0	0	0	4	2	2	2	0.00%
<b>Total</b>	<b>9,749</b>	<b>10,341</b>	<b>10,809</b>	<b>11,491</b>	<b>11,875</b>	<b>12,193</b>	<b>2,444</b>	<b>25.07%</b>
Trade Names	22,749	26,851	29,981	31,406	31,619	31,720	8,971	39.43%
Trademarks	1,458	1,460	1,506	1,533	1,544	1,540	82	5.62%
Corporations - Farm	756	794	830	818	830	830	74	9.79%
Limited Liability Company - Farm	190	263	351	430	459	454	264	138.95%
<b>Total</b>	<b>946</b>	<b>1,057</b>	<b>1,181</b>	<b>1,248</b>	<b>1,289</b>	<b>1,284</b>	<b>338</b>	<b>35.73%</b>
Cooperatives and Misc.	292	276	269	258	252	252	(40)	(13.70%)
Cooperatives - Foreign	73	72	75	75	73	76	3	4.11%
<b>Total</b>	<b>365</b>	<b>348</b>	<b>344</b>	<b>333</b>	<b>325</b>	<b>328</b>	<b>(37)</b>	<b>(10.14%)</b>
<b>Grand Total</b>	<b>85,991</b>	<b>103,486</b>	<b>113,485</b>	<b>117,445</b>	<b>119,548</b>	<b>122,206</b>	<b>36,215</b>	<b>42.11%</b>

P17



### Secretary of State - # of new filings per month



	January	February	March	April	May	June	July	August	September	October	November	December
<b>2011</b>	801	713	1092	919	862	853	1206	1539	1336	1291	1030	1113
<b>2012</b>	1336	1208	1361	1431	1851	1619	1177	1479	1401	1571	1094	1124
<b>2013</b>	1343	1170	1170	1399	1392	1258	1367	1145	965	1266	1272	982
<b>2014</b>	1154	1004	1439	1120	1218	1440	1425	1383	1483	1191	896	1050
<b>2015</b>	1187	1087	1081	1320	928	1150	1440	1267	1155	1012	900	986
<b>2016</b>	1035	995	1152	940	931	1514	1158	1046	813	1009	788	765
<b>2017</b>	1007	1018	1328	1042	1378	1323	787	1259	980	1125	899	803
<b>2018</b>	1034	883	1462	1037	1180	1033	983	1327	815	1389	1069	679

81.8

#1  
818  
1-9-19  
SB2002

Licensed Contractors as of December 31, 2018	10,631
Licenses Issued to New Applicants during 2018	1,231
Licenses Issued to New Applicants during 2017	993
Charitable Organizations registered as of December 31, 2018	3,604

SB2002  
1-9-19  
#1  
P19

P19

SB 2002  
#2  
1-9-19  
p1

Testimony for:  
Senate Appropriations  
1/9/19  
Prepared by:  
Donnell Preskey Hushka, ND Association of Counties

## Support for SB 2002: Secretary of State Budget - Election Equipment

Chairman Holmberg and committee members, I'm Donnell Preskey with the North Dakota Association of Counties, I serve as Executive Director for the County Auditors Association. This testimony is in support the Secretary of State's Budget, SB 2002 to include funding for election equipment. Election equipment is critical infrastructure in dire need of replacement. Election equipment failure is not a threat – it is a reality. It is happening. I'm here today to tell you this is an issue the state absolutely can not ignore further. The integrity of our elections depends on replacement of the aging equipment.

I will give you a brief overview of the state of election equipment today. But please know, there are 53 county auditors with far more extensive, hands on experiences, that will share written and verbal testimony when the time allows and a hearing can be held that will allow for them to express their deep concerns.

There is one reason why the equipment failures have not been catastrophic for voting in North Dakota, thus far, because auditors and their staff through rigorous testing prior to the election are able to identify warped equipment then piecemeal them for their working parts. In addition, our auditors have made elections more efficient across the state by reducing the number of voting locations and implementing vote by mail. This has resulted in counties reducing the number of M100's also known as ballot scanners that a county needs. It has been a blessing, as those once unneeded ballot scanners are now being pulled out of storage to replace a machine that fails or to give to another county in need. Parts for these outdated machines are no longer being manufactured. Auditors fear they will run out of spare machine and parts sooner than new equipment is approved.

County auditors are not surgeons or mechanics but that is what they are being tasked with as they continue to use this election equipment that is at the end of its life. The frequency of mechanical breakdowns is increasing with each election. Auditors echo that this causes stress to the poll workers, staff and most importantly to the voters.

NDACo conducted a survey following the elections in 2016 and 2018 to assess the condition of the election equipment statewide. 50 auditors completed the most recent survey conducted shortly after the general election. The findings are very telling... Due to time restraints I won't go through the entire survey, but I will be prepared to go through the results with the sub-committee that will be dedicated to looking at election equipment. What I want to share with the full Appropriations Committee, is what I would say is the most disturbing findings regarding failures.

P1

1-9-19 SB 2002

# 2

P2

The facts I'm sharing with you concern the tabulators. These are the ballot scanners that voters feed their ballots into after recording their vote. During the primary or general election – 27 tabulators failed during election hours. Prior to that, 20 tabulators failed during the rigorous testing auditors conduct prior to Election Day. 16 counties reported incidents where tabulators went down on Election Day, in 7 of those counties, multiple machines failed. 23 of those tabulators that failed on Election Day are still inoperable.

Mr. Chairman, Counties have made adjustments in how they conduct their elections by increasing vote by mail, reducing precincts, and increasing the use of vote centers. They have made these decisions to protect our voters and the integrity of our voting system, because they know the condition of the equipment and the message it sends to voters when failures happen in their presence. Our county election officials want to avoid these failures but unfortunately they have run out of options. 75% of the auditor's surveyed say based on the condition of their election equipment there is an urgent need to update tabulators in time for the 2020 election.

It is time... Not only because of our failing, aging equipment but because North Dakota has received federal dollars, \$3 million, to support funding a new statewide election system.

P2

# / SB 2002 Sub-com  
 1-28-2019  
 pg 1

**Secretary of State - Budget No. 108**  
**Senate Bill No. 2002**  
**Base Level Funding Changes**

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
<b>2019-21 Biennium Base Level</b>	32.00	\$5,808,732	\$3,044,155	\$8,852,887	32.00	\$5,808,732	\$3,044,155	\$8,852,887	0.00	\$0	\$0	\$0
<b>2019-21 Ongoing Funding Changes</b>												
Base payroll changes		\$82,224	(\$200,158)	(\$117,934)				\$0		(\$82,224)	\$200,158	\$117,934
Salary increase		180,646	11,850	192,496				0		(180,646)	(11,850)	(192,496)
Health insurance increase		114,248	6,686	120,934				0		(114,248)	(6,686)	(120,934)
Retirement contribution increase		23,083	1,533	24,616				0		(23,083)	(1,533)	(24,616)
Increases temporary salaries			150,000	150,000				0			(150,000)	(150,000)
Reduces funding for election reform			(402,497)	(402,497)				0			402,497	402,497
Reduces funding for public printing		(31,172)		(31,172)				0		31,172		31,172
Increases funding for operating expenses		(527,002)	820,673	293,671				0		527,002	(820,673)	(293,671)
Increases funding for technology projects			800,000	800,000				0			(800,000)	(800,000)
Adds funding for Microsoft Office 365 licensing		4,065	799	4,864				0		(4,065)	(799)	(4,864)
Total ongoing funding changes	0.00	(\$153,908)	\$1,188,886	\$1,034,978	0.00	\$0	\$0	\$0	0.00	\$153,908	(\$1,188,886)	(\$1,034,978)
<b>One-time funding items</b>												
Adds funding for voting system and e-poll books			\$11,000,000	\$11,000,000				\$0			(\$11,000,000)	(\$11,000,000)
Total one-time funding changes	0.00	\$0	\$11,000,000	\$11,000,000	0.00	\$0	\$0	\$0	0.00	\$0	(\$11,000,000)	(\$11,000,000)
<b>Total Changes to Base Level Funding</b>	0.00	(\$153,908)	\$12,188,886	\$12,034,978	0.00	\$0	\$0	\$0	0.00	\$153,908	(\$12,188,886)	(\$12,034,978)
<b>2019-21 Total Funding</b>	32.00	\$5,654,824	\$15,233,041	\$20,887,865	32.00	\$5,808,732	\$3,044,155	\$8,852,887	0.00	\$153,908	(\$12,188,886)	(\$12,034,978)

**Other Sections for Secretary of State - Budget No. 108**

	Executive Budget Recommendation	Senate Version
Salary of Secretary of State	Section 3 would provide the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$105,770 to \$110,001, effective July 1, 2019, and to \$112,201, effective July 1, 2020, to reflect the 4 percent and 2 percent recommended salary increase.	
Secretary of State's general services operating fund	Section 4 would amend North Dakota Century Code Section 54-09-08 to remove the requirement to transfer all funds in the Secretary of State's general services operating fund exceeding \$75,000 to the general fund at the end of each biennium.	

# / SB 2002  
1-28-2019  
Ag 2

Other Sections for Secretary of State - Budget No. 108

Executive Budget Recommendation

Senate Version

Secretary of State fees

Section 5 would amend Section 54-09-11 to remove a directive for the Secretary of State to establish a fee for furnishing lists from the central indexing system and establish a fee of \$40 for preparing any listing or compilation of any information recorded or filed, and provide an additional fee of 50 cents per page for a listing in paper format. The section also would amend Section 54-09-11 to increase the filing fee for the central indexing system from \$10 to \$20 and allow the fee to be used for the programming and maintenance of the information technology systems administered by the Secretary of State. The section also would amend Section 54 09 11 to remove the requirement for the Secretary of State to pay \$10 to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to Sections 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, and 41-09-72.

Strategic investment and improvements fund

Section 6 would provide \$8 million from the strategic investment and improvements fund to Secretary of State for a statewide voting system and e-poll book project.

Exemption

Section 7 would provide that any unexpended funds from the technology project in Section 2 of Chapter 36 of the 2015 Session Laws is not subject to the provisions of Section 54-11.1-11, and any unexpended funds may be expended during the 2019-21 biennium.

# 2

SB 2007 Sub  
1-28-2019  
pg 1

**Agency's 10% and 5% Budget reductions submitted to Governor**

IT – Operating Data Processing .....	\$659,077
(General Fund \$527,002; Special Fund \$132,075)	
Public Printing.....	\$31,172
(General Fund \$31,172)	
Salaries.....	\$104,923
(General Fund \$104,923)	
Total 10% and 5% reduction .....	\$795,172
(General Fund \$663,097; Special Fund \$132,075)	

**Agency's requested Optional Adjustments compared to the Governor's recommendation**

**Optional Request # 1 Operating Line**

**Secretary of State Request.....**\$1,279,750  
(General Fund - \$527,002; Special Fund \$752,748)

**Governor Recommendation**

Restore Special Fund Operating Line .....	\$752,748
Increase Special Fund Spending Authority .....	\$800,000
Total .....	\$1,552,748

**Agency Request**

*While the Governor's recommended \$800,000 increase in special fund spending authority is needed to cover anticipate revenue being requested in a later portion of this testimony, the agency requests a partial restoration of \$300,000 to the \$527,002 for the General Fund it had originally requested in its optional adjustment. The Operating data processing line in the General Fund is used to pay the monthly recurring base payments to ITD for hosting, fixed costs, etc. The special funds are used to pay for variables, which is the intent of the General Services Operating Fund.*

**Optional Request # 2 Salary Line**

**Secretary of State Request for FTE restoration .....**\$104,923  
(General Fund \$104,923)

**Governor Recommendation .....**\$104,923  
(General Fund \$104,923)

\*\*\*\*\*

**Secretary of State Request**

Overtime and Temporary Salaries and Benefits .....

	\$330,048
(Special Fund \$330,048)	

**Governor Recommendation .....**\$150,000  
(Special Fund \$150,000)

**Agency Request**

*Restore the Agency's request for \$330,048 for the Special Fund and the associated spending authority.*



# 2 SB 2002 Sub  
1-28-2019  
AG 2

**One Time Request**

**Secretary of State Request**

Statewide Voting System and Electronic Pollbooks.....\$12,000,000  
(General Fund \$9,000,000; Federal Fund \$3,000,000 (already received))

**Governor Recommendation** .....\$11,000,000

(From Special Funds \$8,000,000; Federal Fund \$3,000,000 (already received))

**SECTION 6. SPECIAL FUNDS TRANSFER – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.**

The less estimated income line item in section 1 of this Act includes the sum of \$8,000,000, or so much of the sum as may be necessary, from the strategic investment and improvements fund which may be transferred at the direction of the secretary of state for a statewide voting system and e-poll book projects during the biennium beginning July 1, 2019 and ending June 30, 2021.

**Agency Request**

*From the Special Funds to match the agency’s request, increase the amount to \$9,000,00 from SIIF. The State Procurement Office issued an RFP, bids were received, review and scoring was completed, and the intent to award is ready subject to funding.*

*Add an Emergency Clause for funding availability sooner than July 1 to allow extra time to have the Voting System and Pollbooks in place for the next election in June 2020.*

**Footnote for election reform line:**

The Governor’s recommendation for this line is \$11,803,155. That includes the \$8,000,000 he is recommending be funded by SIIF, the \$3,000,000 in federal funds, and the balance of approximately \$800,000 that is remaining in Help America Vote Act Funds (HAVA). The agency is requesting that line be increased to \$12,803,155.

The current voting system is based on a Windows XP operating system, which Microsoft will no longer support prior to the next scheduled election.

A portion of the balance of approximately \$800,000 will be expended during the upcoming biennium to cover the salaries of two FTE. One FTE is the Election Administration System manager and other FTE (temporary) maintains the Central Voter File.

Other portions of the remaining funds will be used for voting equipment maintenance and cover costs for maintaining and enhancing Vote.ND.Gov and ND Voices.

Because it is unlikely that additional federal funds will be granted in the future, it will be essential in the 67th Legislative Assembly consider providing funding for the two positions and the technology that is being used to support elections for maintaining election integrity.

Prior to the 2018 General Election, approximately \$77,650 was expended to publish Voter ID ads three times in all the state’s daily and weekly newspapers.



**Other Agency Requests Recommended by the Governor  
(green sheet and in the Senate Journal for January 3, 2019, beginning on page 80)**

**Request # 1** – For the past five legislative sessions, the legislature has approved an Exemption in the agency’s budget to the requirements in the last sentence in N.D.C.C. § 54-09-08, which has allowed the balance in the agency’s Special Funds to be carried forward into the next biennium. Because the agency’s appropriation is subject to legislative review each session and rather than requesting an Exemption each legislative session, it has been recommended in the past by both the Legislative Council Fiscal Division and the Office of Management and Budget that the last line be removed as proposed below.

**SECTION 4. AMENDMENT - GENERAL SERVICES OPERATING FUND.** Section 54-09-08 of the North Dakota Century Code is amended and reenacted as follows:

The secretary of state’s general services operating fund is a special fund in the state treasury. Moneys in the fund are to be used pursuant to legislative appropriations for the provision of services under section 16,1-02-15, subsection 4 of section 41-09-94, subsection 4 of section 41-09-96. Subsection 7 of section 54-09-04, and sections 10-35-33, 54-09-10, and 54-09-11. ~~At the close of each biennium, the secretary of state shall transfer any unobligated balance remaining in the fund exceeding seventy five thousand dollars to the general fund.~~

Its removal will allow the agency to carry forward the balance in the General Services Operating Fund (special funds), which is a part of the appropriation and spending authority being considered by the legislature in this session without the need for the Exemption adopted in each legislative session.

**Request # 2** – In the 2017 legislative session, HB 1002 (the agency’s appropriation bill) included an amendment in Section 6 of the bill to Subsection 7 of section 54-09-04. Inadvertently it was overlooked that the same amendment was needed in N.D.C.C. § 54-09-11(3).

In subsections 4 and 5 of 54-09-04, the Governor recommended that \$20 rather than \$10 be deposited in the agency’s General Services Operating Fund for each filing entered into the agency’s Central Indexing System for programming and maintenance of the agency’s information technology system. It is anticipated to add \$800,000 to the special fund. The fees for secured transactions in sections 41-09-94 and 41-09-96 are not changed. No general fund dollars are impacted.

The agency requests that the following amendment is included in SB 2002.

**SECTION 5. AMENDMENT. FEES.** Section 54-09-11 of North Dakota Century Code is amended and reenacted as follows:

1. The secretary of state shall establish fees for any programming charges specifically incurred to provide information requested by persons which is related to the central indexing system and for other services provided through the computerized system.
2. A fee may not be required for furnishing information on a verbal request pursuant to subsection 3 of section 54-09-10, and the fee for furnishing a certificate under subsection 3 of section 54-09-10 is fifteen dollars.
3. ~~The secretary of state shall establish the fee for furnishing lists from the central indexing system based on actual costs to produce the lists for distribution.~~ For preparing any listing or compilation of any information recorded or filed in the office of the secretary of state, forty dollars for each record type requested. Unless otherwise agreed to by the secretary of state, the information must be provided in an electronic format. If provided in a paper format, an additional fee of fifty cents per page may be charged.
4. Fees collected by secretary of state under this section, under subsection 4 of section 41-09-94, and subsection 5 of section 41-09-96, and ~~ten~~ twenty dollars from each filing entered into the central indexing system must be deposited in the secretary of state’s general services operating fund. ~~Fees collected by secretary of state under this section must be used for the programming and maintenance of the central index system information technology systems administered by the secretary of state~~
5. ~~The secretary of state shall pay ten dollars to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to section 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02 or 41-09-72. The payment must be made monthly from the general fund in the state treasury.~~

#2

SB 2002 Sub  
1-28-2019  
pg 4

**Request # 3** – The Governor recommended an exemption to section 2 of chapter 36 of the 2015 Session Laws so that the agency is not subject to the provisions of section 54-44.1-11, whereby OMB can cancel unexpended appropriations. This will allow the agency to use funds unexpended by the end of the biennium to complete its implementation of its business and licensing system technology project (FirstStop) and pay the two-year maintenance fee. The project is underbudget and the funding is available. The agency requests the following addition to SB 2002.

**SECTION 7 EXEMPTION.** Any unexpended funds from the technology project in section 2 of chapter 36 of the 2015 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation may be expended during the biennium beginning July 1, 2019 and ending June 30, 2021.

**Request # 4** – The Governor recommended a salary adjustment for the Secretary of State.

**SECTION 3. AMENDMENT. SALARY OF SECRETARY OF STATE.** Section 54-09-05 of the North Dakota Century Code is amended and reenacted as follows:

The annual salary of the secretary of state is one hundred five thousand seven hundred seventy dollars through June 30, 2018 and one hundred ten thousand and one dollars through June 30, 2020 and one hundred twelve thousand two hundred one dollars thereafter.

# / SB 2002 Sub  
2-7-2019  
Pg 1

**Secretary of State - Budget No. 108**  
**Senate Bill No. 2002**  
**Base Level Funding Changes**

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
<b>2019-21 Biennium Base Level</b>	32.00	\$5,808,732	\$3,044,155	\$8,852,887	32.00	\$5,808,732	\$3,044,155	\$8,852,887	0.00	\$0	\$0	\$0
<b>2019-21 Ongoing Funding Changes</b>												
Base payroll changes		\$82,224	(\$200,158)	(\$117,934)				\$0		(\$82,224)	\$200,158	\$117,934
Salary increase		180,646	11,850	192,496		124,429	7,752	132,181		(56,217)	(4,098)	(60,315)
Health insurance increase		114,248	6,686	120,934		133,862	8,924	142,786		19,614	2,238	21,852
Retirement contribution increase		23,083	1,533	24,616				0		(23,083)	(1,533)	(24,616)
Increases temporary salaries			150,000	150,000				0			(150,000)	(150,000)
Reduces funding for election reform			(402,497)	(402,497)				0			402,497	402,497
Reduces funding for public printing		(31,172)		(31,172)				0		31,172		31,172
Increases funding for operating expenses		(527,002)	820,673	293,671				0		527,002	(820,673)	(293,671)
Increases funding for technology projects			800,000	800,000				0			(800,000)	(800,000)
Adds funding for Microsoft Office 365 licensing		4,065	799	4,864				0		(4,065)	(799)	(4,864)
Total ongoing funding changes	0.00	(\$153,908)	\$1,188,886	\$1,034,978	0.00	\$258,291	\$16,676	\$274,967	0.00	\$412,199	(\$1,172,210)	(\$760,011)
<b>One-time funding items</b>												
Adds funding for voting system and e-poll books			\$11,000,000	\$11,000,000				\$0			(\$11,000,000)	(\$11,000,000)
Total one-time funding changes	0.00	\$0	\$11,000,000	\$11,000,000	0.00	\$0	\$0	\$0	0.00	\$0	(\$11,000,000)	(\$11,000,000)
<b>Total Changes to Base Level Funding</b>	0.00	(\$153,908)	\$12,188,886	\$12,034,978	0.00	\$258,291	\$16,676	\$274,967	0.00	\$412,199	(\$12,172,210)	(\$11,760,011)
<b>2019-21 Total Funding</b>	32.00	\$5,654,824	\$15,233,041	\$20,887,865	32.00	\$6,067,023	\$3,060,831	\$9,127,854	0.00	\$412,199	(\$12,172,210)	(\$11,760,011)

**Other Sections for Secretary of State - Budget No. 108**

	Executive Budget Recommendation	Senate Version
Salary of Secretary of State	Section 3 would provide the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$105,770 to \$110,001, effective July 1, 2019, and to \$112,201, effective July 1, 2020, to reflect the 4 percent and 2 percent recommended salary increase.	Section 3 would provide the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$105,770 to \$107,885, effective July 1, 2019, and to \$111,122, effective July 1, 2020, to reflect the 2 percent and 3 percent salary increase.
Secretary of State's general services operating fund	Section 4 would amend North Dakota Century Code Section 54-09-08 to remove the requirement to transfer all funds in the Secretary of State's general services operating fund exceeding \$75,000 to the general fund at the end of each biennium.	

#1

SB 2002 Sub  
2.7.2019

pg 2

Other Sections for Secretary of State - Budget No. 108

**Executive Budget Recommendation**

**Senate Version**

Secretary of State fees

Section 5 would amend Section 54-09-11 to remove a directive for the Secretary of State to establish a fee for furnishing lists from the central indexing system and establish a fee of \$40 for preparing any listing or compilation of any information recorded or filed, and provide an additional fee of 50 cents per page for a listing in paper format. The section also would amend Section 54-09-11 to increase the filing fee for the central indexing system from \$10 to \$20 and allow the fee to be used for the programming and maintenance of the information technology systems administered by the Secretary of State. The section also would amend Section 54 09 11 to remove the requirement for the Secretary of State to pay \$10 to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to Sections 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, and 41-09-72.

Strategic investment and improvements fund

Section 6 would provide \$8 million from the strategic investment and improvements fund to Secretary of State for a statewide voting system and e-poll book project.

Exemption

Section 7 would provide that any unexpended funds from the technology project in Section 2 of Chapter 36 of the 2015 Session Laws is not subject to the provisions of Section 54-11.1-11, and any unexpended funds may be expended during the 2019-21 biennium.

#2 SB 2002 sub  
2-7-2019  
pg 1

Testimony for:  
Senate Appropriations Committee  
February 7, 2019  
Prepared by Devra Smestad, Ward County Auditor/Treasurer

Chairman Hogue and committee members, I am Devra Smestad, Ward County Auditor/Treasurer; and I am here to speak specifically to the portion of the Secretary of State's budget regarding election equipment and ask for your support of SB 2002.

The current election equipment was purchased in 2004, and is significant infrastructure to the State of North Dakota in order to maintain the integrity of our election system. Over the past several election cycles, we've experienced failures of the equipment throughout the state. These failures are real and frustrating for our staff, the poll workers and voters, and are raising trust issues in our system. Each county has preventative maintenance completed before our elections; however, we continue to experience hardware issues. Ward County was fortunate not to have a breakdown during the recent General Election in November; however, we had a machine completely die during canvassing. The election equipment is at a critical, end of life stage, and must be replaced.

In Ward County, our Election Ware program which shows voters and tabulates who voted, was last updated 4-5 years ago and runs on Windows 7. Unity, which gives us the election results, also runs on Windows 7. This operating system will no longer be supported in the 2020 election cycle. We have 23 electronic poll books which we use in the Minot vote center and during Early Voting. We still use paper poll books in the 15 rural precincts. The electronic poll books are Window XP embedded and we use a special thumb drive to transfer data because the electronic poll books cannot be networked. This creates a huge cyber security concern.

Technology is constantly changing and the demands for the state and our counties to provide quality and secure elections must be a priority. We cannot meet those expectations with outdated and broken equipment. Now is the time to secure funding in order to update North Dakota's election equipment.

I urge you to support SB 2002.

19.0215.01001  
 Title.  
 Fiscal No. 1

Prepared by the Legislative Council staff for  
 the Senate Appropriations Committee  
 February 7, 2019

2-8-19  
 SB2002

#1  
 P1

PROPOSED AMENDMENTS TO SENATE BILL NO. 2002

Page 1, line 2, after "printing" insert "; to amend and reenact sections 54-09-05, 54-09-08, and 54-09-11 of the North Dakota Century Code, relating to the salary of the secretary of state, the general services operating fund, and fees charged by the secretary of state; and to provide an exemption"

Page 1, replace lines 11 through 20 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$4,652,764	\$296,571	\$4,949,335
Operating expenses	2,711,018	298,535	3,009,553
Petition review	8,000	0	8,000
Election reform	1,192,655	11,607,965	12,800,620
Total all funds	\$8,564,437	\$12,203,071	\$20,767,508
Less estimated income	3,044,155	12,385,493	15,429,648
Total general fund	\$5,520,282	(\$182,422)	\$5,337,860
Full-time equivalent positions	32.00	0.00	32.00"

Page 2, replace lines 1 through 4 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Public printing	\$288,450	(\$31,172)	\$257,278
Total general fund	\$288,450	(\$31,172)	\$257,278"

Page 2, replace lines 6 through 10 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total general fund	\$5,808,732	(\$213,594)	\$5,595,138
Grand total special funds	3,044,155	12,385,493	15,429,648
Grand total all funds	\$8,852,887	\$12,171,899	\$21,024,786"

Page 2, line 12, after "biennium" insert "and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 2, replace lines 14 and 15 with:

"Electronic payment processing system	\$194,000	\$0
Voting system and e-poll books	0	11,200,000
Total special funds	\$194,000	\$11,200,000

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2019-21 biennium. The secretary of state shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

**SECTION 3. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - VOTING SYSTEM AND E-POLL BOOKS.** The estimated income line item in section 1 of this Act includes the sum of \$8,200,000 from the



982002  
2-8-19  
#1  
P2

strategic investment and improvements fund for the statewide voting system and e-poll book project for the biennium beginning July 1, 2019, and ending June 31, 2021.

**SECTION 4. AMENDMENT.** Section 54-09-05 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-05. Salary of secretary of state.**

The annual salary of the secretary of state is one hundred ~~twoseven~~ sixteen thousand ~~eighty-nine~~ eighty-nine hundred ~~eighty-five~~ eighty-five dollars through June 30, 2016~~2019~~, and one hundred ~~five~~ five thousand ~~seven~~ seven hundred ~~seventy-two~~ seventy-two dollars thereafter.

**SECTION 5. AMENDMENT.** Section 54-09-08 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-08. Secretary of state's general services operating fund.**

The secretary of state's general services operating fund is a special fund in the state treasury. Moneys in the fund are to be used pursuant to legislative appropriations for the provision of services under section 16.1-02-15, subsection 4 of section 41-09-94, subsection 5 of section 41-09-96, subsection 7 of section 54-09-04, and sections 10-35-33, 54-09-10, and 54-09-11. ~~At the close of each biennium, the secretary of state shall transfer any unobligated balance remaining in the fund exceeding seventy five thousand dollars to the general fund.~~

**SECTION 6. AMENDMENT.** Section 54-09-11 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-11. Fees.**

1. The secretary of state shall establish fees for any programming charges specifically incurred to provide information requested by persons which is related to the central indexing system and for other services provided through the computerized system.
2. A fee may not be required for furnishing information on a verbal request pursuant to subsection 3 of section 54-09-10, and the fee for furnishing a certificate under subsection 3 of section 54-09-10 is fifteen dollars.
3. ~~The secretary of state shall establish the fee for furnishing lists from the central indexing system based on actual costs to produce the lists for distribution.~~ For preparing any listing or compilation of any information recorded or filed in the office of the secretary of state, the secretary of state may charge a fee of forty dollars for each record type requested. Unless otherwise agreed to by the secretary of state, the information shall be provided in an electronic format and if the information is requested to be provided in a paper format, the secretary of state may charge an additional fee of fifty cents per page.
4. Fees collected by the secretary of state under this section, under subsection 4 of section 41-09-94, and subsection 5 of section 41-09-96, and ~~ten~~ twenty dollars from each filing entered into the central indexing system must be deposited in the secretary of state's general services operating fund. Fees collected by the secretary of state under this section ~~must~~ may be used for the programming and maintenance of the central

indexing system information technology systems administered by the secretary of state.

SB 2002

2-8-19

#1  
P3

5. The secretary of state shall pay ten dollars to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to section 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, or 41-09-72. The payment must be made monthly from the general fund in the state treasury.

**SECTION 7. EXEMPTION - TECHNOLOGY PROJECT.** The \$3,050,000 general fund appropriation for the technology project in the operating expenses line item in subdivision 1 of section 1 of chapter 36 of the 2015 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation may continue and be expended during the biennium beginning July 1, 2019, and ending June 30, 2021.

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2002 - Summary of Senate Action**

	Base Budget	Senate Changes	Senate Version
Secretary of State			
Total all funds	\$8,564,437	\$12,203,071	\$20,767,508
Less estimated income	3,044,155	12,385,493	15,429,648
General fund	\$5,520,282	(\$182,422)	\$5,337,860
FTE	32.00	0.00	32.00
Public Printing			
Total all funds	\$288,450	(\$31,172)	\$257,278
Less estimated income	0	0	0
General fund	\$288,450	(\$31,172)	\$257,278
FTE	0.00	0.00	0.00
Bill total			
Total all funds	\$8,852,887	\$12,171,899	\$21,024,786
Less estimated income	3,044,155	12,385,493	15,429,648
General fund	\$5,808,732	(\$213,594)	\$5,595,138
FTE	32.00	0.00	32.00

**Senate Bill No. 2002 - Secretary of State - Senate Action**

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$4,652,764	\$296,571	\$4,949,335
Operating expenses	2,711,018	298,535	3,009,553
Petition review	8,000		8,000
Election reform	1,192,655	11,607,965	12,800,620
Total all funds	\$8,564,437	\$12,203,071	\$20,767,508
Less estimated income	3,044,155	12,385,493	15,429,648
General fund	\$5,520,282	(\$182,422)	\$5,337,860
FTE	32.00	0.00	32.00



SB 2002

28-19

#1  
PH

**Department 108 - Secretary of State - Detail of Senate Changes**

	Adjusts Funding for Base Payroll Changes <sup>1</sup>	Adds Funding for Salary and Benefit Increases <sup>2</sup>	Adds Funding for Temporary Salaries <sup>3</sup>	Reduces Funding for Election Reform <sup>4</sup>	Increases Funding for Operating Expenses <sup>5</sup>	Increases Funding for Technology Projects <sup>6</sup>
Salaries and wages	(\$118,954)	\$265,525	\$150,000			
Operating expenses					\$293,671	
Petition review						
Election reform	1,020	9,442		(\$402,497)		\$800,000
<b>Total all funds</b>	<b>(\$117,934)</b>	<b>\$274,967</b>	<b>\$150,000</b>	<b>(\$402,497)</b>	<b>\$293,671</b>	<b>\$800,000</b>
Less estimated income	(200,158)	16,676	150,000	(402,497)	820,673	800,000
General fund	\$82,224	\$258,291	\$0	\$0	(\$527,002)	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds Funding for Microsoft Office 365 <sup>7</sup>	Adds Funding for Voting System and E-poll Books <sup>8</sup>	Total Senate Changes
Salaries and wages			296,571
Operating expenses	\$4,864		\$298,535
Petition review			
Election reform		\$11,200,000	11,607,965
<b>Total all funds</b>	<b>\$4,864</b>	<b>\$11,200,000</b>	<b>\$12,203,071</b>
Less estimated income	799	11,200,000	12,385,493
General fund	\$4,065	\$0	(\$182,422)
FTE	0.00	0.00	0.00

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

	General Fund	Other Funds	Total
Salary increase	\$124,429	\$7,752	\$132,181
Health insurance increase	133,862	8,924	142,786
Total	\$258,291	\$16,676	\$274,967

<sup>3</sup> Adds funding for temporary salaries from the Secretary of State's general services operating fund.

<sup>4</sup> Reduces federal (\$229,662) and state matching funds (\$172,835) for election reform.

<sup>5</sup> Increases funding from the Secretary of State's general services operating fund (\$820,673) and reduces funding from the general fund (\$527,002) to provide a total of \$3,009,553 for operating expenses.

<sup>6</sup> Increases funding for technology projects from additional revenue of \$800,000 deposited in the Secretary of State's general services operating fund as a result of changes in Section 6 of the bill. The \$800,000 in additional revenue is anticipated to be used for the Secretary of State's statewide voting system and e-poll book project, which is expected to cost a total of \$12 million during the 2019-21 biennium.

<sup>7</sup> Adds funding for Microsoft Office 365 licensing.

<sup>8</sup> Adds one-time funding from the strategic investment and improvements fund (\$8,200,000) and federal funds (\$3,000,000) for the Secretary of State's statewide voting system and e-poll book project, which is expected to cost a total of \$12 million during the 2019-21 biennium.

This amendment also adds sections to:

- Identify \$8.2 million from the strategic investment and improvements fund for the Secretary of State's statewide voting system and e-poll book project.
- Provide the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$105,770 to \$107,885, effective July 1, 2019, and to \$111,122, effective July 1, 2020, to reflect the 2 percent and 3 percent salary increase.

SB 2002  
2-8-19

#1  
PS

- Amend North Dakota Century Code Section 54-09-08 to remove the requirement to transfer all funds in the Secretary of State's general services operating fund exceeding \$75,000 to the general fund at the end of each biennium.
- Amend Section 54-09-11 to remove a directive for the Secretary of State to establish a fee for furnishing lists from the central indexing system and establish a fee of \$40 for preparing any listing or compilation of any information recorded or filed, and provide an additional fee of 50 cents per page for a listing in paper format. The section also amends Section 54-09-11 to increase the filing fee for the central indexing system from \$10 to \$20 and allows the fee to be used for the programming and maintenance of the information technology systems administered by the Secretary of State. The section also amends Section 54-09-11 to remove the requirement for the Secretary of State to pay \$10 to the county recorder of the county of residence for the first debtor listed on certain statements.
- Provide that any unexpended funds from the technology project in Section 2 of Chapter 36 of the 2015 Session Laws may be continued and spent during the 2019-21 biennium.

**Senate Bill No. 2002 - Public Printing - Senate Action**

	Base Budget	Senate Changes	Senate Version
Public printing	\$288,450	(\$31,172)	\$257,278
Total all funds	\$288,450	(\$31,172)	\$257,278
Less estimated income	0	0	0
General fund	\$288,450	(\$31,172)	\$257,278
FTE	0.00	0.00	0.00

**Department 109 - Public Printing - Detail of Senate Changes**

	Reduces Funding for Public Printing <sup>1</sup>	Total Senate Changes
Public printing	(\$31,172)	(\$31,172)
Total all funds	(\$31,172)	(\$31,172)
Less estimated income	0	0
General fund	(\$31,172)	(\$31,172)
FTE	0.00	0.00

<sup>1</sup> Reduces funding for public printing to provide a total of \$257,278 from the general fund.

**Department 108 - Secretary of State  
Senate Bill No. 2002**

**Executive Budget Comparison to Prior Biennium Appropriations**

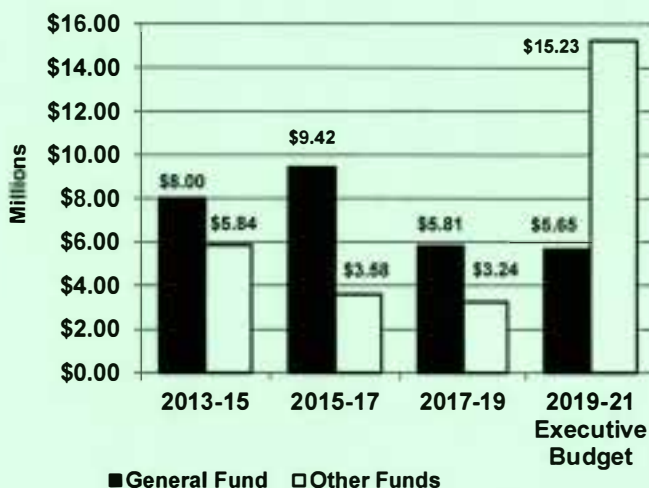
	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	32.00	\$5,654,824	\$15,233,041	\$20,887,865
2017-19 Legislative Appropriations <sup>1</sup>	32.00	5,808,732	3,238,155	9,046,887
Increase (Decrease)	0.00	(\$153,908)	\$11,994,886	\$11,840,978

<sup>1</sup>The 2017-19 biennium agency appropriation amounts have not been adjusted for additional other funds authority of \$206,280 resulting from Emergency Commission action during the 2017-19 biennium.

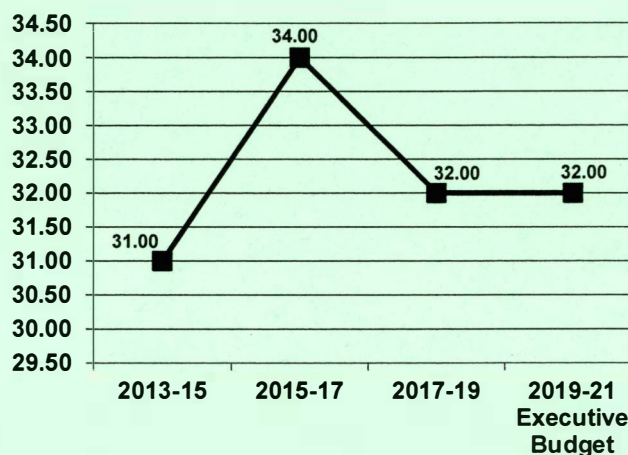
**Ongoing and One-Time General Fund Appropriations**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	\$5,654,824	\$0	\$5,654,824
2017-19 Adjusted Legislative Appropriations	5,808,732	0	5,808,732
Increase (Decrease)	(\$153,908)	\$0	(\$153,908)

**Agency Funding**



**FTE Positions**



**Executive Budget Comparison to Base Level**

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$5,654,824	\$15,233,041	\$20,887,865
2019-21 Base Level	5,808,732	3,044,155	8,852,887
Increase (Decrease)	(\$153,908)	\$12,188,886	\$12,034,978

**First House Action**

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

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

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$192,496 is for salary increases, \$120,934 is for health insurance increases, and \$24,616 is for retirement contribution increases. <b>The Senate added funding for salary adjustments of 2 percent for the 1<sup>st</sup> year and 3 percent in the 2<sup>nd</sup> year and increases in health insurance premiums from \$1,241 to \$1,427 per month. The Senate did not add funding for retirement contribution increases.</b>	\$317,977	\$20,069	\$338,046

2. Adds funding for overtime and temporary staff from the Secretary of State general services operating fund	\$0	\$150,000	\$150,000
3. Removes funding for data processing for the AS400 business and licensing software as a result of the implementation of FirstStop software and adds funding for operating expenses from the Secretary of State general services operating fund	(\$527,002)	\$820,673	\$293,671
4. Removes funding for election reform, including reductions for information technology software (\$133,153), data processing (\$100,229), contractual services and repairs (\$121,000), and professional fees (\$48,115)	\$0	(\$402,497)	(\$402,497)
5. Reduces funding for public printing	(\$31,172)	\$0	(\$31,172)
6. Increases funding for technology projects from additional revenue from changes to Secretary of State fees in Section 5. <b>The Senate changed the \$800,000 for the purchase of a new voting system and e-poll books from the operating expenses line item to the election reform line item.</b>	\$0	\$800,000	\$800,000
7. Adds funding for Microsoft Office 365 licensing	\$4,065	\$799	\$4,864
8. Adds <b>one-time</b> funding from the <b>strategic investment and improvements fund</b> (\$8 million) and federal funds (\$3 million) to purchase a new voting system and e-poll books. <b>The Senate provided \$8.2 million from the strategic investment and improvements fund and \$3 million from federal funds to purchase a new voting system and e-poll books.</b>	\$0	\$11,000,000	\$11,000,000

### Other Sections in Senate Bill No. 2002

**Strategic investment and improvements fund** - Section 3 identifies \$8.2 million from the strategic investment and improvements fund to Secretary of State for a statewide voting system and e-poll book project.

**Secretary of State's salary** - Section 4 provides the statutory changes increasing the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$105,770 to \$107,885, effective July 1, 2019, and to \$111,122, effective July 1, 2020, to reflect the 2 percent and 3 percent recommended salary increase.

**Secretary of State's general services operating fund** - Section 5 amends North Dakota Century Code Section 54-09-08 to remove the requirement to transfer all funds in the Secretary of State's general services operating fund exceeding \$75,000 to the general fund at the end of each biennium.

**Secretary of State fees** - Section 6 amends Section 54-09-11 to remove a directive for the Secretary of State to establish a fee for furnishing lists from the central indexing system and establish a fee of \$40 for preparing any listing or compilation of any information recorded or filed, and provide an additional fee of 50 cents per page for a listing in paper format. The section also would amend Section 54-09-11 to increase the filing fee for the central indexing system from \$10 to \$20 and allow the fee to be used for the programming and maintenance of the information technology systems administered by the Secretary of State. The section also would amend Section 54-09-11 to remove the requirement for the Secretary of State to pay \$10 to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to Sections 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, and 41-09-72. The effects of this section will result in an estimated increase of \$800,000 in revenue deposited in the Secretary of State general services operating fund, but not affect general fund revenues.

**Exemption** - Section 7 provides that any unexpended funds from the technology project in Section 2 of Chapter 36 of the 2015 Session Laws is not subject to the provisions of Section 54-11.1-11, and any unexpended funds may be expended during the 2019-21 biennium.

### Continuing Appropriations

**Athletic commission fund** - Section 53-01-09 - Appropriates any funding received by the Secretary of State for license fees for all boxers, kickboxers, mixed style fighters, promoters, managers, judges, timekeepers, cornerpersons, knockdown counters, matchmakers, and referees or other participants and fees based on the percentage of gross revenues from any boxing, kickboxing, mixed fighting style competition, or sparring exhibition held in this state to pay for the expenses of members of the Commission of Combative Sports.

### Deficiency Appropriation

There are no deficiency appropriations for this agency.

### Significant Audit Findings

There are no significant audit findings for this agency.

### Major Related Legislation

**House Bill No. 1035** - Amends Section 16.1-06-09 to require the Secretary of State to include, on a ballot, a statement of estimated fiscal impact of constitutional amendments, and initiated or referred measures.



**House Bill No. 1045** - Provides definitions and establishes in Century Code electronic transactions and blockchain technology and smart contracts.

**House Bill No. 1422** - Amends Section 28-32-20 to remove the requirement for the Secretary of State to distribute physical copies Century Code and its supplements, requires the Secretary of State to send electronic notification of quarterly updates to Century Code, and requires the Legislative Council to publish the Century Code and its supplements on the legislative branch website.

**House Bill No. 1466** - Creates Chapter 10-37, related to the creation and regulation of public benefit corporations.

**House Bill No. 1521** - Creates and amends various subsections and sections of Century Code, relating to reporting campaign contributions and expenditures, restrictions on public officials and lobbyists, investigations of ethics violations, implementing requirements of article XIV of the Constitution of North Dakota, to rulemaking procedures, disqualification of agency heads in quasi-judicial proceedings, and requirements for the North Dakota ethics commission. The bill also authorizes the Secretary of State to impose a penalty and provides an appropriation to the Ethics Commission.

**Senate Bill No. 2148** - Creates and amends various subsections and sections of Century Code, relating to disclosures of expenditures, restrictions on public officials and lobbyists, investigations of ethics violations, implementing requirements of article XIV of the Constitution of North Dakota, the prohibition on personal use of campaign contributions, and the rulemaking procedures and requirements for the North Dakota ethics commission. The bill also authorizes the Secretary of State to impose a penalty and provides an appropriation to the Ethics Commission.

**Senate Bill No. 2256** - Amends Section 16.1-06-09 to require a measure for a constitutional amendment to be divided into clearly identifiable sections and that each section of the measure may include proposed changes to only one section of the constitution.

**Senate Bill No. 2308** - Creates and amends various subsections and sections of Century Code, relating to counting write-in votes, to ballot formats, and certificates of nomination. The bill requires the Secretary of State to place an eligible applicant's name on the primary election ballot and authorizes a candidate to have their name removed from the ballot.

**Secretary of State - Budget No. 108**  
**Senate Bill No. 2002**  
**Base Level Funding Changes**

	Executive Budget Recommendation				Senate Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total
<b>2019-21 Biennium Base Level</b>	32.00	\$5,808,732	\$3,044,155	\$8,852,887	32.00	\$5,808,732	\$3,044,155	\$8,852,887
<b>2019-21 Ongoing Funding Changes</b>								
Base payroll changes		\$82,224	(\$200,158)	(\$117,934)		\$82,224	(\$200,158)	(\$117,934)
Salary increase		180,646	11,850	192,496		124,429	7,752	132,181
Health insurance increase		114,248	6,686	120,934		133,862	8,924	142,786
Retirement contribution increase		23,083	1,533	24,616				0
Increases temporary salaries			150,000	150,000			150,000	150,000
Reduces funding for election reform			(402,497)	(402,497)			(402,497)	(402,497)
Reduces funding for public printing		(31,172)		(31,172)		(31,172)		(31,172)
Increases funding for operating expenses		(527,002)	820,673	293,671		(527,002)	820,673	293,671
Increases funding for technology projects			800,000	800,000			800,000	800,000
Adds funding for Microsoft Office 365 licensing		4,065	799	4,864		4,065	799	4,864
Total ongoing funding changes	0.00	(\$153,908)	\$1,188,886	\$1,034,978	0.00	(\$213,594)	\$1,185,493	\$971,899
<b>One-time funding items</b>								
Adds funding for voting system and e-poll books			\$11,000,000	\$11,000,000			\$11,200,000	\$11,200,000
Total one-time funding changes	0.00	\$0	\$11,000,000	\$11,000,000	0.00	\$0	\$11,200,000	\$11,200,000
<b>Total Changes to Base Level Funding</b>	0.00	(\$153,908)	\$12,188,886	\$12,034,978	0.00	(\$213,594)	\$12,385,493	\$12,171,899
<b>2019-21 Total Funding</b>	32.00	\$5,654,824	\$15,233,041	\$20,887,865	32.00	\$5,595,138	\$15,429,648	\$21,024,786

**Other Sections for Secretary of State - Budget No. 108**

	Executive Budget Recommendation	Senate Version
Strategic investment and improvements fund	Section 6 would provide \$8 million from the strategic investment and improvements fund to Secretary of State for a statewide voting system and e-poll book project.	Section 3 identifies that \$8.2 million of the funds in the estimated income line are from the strategic investment and improvements fund for the Secretary of State's statewide voting system and e-poll book project.
Salary of Secretary of State	Section 3 would provide the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$105,770 to \$110,001, effective July 1, 2019, and to \$112,201, effective July 1, 2020, to reflect the 4 percent and 2 percent recommended salary increase.	Section 4 provides the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$105,770 to \$107,885, effective July 1, 2019, and to \$111,122, effective July 1, 2020, to reflect the 2 percent and 3 percent salary increase.
Secretary of State's general services operating fund	Section 4 would amend Century Code Section 54-09-08 to remove the requirement to transfer all funds in the Secretary of State's general services operating fund exceeding \$75,000 to the general fund at the end of each biennium.	Section 5 amends Century Code Section 54-09-08 to remove the requirement to transfer all funds in the Secretary of State's general services operating fund exceeding \$75,000 to the general fund at the end of each biennium.

Other Sections for Secretary of State - Budget No. 108

**Executive Budget Recommendation**

**Senate Version**

Secretary of State fees

Section 5 would amend Section 54-09-11 to remove a directive for the Secretary of State to establish a fee for furnishing lists from the central indexing system and establish a fee of \$40 for preparing any listing or compilation of any information recorded or filed, and provide an additional fee of 50 cents per page for a listing in paper format. The section also would amend Section 54-09-11 to increase the filing fee for the central indexing system from \$10 to \$20 and allow the fee to be used for the programming and maintenance of the information technology systems administered by the Secretary of State. The section also would amend Section 54-09-11 to remove the requirement for the Secretary of State to pay \$10 to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to Sections 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, and 41-09-72.

Section 6 amends Section 54-09-11 to remove a directive for the Secretary of State to establish a fee for furnishing lists from the central indexing system and establish a fee of \$40 for preparing any listing or compilation of any information recorded or filed, and provide an additional fee of 50 cents per page for a listing in paper format. The section also would amend Section 54-09-11 to increase the filing fee for the central indexing system from \$10 to \$20 and allow the fee to be used for the programming and maintenance of the information technology systems administered by the Secretary of State. The section also would amend Section 54-09-11 to remove the requirement for the Secretary of State to pay \$10 to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to Sections 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, and 41-09-72.

Exemption

Section 7 would provide that any unexpended funds from the technology project in Section 2 of Chapter 36 of the 2015 Session Laws is not subject to the provisions of Section 54-11.1-11, and any unexpended funds may be expended during the 2019-21 biennium.

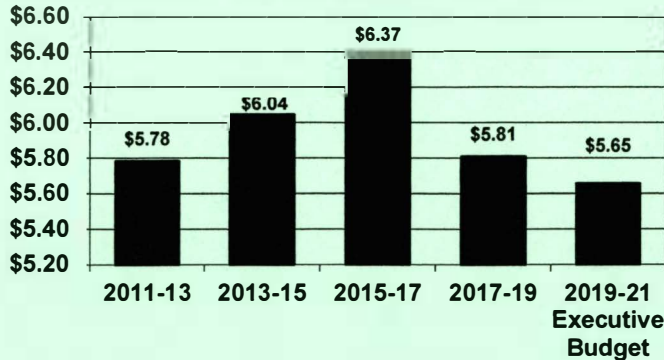
Section 7 provides that any unexpended funds from the technology project in Section 2 of Chapter 36 of the 2015 Session Laws is not subject to the provisions of Section 54-11.1-11, and any unexpended funds may be expended during the 2019-21 biennium.

Department 108 - Secretary of State

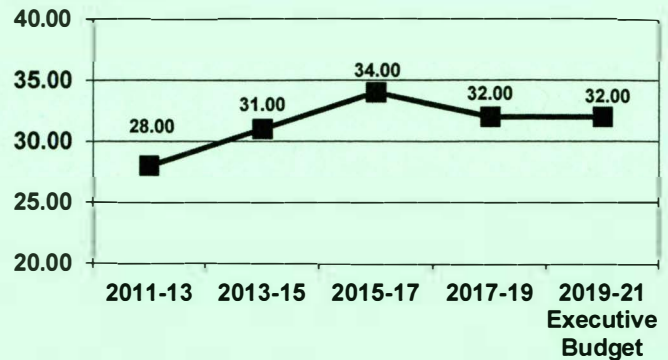
# Historical Appropriations Information

## Ongoing General Fund Appropriations Since 2011-13

Ongoing General Fund Appropriations (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing general fund appropriations	\$5,783,121	\$6,043,495	\$6,374,720	\$5,808,732	\$5,654,824
Increase (decrease) from previous biennium	N/A	\$260,374	\$331,225	(\$234,763)	(\$153,908)
Percentage increase (decrease) from previous biennium	N/A	4.5%	5.5%	(3.9%)	(2.6%)
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	4.5%	10.2%	0.4%	(2.2%)

### Major Increases (Decreases) in Ongoing General Fund Appropriations

**2013-15 Biennium**

- 1. Provided funding for costs related to increased usage of credit card payments received \$100,000

**2015-17 Biennium**

- 1. Added 6 FTE positions, including 3 office assistant positions and continued 3 positions authorized during the 2013-15 biennium from one-time funding \$597,840

**2017-19 Biennium**

- 1. Removed 2 FTE positions and related funding (\$211,268)
- 2. Adjusted funding source from the general fund to the general services operating fund for 1 FTE position (\$106,823)
- 3. Adjusted funding for overtime and temporary salaries by reducing funding from the general fund but increasing special funds by \$200,000 (\$50,000)
- 4. Adjusted funding for operating expenses by \$81,856, including a decrease of \$262,100 from the general fund and increasing \$343,956 from the general services operating fund, of which \$118,956 is for information technology expenses (\$262,100)
- 5. Added funding for campaign disclosure software \$50,000

**2019-21 Biennium (Executive Budget Recommendation)**

- 1. Removes funding for data processing for the AS400 business and licensing software as a result of the implementation of FirstStop software (\$527,002)



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

**SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the secretary of state for the purpose of defraying the expenses of the secretary of state and public printing, for the biennium beginning July 1, 2017, and ending June 30, 2019, as follows:

Subdivision 1.

SECRETARY OF STATE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$4,652,764	\$357,115	\$5,009,879
Operating expenses	2,711,018	1,098,535	3,809,553
Petition review	8,000	0	8,000
Election reform	<u>1,192,655</u>	<u>10,610,500</u>	<u>11,803,155</u>
Total all funds	\$8,564,437	\$12,066,150	\$20,630,587
Less estimated income	<u>3,044,155</u>	<u>12,188,886</u>	<u>15,233,041</u>
Total general fund	\$5,520,282	\$(122,736)	\$5,397,546
Full-time equivalent positions	32.00	0.00	32.00

Subdivision 2.

SECRETARY OF STATE - PUBLIC PRINTING

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Public printing	\$288,450	\$(31,172)	\$257,278
Total general fund	\$288,450	\$(31,172)	\$257,278

Subdivision 3.

BILL TOTAL

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total general fund	\$5,808,732	\$(153,908)	\$5,654,824
Grand total special funds	3,044,155	12,188,886	15,233,041
Grand total all funds	\$8,852,887	\$12,034,978	\$20,887,865

**SECTION 2. ONE-TIME FUNDING.** The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium:

<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
Voting System and E-Poll Books	<u>\$0</u>	<u>\$11,000,000</u>
Total general fund	<u>\$0</u>	<u>\$0</u>

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The secretary of state shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

**SECTION 3. AMENDMENT.** Section 54-09-05 of the North Dakota Century Code is amended and reenacted as follows:

**Section 54-09-05. Salary of secretary of state.**

The annual salary of the secretary of state is one hundred five thousand seven hundred seventy dollars through June 30, 2018 and one hundred ten thousand and one dollars through June 30, 2020 and one hundred twelve thousand two hundred one dollars thereafter.

**SECTION 4. AMENDMENT - GENERAL SERVICES OPERATING FUND.** Section 54-09-08 of the North Dakota Century Code is amended and reenacted as follows:

The secretary of state's general services operating fund is a special fund in the state treasury. Moneys in the fund are to be used pursuant to legislative appropriations for the provision of services under section 16,1-02-15, subsection 4 of section 41-09-94, subsection 4 of section 41-09-96. Subsection 7 of section 54-09-04, and sections 10-35-33, 54-09-10, and 54-09-11. At the close of each biennium, the secretary of state shall transfer any unobligated balance remaining in the fund exceeding seventy five thousand dollars to the general fund.

**SECTION 5. AMENDMENT. FEES.** Section 54-09-11 of North Dakota Century Code is amended and reenacted as follows:

1. The secretary of state shall establish fees for any programming charges specifically incurred to provide information requested by persons which is related to the central indexing system and for other services provided through the computerized system.
2. A fee may not be required for furnishing information on a verbal request pursuant to subsection 3 of section 54-09-10, and the fee for furnishing a certificate under subsection 3 of section 54-09-10 is fifteen dollars.
3. The secretary of state shall establish the fee for furnishing lists from the central indexing system based on actual costs to produce the lists for distribution. For preparing any listing or compilation of any information recorded or filed in the office of the secretary of state, forty dollars for each record type requested. Unless otherwise agreed to by the secretary of state, the information must be provided in an electronic format. If provided in a paper format, an additional fee of fifty cents per page may be charged.

4. Fees collected by secretary of state under this section, under subsection 4 of section 41-09-94, and subsection 5 of section 41-09-96, and ~~ten~~ twenty dollars from each filing entered into the central indexing system must be deposited in the secretary of state's general services operating fund. ~~Fees collected by secretary of state under this section must be used for the programming and maintenance of the central index system information technology systems administered by the secretary of state.~~
5. ~~The secretary of state shall pay ten dollars to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to section 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02 or 41-09-72. The payment must be made monthly from the general fund in the state treasury.~~

**SECTION 6. SPECIAL FUNDS TRANSFER – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** The less estimated income line item in section 1 of this Act includes the sum of \$8,000,000, or so much of the sum as may be necessary, from the strategic investment and improvements fund which may be transferred at the direction of the secretary of state for a state wide voting system and e-poll book projects during the biennium beginning July 1, 2019, and ending June 30, 2021.

**SECTION 7 EXEMPTION.** Any unexpended funds from the technology project in section 2 of chapter 36 of the 2015 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation may be expended during the biennium beginning July 1, 2019 and ending June 30, 2021.

AH1

SB 2002

2/27/2019

**Agency's 10% and 5% Budget reductions submitted to Governor**

IT – Operating Data Processing .....	\$659,077
(General Fund \$527,002; Special Fund \$132,075)	
Public Printing.....	\$31,172
(General Fund \$31,172)	
Salaries.....	\$104,923
(General Fund \$104,923)	
Total 10% and 5% reduction .....	\$795,172
(General Fund \$663,097; Special Fund \$132,075)	

\*\*\*\*\*

**One Time Request**

**Secretary of State Request**

Statewide Voting System and Electronic Pollbooks .....\$12,000,000  
General Fund \$9,000,000; Federal Fund \$3,000,000 (already received)

Among other issues and concerns, the current voting system is based on a Windows XP operating system and Microsoft will end support for it prior to the next scheduled election. The State Procurement Office issued an RFP for a new voting system, bids were received, reviewed and scoring was completed. Conditioned on funding, the intent is to award the contract for a new voting system and then issue RFP for electronic pollbooks.

**Governor Recommendation** .....\$11,000,000  
Recommended \$8,000,000 from the Strategic Investment and Improvements Fund (SIIF)  
and Federal Fund of \$3,000,000 (already received)

**Senate Action:**

Page 2, Lines 23 through 27 – included \$8,200,000 from the SIIF and \$800,000 from special funds for the election reform line for a total of \$12,000,000 for new voting system.

Explanation for Page 1, line 19: The appropriation column includes federal funds of \$3,000,000 (already received), \$8,200,000 in SIIF funds, \$800,000 in special funds and spending authority for \$800,620 in funds remaining in the Help America Act Funds (HAVA) for total of \$12,800,620.

NOTE related to remaining HAVA funds: The remaining balance will be expended during the upcoming biennium to pay salaries for two FTE. One FTE is the Election Administration System manager and the other FTE (temporary) maintains the address changes receive from other agencies for the Central Voter File. Other portions of the remaining funds will be used for voting equipment maintenance and maintaining and enhancing Vote.ND.Gov and ND Voices. Because it is unlikely that additional federal funds will be received in the future, the 67th Legislative Assembly will be asked to consider providing funding for the two positions and for the technology that is being used to support elections and related integrity.

**Agency Request**

Add EMERGENCY CLAUSE for Section 3.  
Although receptive to adding the Emergency Clause, it was inadvertently overlooked by the Senate and it was discovered too late to make the change before the Senate floor vote. Making the funding available prior to July 1 and as soon as possible is essential for having the new voting system and electronic pollbooks in place for the next election in June 2020.

Move spending authority of \$800,000 from election reform line to special fund operating line. Although the Senate was receptive to making the change, it was too late to do it prior to the Senate floor vote.

#1

\*\*\*\*\*

**Agency's requested Optional Adjustments, Governor's recommendation and Senate Action**

***Optional Request # 1 Operating Line***

**Secretary of State Request**.....\$1,279,750  
(General Fund - \$527,002; Special Fund \$752,748)

**Governor Recommendation**

Restored Special Fund Operating Line .....\$752,748  
Increased Special Fund Spending Authority for new voting system .....\$800,000

**Senate Action:**

Restored the general services operating (special) fund spending authority of \$752,748. Increased spending authority of \$800,000 in the election reform (special) fund rather than special fund operating line.

**Agency Request:**

As previously requested, move \$800,000 from election reform line back to special fund operating line. Although the Senate was receptive to making the change, it was too late to do it prior to the Senate floor vote.

\*\*\*\*\*

***Optional Request # 2 Salary Line***

**Secretary of State Request to restore FTE** .....\$104,923  
(General Fund \$104,923)

**Governor Recommendation**.....\$104,923  
(General Fund \$104,923)

**Senate Action:**

The Senate agreed with the Governor's recommendation.

\*\*\*\*\*

**Secretary of State Request**

Overtime and Temporary Salaries and Benefits.....\$330,048  
(Special Fund \$330,048)

**Governor Recommendation**.....\$150,000  
(Special Fund \$150,000)

**Senate Action:**

The Senate agreed with the Governor's recommendation.



ATT 1  
SB 2002  
2/27/2019

**Other Agency Requests Recommended by the Governor**

**Request # 1**

For the past five legislative sessions, the legislature has approved an Exemption in the agency's budget to the requirements in the last sentence in N.D.C.C. § 54-09-08, which has allowed the balance in the agency's Special Funds to be carried forward into the next biennium. Because the agency's appropriation is subject to legislative review each session and rather than requesting an Exemption each legislative session, it has been recommended in the past by both the Legislative Council Fiscal Division and the Office of Management and Budget that the last line be removed.

**Senate Action:**

Agreed with the recommendation. See page 3, lines 5 through 13

\*\*\*\*\*

**Request # 2**

In the 2017 legislative session, HB 1002 (2017 Session Laws, Chapter 2) included an amendment in Section 6 to amend N.D.C.C. § 54-09-04(7) related to fees. Inadvertently it was overlooked that the identical amendment was required in N.D.C.C. § 54-09-11(3).

**Senate Action**

Agreed with the recommendation. See page 3, lines 23 through 31

\*\*\*\*\*

**Request # 3**

The Governor recommended a change to subsections 4 and 5 of 54-09-04 that \$20 rather than \$10 be deposited in the agency's General Services Operating Fund for each filing entered into the agency's Central Indexing System (CIS) related to secured transactions such as UCC and other liens. Under current law, the \$10 is designated for distribution to counties for the CIS in which they no longer have a role.

The fees for secured transactions in sections 41-09-94 and 41-09-96 are not changed. No general fund dollars are impacted. The additional \$10 will be used by the agency for programming and maintenance of the agency's information technology system.

It is anticipated that the change will generate \$800,000 in revenue.

**Senate Action:**

Agreed with the recommendation. See page 4, lines 5 through 11.

**Agency Request:**

As previously requested, move \$800,000 from election reform line back to special fund operating line. Although the Senate was receptive to making the change, it was too late to do it prior to the Senate floor vote.

\*\*\*\*\*

**Request # 4:**

The Governor recommended an exemption to section 2 of chapter 36 of the 2015 Session Laws so that the agency is not subject to the provisions of section 54-44.1-11, whereby OMB can cancel unexpended appropriations. This will allow the agency to use funds unexpended by the end of the biennium to complete its implementation of its business and licensing system technology project (FirstStop) and pay the two-year maintenance fee. The project is underbudget and the funding is available.

**Senate Action**

Agreed with the recommendation. See page 4, lines 12 through 16.

#3

Public Printing Budget

ATT 1  
SB 2002  
2/27/2019

**Program Statistical Data**

The agency distributes the publications to elected officials, legislators, legislative council, state agencies, county agencies, judicial system, and libraries as prescribed by law.

**Explanation of Program Costs**

Under state law, the agency is responsible for the distribution of publications known as "public printing" that includes the North Dakota Century Code, the North Dakota Administrative Rules, Session Law Books, etc.

Although the appropriation to cover the cost of publishing and distribution is included in the agency's budget, it is based on a recommendation from the Legislative Council, which has the legal responsibility for preparing, supervising, contracting, and communicating with the various publishers and vendors regarding these publications.

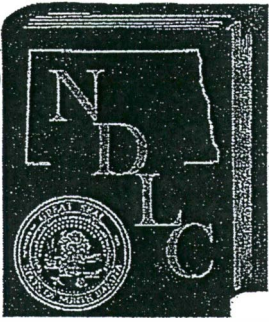
The major portion of the appropriation is directly related to the cost of printing the North Dakota Century Code, Session Laws, and the North Dakota Administrative Code.

The remaining portion of the appropriation is used by the agency to cover costs related to programming database records, shipping, mailing, supplies, etc.

**Program Goals and Objectives**

To provide effective and efficient services to state agencies and others as it relates to the distribution of publications funded by the public printing appropriation.

Based on the following letters from the Legislative Council, the budget requested by the agency and recommended by the Governor for \$257,278 is adequate.



# North Dakota Legislative Council

STATE CAPITOL, 600 EAST BOULEVARD, BISMARCK, ND 58505-0360

Att 1  
SB 2002  
2/27/2019

Jim W. Smith  
Director  
John Bjornson  
Legal Division Director  
Allen H. Knudson  
Legislative Budget  
Analyst & Auditor  
Jason J. Steckler  
Administrative Services  
Division Director  
Veronette J. Richter  
Code Revisor

July 2, 2018

Honorable Alvin A. Jaeger  
Secretary of State  
State Capitol  
Bismarck, ND 58505

Dear Mr. Jaeger:

As you know, the Legislative Council is responsible for preparing the material for and supervising the publication of the North Dakota Century Code, North Dakota Administrative Code, and North Dakota Session Laws. The purpose of this letter is to notify you of the estimated costs for the 2019-21 biennium so you can include a sufficient amount in your budget request for these purposes.

During the 2017-19 biennium, cost estimates for Century Code purchases in your budget were based on the state maintaining 700 sets of the code. Your staff has advised us the number of sets needed for subscriptions is 539 sets. To allow for new subscriptions or other demand, we are basing our estimates on 550 code sets for the 2019-21 biennium.

During the 2019-21 biennium, we have tentatively identified Volumes 1A, 1B, 4A, 4B, and 12 of Century Code for replacement. These replacement volumes must be published to avoid increased costs for supplements and the eventual need to replace the entire Century Code. Replacement of volumes also makes the Century Code more easily usable for the public. The Court Rules Annotated volume is published in a softbound volume that must be replaced each biennium. Based on cost estimates furnished by LexisNexis, \$134,500 will be needed to purchase 550 sets of replacement Volumes 1A, 1B, 4A, 4B, and 12 and \$43,037 will be needed to purchase 550 sets of the Court Rules Annotated volume and two supplements to that volume.

Based on LexisNexis estimates, \$93,775 will be needed to purchase 550 sets of the 2019 pocket supplements, and \$35,475 will be needed to purchase 550 sets of the 2019 general index.

The estimated costs for Century Code updates for the 2019-21 biennium total \$307,037. In the letter (copy enclosed) of estimated costs from Ms. Leslie Metheney, Director, Government Content Acquisition, LexisNexis, it is stated that LexisNexis offers state government subscribers a 25 percent discount. Application of this discount will reduce estimated expenditures for 2019-21 Century Code updates to \$230,278.

Beginning in 2011 costs were decreased substantially because the Administrative Code is now being published in a CD-ROM format. We estimated CD-ROM preparation and mailing costs for the Administrative Code would total \$7,000 for the 2017-19 biennium. Your staff has not advised us this amount should be increased, so we believe the same amount will be adequate for the 2019-21 biennium.

We estimate that \$20,000 will be required to cover printing, binding, and mailing costs for the 2019 North Dakota Session Laws.

#5

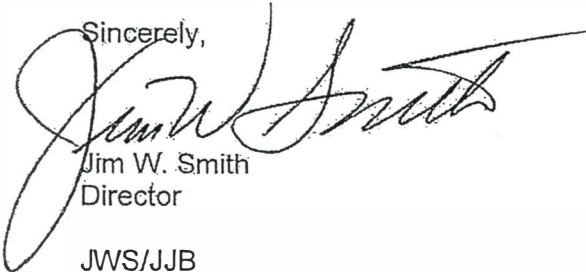


We respectfully suggest that you include \$257,278 in your budget request for the 2019-21 biennium for publication and printing costs for the North Dakota Century Code, North Dakota Administrative Code, and North Dakota Session Laws and postage and mailing costs for the Administrative Code and Session Laws. This is a 17.94 percent decrease from the comparable amount we recommended for these expenses for the 2017-19 biennium.

We are not in a position to make any suggestions regarding the other costs that must be included in the public printing line item of your budget, including the costs of individual volumes to update old sets of Century Code, the new sets of Century Code required for new members of the Legislative Assembly, and postage and mailing costs for Century Code. Therefore, those costs are not included in our estimates.

Thank you for your attention to these matters. Please contact this office if you have any questions. We are sending a copy of this letter to Mr. Joe Morrisette, Director, Office of Management and Budget, for his information.

Sincerely,



Jim W. Smith  
Director

JWS/JJB

Enc.

cc: Mr. Joe Morrisette  
Ms. Leslie Metheney



A441  
SB 2002  
2/27/2019

June 7, 2018

John Bjornson  
Vonette Richter  
North Dakota Legislative Council  
State Capitol, 600 East Boulevard  
Bismarck, ND 58505

Dear John & Vonette:

I am pleased to provide the following estimated prices for the North Dakota Century Code 2019-2020 upkeep service. The following prices reflect slight increases from the pricing levels offered for 2017-2018. The cost of production has increased over the past two years and although the Producer Price Index for Book Publishers has risen 6% over the last two years, I have kept the requested increases lower than that amount.

As requested, I have included the base estimates on options for four or five replacement volumes in the two-year period.

Cumulative Supplement The price of the 2019 Supplement will depend on the number of volumes replaced. If five volumes are replaced, the price of the Supplement is \$170.50. If four volumes are replaced, the price of the Supplement is \$190.00.

Index The price of the Index will be \$64.50 with the publication of five Replacement volumes. The price increases to \$67.50 with four Replacement volumes.

Replacement Volumes Our recommendation is for the replacement of five volumes, two in one year and three in the next. After consulting with our editorial department, our recommendation is to replace Volume 1A (2016 volume with 217 page supp); Volume 1B (2006 volume with 177 page supp); Volume 4A (2012 volume with 438 page supp); Volume 4B (2002 volume with 161 page supp) and Volume 12 (2010 volume with 317 page supp.) If five volumes are replaced, the price for each copy of each replacement volume will be \$49.00. If four volumes are replaced, the price for each copy of each replacement volume will be \$51.00.

Package Prices For comparison purposes, the various options with prices and the total package price of Supplement, Replacement Volumes and Index are as follows:

<u>Option</u>	<u>No. Repl. Vols.</u>	<u>Price of Supp.</u>	<u>Price of Volumes</u>	<u>Price of Index</u>	<u>Total</u>	<u>Increase</u>
1	5	\$170.50	\$49.00	\$64.50	\$480.00	4.0 %
2	4	\$190.00	\$51.00	\$68.00	\$462.00	4.5%

#7



**Court Rules Volumes and Supplements** The next edition of the Court Rules volume is currently scheduled for publication in early 2020. The price of that edition will be \$51.75, a 4% increase in the price of \$49.75 from the 2018 Edition. The first two supplements to the 2018 Edition will increase to \$13.00 and \$13.50 respectively.

**Government Discount** We will continue to offer state government subscribers a 25% discount on its purchases of the North Dakota Century Code for the 2019 - 2020 biennium.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in cursive script, reading 'Leslie Metheny', is positioned below the 'Sincerely,' text.

Leslie Metheny  
Director  
Government Content Acquisition

## Agency Statutory Authority

ND Constitution Article V, Section 12; North Dakota Century Code Title 10 and Title 16.1; North Dakota Century Code Chapters 15.02, 35-01, 35-05, 35-17, 35-21, 35-29, 35-30, 35-31, 41-09, 43-07, 44-06, 45-10, 45-10.1, 45-11, 45-22, 45-23, 47-22, 47-25, 50-22, 53-01, 54-05.1, 54-09, 54-16, and 55-01.

## Agency Description

The Secretary of State's office is the office of record for certain legal documents generated by the executive and legislative branches of state government; public records and notices including various business entities; and performs a wide range of licensing, regulatory, registration, and administrative functions within five operating units. The agency performs these functions in accordance with the requirements of the state's constitution and laws.

## Agency Mission Statement

The office will:

- Serve the people of the State of North Dakota and its guests;
- Execute with integrity the duties required by the North Dakota Constitution and the North Dakota Century Code;
- Collect and preserving the records of the State as defined by the law; and
- Act as an ambassador for the State of North Dakota, its people, and its way of life.

This mission will be dispatched effectively, efficiently, expeditiously, courteously, and with financial responsibility.

## Agency Performance Measures

Although the Secretary of State's office does not have a formal written program, the agency's management team and unit leads have access to various processes for tracking productivity, effectiveness, efficiency, quality of customer service, and compliance with laws. It is anticipated the statistical tracking of information will be improved with the agency's migration to a new database and document processing platform, for which funding was approved in a previous biennium.

## Agency Major Accomplishments

1. Enhanced agency website, which received more than 1.5 million-page views over the 12-month period ending June 30, 2018, a 200% increase from the same 12-month period two years prior.
2. Continued use of the North Dakota Central Indexing System (NDCIS), which was launched on March 1, 2016. All central indexing filings and searches are now completed online and all reports from the lending community of the state indicate the system is greatly appreciated.
3. Continued to enhance the agency's Election Management System (EMS), which provides election information on the agency's website about elections, candidates, campaign contributions, voter precinct finder, polling location details, and the reporting of election night returns. It also assists in the administration of petition review, poll worker tracking, voting statistics reporting, and early and absentee voting.
4. Completed an enhancement to the state's EMS that guides a candidate through the process of completing and filing the necessary paperwork to run for public office. When the questions are answered by the candidate, the necessary forms are generated, which can then be submitted electronically or sent to the Secretary of State's office via US Mail.
5. Continued to enhance the Central Voter File used by the SOS office and the counties to update voter records for address and name changes upon receipt of notices from the DOT and the courts, and death notices from vital statistics, issue and track absentee ballots, allow for the efficient management of early voting precincts, and to expedite the voting process on election day.
6. Continued to be ranked as one of the top states for election administration by The PEW Charitable Trusts and the Massachusetts Institute of Technology in the Election Performance Index that has been conducted since it was first launched in 2008.



7. Worked to enhance election applications accessible from Vote.ND.Gov to make them web responsive so that they format appropriately depending on the size of the computer, laptop, tablet, or smartphone being used to access them.
8. Received the necessary security clearances for Secretary Jaeger, Deputy Secretary Jim Silrum, and State Elections Director John Arnold to receive cybersecurity updates and notices from the Department of Homeland Security (DHS), FBI, and other agencies responsible for cybersecurity to protect our elections infrastructure, which has now been classified by DHS as critical infrastructure.
9. Nearing completion of the FirstStop software system through which most of the office functions will be handled and available to the customers of our office in an online environment. The system will handle such things as registering new businesses for operation in the state, the filing of the various amendments and annual reports of these businesses, the licensing of occupations such as contractors and home inspectors, issuing and maintaining notary commissions, registering and regulating the activity of lobbyists, registering charitable organizations and professional fundraisers, and providing lists, subscriptions, and information that is available to the public.

### \* Agency Future Critical Issues

In the statistical data section of the program narrative, the data reveals that since 1995-97 and through the 2015-17 biennium, the agency's revenue has steadily increased. The 2015-17 biennium revenue increased 9.2 percent from the previous biennium. The increased revenue is directly related to the increase in the number of registrations, filings, and increased demand for the services provided by the agency. To respond to this increased demand, the agency is substantially dependent on the use of information technology (e.g. software, hardware, Internet, etc.), which it uses to provide the timely, accurate, and efficient services expected by the public, businesses, and customers of the agency.

Also documented in the statistical data section, the agency is processing 105,614 more documents per year than it did in 1995. Therefore, to provide services in a cost effective and efficient manner for the public, it is vitally important that the agency receive support for technology initiatives and additional FTEs to handle the increase in workload.

Business in North Dakota begins with the Secretary of State's office and is the first place stop and prime filer of a variety of business related information. The agency has a key role in the state's e-government initiatives making it imperative the agency has adequate funding and support to implement the appropriate technology to meet these goals and provide services the public is requesting. It is critical to complete the migration of the database from its current environment to the new platform. The increase in services and productivity will be significant.

The Secretary of State's office continues to encounter challenges with adequate FTEs and the ability to offer competitive salaries. The agency needs to offer competitive salaries to address compression issues and pay competitive for agency staff.

### \* Explanation of Program Costs

For the 2017-2019 biennium, the appropriated salary line represented approximately 44 percent of the agency's total general fund spending authority.

The appropriated operating line for 2017-2019 represented approximately 56 percent of the agency's total general fund spending authority. Of that amount, approximately 21 percent of the operating line was budgeted for the agency's database and processing project and approximately 14 percent to the state's Information Technology Division (ITD). The remaining 21 percent is spread among other object code categories and supports the general operations of the agency. Those budget object codes include telecommunications, travel, mailing services, professional development, fees and services, repairs and maintenance of equipment, insurance, office supplies, printing, professional supplies and materials, and miscellaneous expenses.

The agency also has a general service fund, which is the retail account for information sold by the agency. Approximately 54 percent of that budget is to cover expenses related to the technology for providing the requested information.

Extensive technology is used by the agency to increase productivity, provide better and faster services for the public, and to maintain many thousands of records associated with approximately 100 diverse and varied categories that relate to the duties of the agency. For example:

1. The agency's budget supports the statewide Central Indexing System (CIS), which includes approximately 350,000 files. On March 1, 2016 the North Dakota Central Indexing System (NDCIS) was launched allowing all filings related to various personal property liens to be completed electronically online. The budget supports the ongoing costs and maintenance of the NDCIS.
2. The agency's budget supports FirstStop, which is a database of approximately 265,000 names for approximately 100 diverse and varied categories related to the duties of the agency and for associated expenses such as programming.
3. The agency's budget supports an Internet web site and covers associated expenses.

A441  
SB 2002  
2/27/2019

## Program Statistical Data

### History of Revenue and Expenditures for the past ten budget cycles

#### Revenue

- 2001/2003 \$6,277,698 (general \$5,869,160; \* special \$371,868) increased 5.5percent over previous biennium
- 2003/2005 \$6,716,245 (general \$6,289,108, \* special \$401,305) increased 7.0percent over previous biennium
- 2005/2007 \$7,289,015 (general \$6,815,185, \* special \$454,445) increased 8.5percent over previous biennium.
- 2007/2009 \$7,949,077 (general \$7,432,582, \* special \$516,495) increased 9.1percent over previous biennium.
- 2009/2011 \$9,058,760 (general \$8,543,052, \* special \$515,708) increased 14percent over previous biennium.
- 2011/2013 \$12,384,546 (general \$11,782,731, \* special \$601,815) increased 36.7percent over previous biennium.
- 2013/2015 \$12,917,111 (general \$12,252,412, \* special \$664,699) increased 4.3percent over previous biennium.
- 2015/2017 \$14,104,318 (general \$12,486,458, \*special \$1,617,861) increased 9.2percent over previous biennium.
- 2017/2019 Estimated: \$ 13,550,000 (Estimated: general \$12,000,000, \* special \$1,550,000)

#### Expenditures

- 2001/2003 - \$3,961,253 increased 11.7percent over previous biennium (see note # 1)
- 2003/2005 - \$4,146,332 increased 4.7percent over previous biennium
- 2005/2007 - \$4,536,178 increased 9.4percent over previous biennium (see note # 2)
- 2007/2009 - \$5,666,247 increased 24.9percent over previous biennium (see note #3)
- 2009/2011 - \$6,168,973 increased 8.9percent over previous biennium (see note #4)
  
- 2011/2013 - \$8,383,125 increased 35.9percent over previous biennium (see note #5)
- 2013/2015 - \$9,018,517 increased 7.58percent over previous biennium (see note #6)
- 2015/2017 - \$8,340,716 decreased 7.52percent over previous biennium (see note #7)

Note 1: ITD again reallocated costs related to the statewide area network resulting in another \$175,000 increase added to the agency's budget.

Note 2: The expenditures included a one-time amount of \$125,000 for migration of database.

Note 3: The expenditures included a one-time amount of \$825,000 for migration of database.

Note 4: The expenditures included a one-time amount of \$702,000 for migration of database (One-time funding was \$780,000 total, we requested \$78,000 in carryover to 11-13 Biennium).

Note 5: The expenditures included one-time amounts of \$3,500,000 for migration of database and \$43,039 for online public meeting system. In addition, the one-time funding carryover of \$78,000 for migration of database. (We requested \$1,351,035 in carryover to 13-15 for migration of database).

Note 6: The expenditures included one-time amounts of \$2,048,352 for migration of database and \$109,794 for business process mapping project. (We requested carryover to 15-17 for the remaining migration of database and business process mapping).

Note 7: The expenditures for IT data processing decreased by \$727,796 from the 13-15 biennium to the 15-17 biennium.

#12

Att 1 SB 2002 2/27/2019

2017/2019 Biennium - General Fund Revenue						
January 31, 2019 - 20.83% Biennium Remaining						
	Revenue	Monthly Average Revenue Per Budget	Monthly Accumulative Revenue Total	Accumulative Monthly Budget	(Under) Over Budget	
Date	Revenue	\$ 12,500,000				
Jul-17	\$ 469,322	\$ 520,833	\$ 469,322	\$ 520,833	\$ (51,512)	
Aug-17	\$ 469,627	\$ 520,833	\$ 938,949	\$ 1,041,667	\$ (102,718)	
Sep-17	\$ 664,656	\$ 520,833	\$ 1,603,605	\$ 1,562,500	\$ 41,105	
Oct-17	\$ 625,713	\$ 520,833	\$ 2,229,318	\$ 2,083,333	\$ 145,984	
Nov-17	\$ 702,681	\$ 520,833	\$ 2,931,999	\$ 2,604,167	\$ 327,832	
Dec-17	\$ 334,033	\$ 520,833	\$ 3,266,032	\$ 3,125,000	\$ 141,032	
Jan-18	\$ 596,717	\$ 520,833	\$ 3,862,748	\$ 3,645,833	\$ 216,915	
Feb-18	\$ 535,089	\$ 520,833	\$ 4,397,837	\$ 4,166,667	\$ 231,170	
Mar-18	\$ 515,988	\$ 520,833	\$ 4,913,824	\$ 4,687,500	\$ 226,324	
Apr-18	\$ 504,544	\$ 520,833	\$ 5,418,368	\$ 5,208,333	\$ 210,035	
May-18	\$ 505,228	\$ 520,833	\$ 5,923,596	\$ 5,729,167	\$ 194,429	
Jun-18	\$ 386,517	\$ 520,833	\$ 6,310,113	\$ 6,250,000	\$ 60,113	
Jul-18	\$ 502,488	\$ 520,833	\$ 6,812,600	\$ 6,770,833	\$ 41,767	
Aug-18	\$ 409,700	\$ 520,833	\$ 7,222,300	\$ 7,291,667	\$ (69,367)	
Sep-18	\$ 294,156	\$ 520,833	\$ 7,516,456	\$ 7,812,500	\$ (296,044)	
Oct-18	\$ 622,399	\$ 520,833	\$ 8,138,855	\$ 8,333,333	\$ (194,479)	
Nov-18	\$ 934,821	\$ 520,833	\$ 9,073,675	\$ 8,854,167	\$ 219,509	
Dec-18	\$ 420,561	\$ 520,833	\$ 9,494,237	\$ 9,375,000	\$ 119,237	
Jan-19	\$ 393,037	\$ 520,833	\$ 9,887,274	\$ 9,895,833	\$ (8,559)	
Feb-19	\$ -	\$ 520,833	\$ 9,887,274	\$ 10,416,667	\$ (529,393)	
Mar-19	\$ -	\$ 520,833	\$ 9,887,274	\$ 10,937,500	\$ (1,050,226)	
Apr-19	\$ -	\$ 520,833	\$ 9,887,274	\$ 11,458,333	\$ (1,571,059)	
May-19	\$ -	\$ 520,833	\$ 9,887,274	\$ 11,979,167	\$ (2,091,893)	
Jun-19	\$ -	\$ 520,833	\$ 9,887,274	\$ 12,500,000	\$ (2,612,726)	

#13



111

SB 2002

2/27/2019

2017/2019 Biennium - General Services Revenue						
January 31, 2019 - 20.83% Biennium Remaining						
	Revenue	Monthly Average Revenue Per Budget	Monthly Accumulative Revenue Total	Accumulative Monthly Budget	(Under) Over Budget	
Date	Revenue	1,200,000				
Jul-17	\$ 45,657	\$ 50,000	\$ 45,657	\$ 50,000	\$	(4,343)
Aug-17	\$ 68,641	\$ 50,000	\$ 114,299	\$ 100,000	\$	14,299
Sep-17	\$ 52,401	\$ 50,000	\$ 166,699	\$ 150,000	\$	16,699
Oct-17	\$ 48,573	\$ 50,000	\$ 215,273	\$ 200,000	\$	15,273
Nov-17	\$ 40,601	\$ 50,000	\$ 255,874	\$ 250,000	\$	5,874
Dec-17	\$ 55,000	\$ 50,000	\$ 310,873	\$ 300,000	\$	10,873
Jan-18	\$ 86,796	\$ 50,000	\$ 397,669	\$ 350,000	\$	47,669
Feb-18	\$ 86,141	\$ 50,000	\$ 483,810	\$ 400,000	\$	83,810
Mar-18	\$ 122,974	\$ 50,000	\$ 606,784	\$ 450,000	\$	156,784
Apr-18	\$ 72,533	\$ 50,000	\$ 679,317	\$ 500,000	\$	179,317
May-18	\$ 69,414	\$ 50,000	\$ 748,731	\$ 550,000	\$	198,731
Jun-18	\$ 89,200	\$ 50,000	\$ 837,930	\$ 600,000	\$	237,930
Jul-18	\$ 13,542	\$ 50,000	\$ 851,472	\$ 650,000	\$	201,472
Aug-18	\$ 55,850	\$ 50,000	\$ 907,321	\$ 700,000	\$	207,321
Sep-18	\$ 43,797	\$ 50,000	\$ 951,118	\$ 750,000	\$	201,118
Oct-18	\$ 55,062	\$ 50,000	\$ 1,006,180	\$ 800,000	\$	206,180
Nov-18	\$ 42,985	\$ 50,000	\$ 1,049,165	\$ 850,000	\$	199,165
Dec-18	\$ 58,403	\$ 50,000	\$ 1,107,568	\$ 900,000	\$	207,568
Jan-19	\$ 81,432	\$ 50,000	\$ 1,189,000	\$ 950,000	\$	239,000
Feb-19	\$ -	\$ 50,000	\$ 1,189,000	\$ 1,000,000	\$	189,000
Mar-19	\$ -	\$ 50,000	\$ 1,189,000	\$ 1,050,000	\$	139,000
Apr-19	\$ -	\$ 50,000	\$ 1,189,000	\$ 1,100,000	\$	89,000
May-19	\$ -	\$ 50,000	\$ 1,189,000	\$ 1,150,000	\$	39,000
Jun-19	\$ -	\$ 50,000	\$ 1,189,000	\$ 1,200,000	\$	(11,000)

#14

A441  
SB 2002

2/27/2019

### Demand for Services

The demand for the agency's services has grown steadily during the period beginning June 30, 1995 and ending June 30, 2018. This is in direct relationship to the net increase in filings and registrations as listed below.

	June 30, 1995	June 30, 2018	Percentage Increase/ (Decrease)
Contractors	4,701	10,342	120%
Charitable Solicitation	559	3,898	597%
Notary Publics	10,419	15,299	47%
ND For-Profit Corporations	10,734	12,488	16%
ND Cooperatives	434	252	(42%)
ND Professional Corporations	552	974	76%
Foreign For-Profit Corporations	7,307	15,913	118%
Foreign Cooperatives	45	73	62%
Limited Liability Companies (all)	441	35,018	7841%
Limited Liability partnerships (all)	13	3,562	27300%
Limited Partnerships (all)	864	1,596	85%
Limited Liability Limited Partnerships	0	1,477	1477%
Partnership Fictitious Names	1,362	2,007	47%
Trademarks	1,286	1,544	20%
Trade names	3,565	31,619	787%
ND non-profit corporations*	0	8,026	8026%
Foreign non-profit corporations*	0	3,808	3808%
Total	42,282	147,896	250%

\*Prior to 1997, non-profit corporations were not required to file an annual corporate report. Therefore, the agency is processing an additional 11,134 filings that it did not process seventeen years ago.

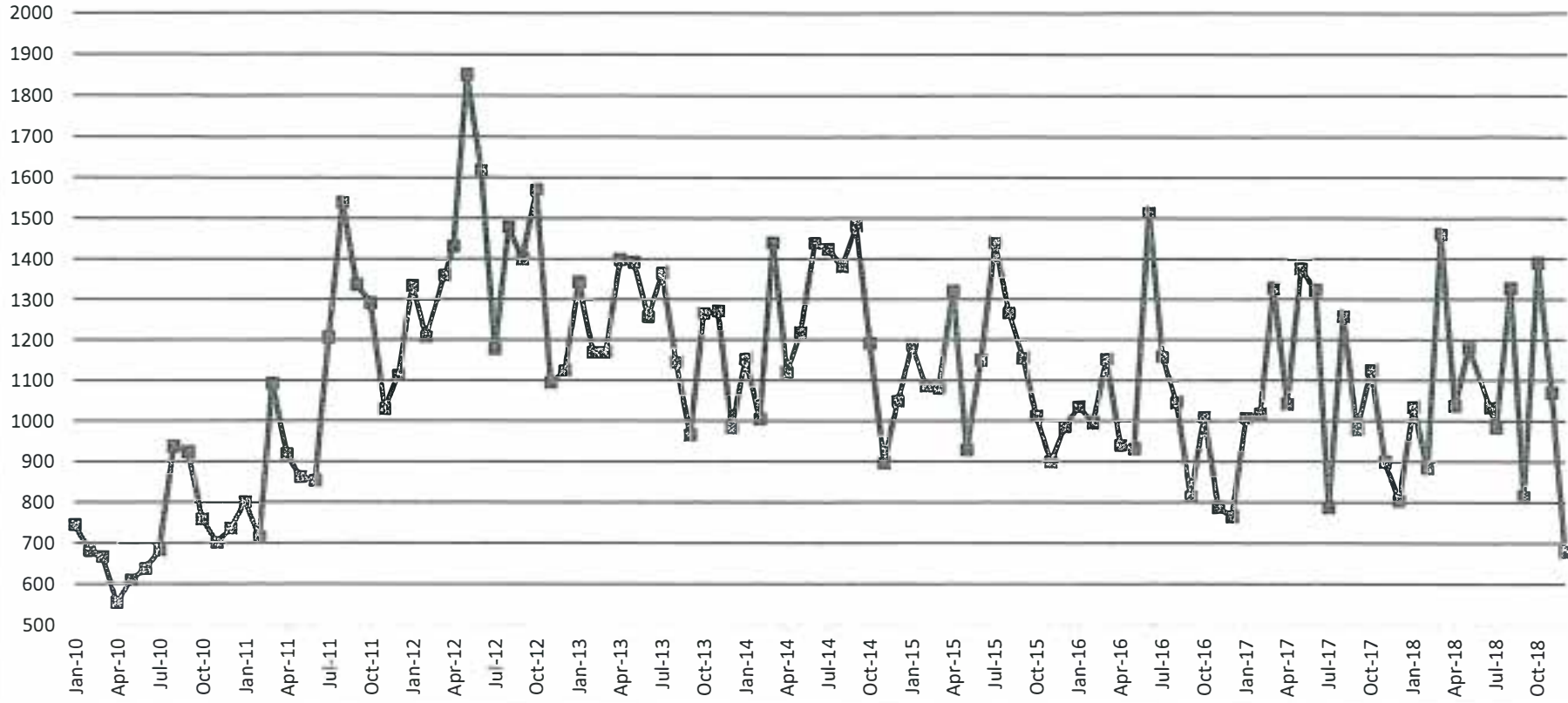
#15

Att 1 SB 2002 2/27/2019

	June 30, 2011	June 30, 2013	June 30, 2015	June 30, 2017	June 30, 2018	December 31, 2018	Increase from June 30, 2011	% Inc (Dec)
Corporations - ND	13,330	13,783	13,473	12,808	12,488	12,006	(1,324)	(9.93%)
Corporations - ND Professional	971	983	979	971	974	944	(27)	(2.78%)
Corporations - Foreign	14,072	16,483	16,783	16,167	15,913	16,258	2,186	15.53%
Corporations - Foreign Professional	166	301	379	366	361	375	209	125.90%
<b>Total</b>	<b>28,539</b>	<b>31,550</b>	<b>31,614</b>	<b>30,312</b>	<b>29,736</b>	<b>29,583</b>	<b>1,044</b>	<b>3.66%</b>
Limited Liability Company - ND	9,732	15,723	19,817	22,195	23,710	25,655	15,923	163.61%
Limited Liability Company - ND Professional	138	208	304	397	436	483	345	250.00%
Limited Liability Company - Foreign	5,288	8,077	9,515	9,953	10,372	10,989	5,701	107.81%
<b>Total</b>	<b>15,158</b>	<b>24,008</b>	<b>29,636</b>	<b>32,545</b>	<b>34,518</b>	<b>37,127</b>	<b>21,969</b>	<b>144.93%</b>
Partnership Fictitious Names	1,777	1,945	2,144	2,057	2,007	1,968	191	10.75%
Limited Liability Partnerships	2,874	3,219	3,407	3,515	3,562	3,479	605	21.05%
Limited Partnerships	1,602	1,690	1,645	1,597	1,596	1,520	(82)	(5.12%)
Limited Liability Limited Partnerships	774	1,017	1,218	1,408	1,477	1,464	690	89.15%
<b>Total</b>	<b>7,027</b>	<b>7,871</b>	<b>8,414</b>	<b>8,577</b>	<b>8,642</b>	<b>8,431</b>	<b>1,404</b>	<b>19.98%</b>
Nonprofit Corporations - ND	7,432	7,589	7,705	7,952	8,026	8,156	724	9.74%
Nonprofit Corporations - Foreign	2,309	2,737	3,087	3,508	3,808	4,003	1,694	73.37%
Nonprofit Limited Liability Company - ND	8	15	17	27	39	32	24	300.00%
Nonprofit Limited Liability Company - Foreign	0	0	0	4	2	2	2	0.00%
<b>Total</b>	<b>9,749</b>	<b>10,341</b>	<b>10,809</b>	<b>11,491</b>	<b>11,875</b>	<b>12,193</b>	<b>2,444</b>	<b>25.07%</b>
Trade Names	22,749	26,851	29,981	31,406	31,619	31,720	8,971	39.43%
Trademarks	1,458	1,460	1,506	1,533	1,544	1,540	82	5.62%
Corporations - Farm	756	794	830	818	830	830	74	9.79%
Limited Liability Company - Farm	190	263	351	430	459	454	264	138.95%
<b>Total</b>	<b>946</b>	<b>1,057</b>	<b>1,181</b>	<b>1,248</b>	<b>1,289</b>	<b>1,284</b>	<b>338</b>	<b>35.73%</b>
Cooperatives and Misc.	292	276	269	258	252	252	(40)	(13.70%)
Cooperatives - Foreign	73	72	75	75	73	76	3	4.11%
<b>Total</b>	<b>365</b>	<b>348</b>	<b>344</b>	<b>333</b>	<b>325</b>	<b>328</b>	<b>(37)</b>	<b>(10.14%)</b>
<b>Grand Total</b>	<b>85,991</b>	<b>103,486</b>	<b>113,485</b>	<b>117,445</b>	<b>119,548</b>	<b>122,206</b>	<b>36,215</b>	<b>42.11%</b>

#16

## Secretary of State - # of new filings per month



	January	February	March	April	May	June	July	August	September	October	November	December
<b>2011</b>	801	713	1092	919	862	853	1206	1539	1336	1291	1030	1113
<b>2012</b>	1336	1208	1361	1431	1851	1619	1177	1479	1401	1571	1094	1124
<b>2013</b>	1343	1170	1170	1399	1392	1258	1367	1145	965	1266	1272	982
<b>2014</b>	1154	1004	1439	1120	1218	1440	1425	1383	1483	1191	896	1050
<b>2015</b>	1187	1087	1081	1320	928	1150	1440	1267	1155	1012	900	986
<b>2016</b>	1035	995	1152	940	931	1514	1158	1046	813	1009	788	765
<b>2017</b>	1007	1018	1328	1042	1378	1323	787	1259	980	1125	899	803
<b>2018</b>	1034	883	1462	1037	1180	1033	983	1327	815	1389	1069	679

117

AH1  
 SB 2002  
 2/27/2019

Licensed Contractors as of December 31, 2018	10,631
Licenses Issued to New Applicants during 2018	1,231
Licenses Issued to New Applicants during 2017	993
Charitable Organizations registered as of December 31, 2018	3,604

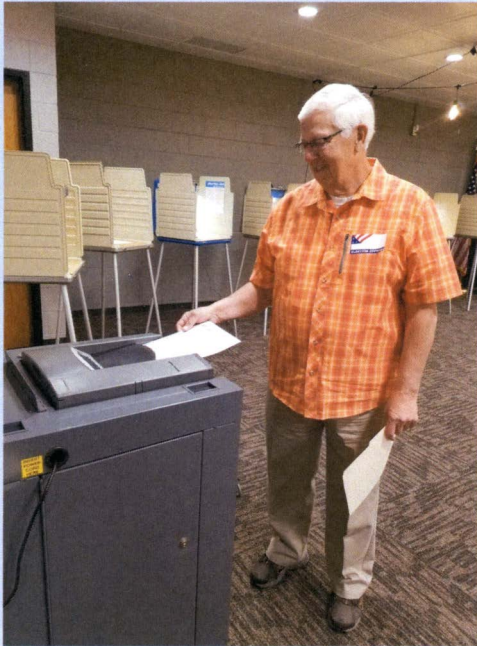
ATI

SB 2002

2/27/2019

#18

AM2 SB 2002 2/27/2019



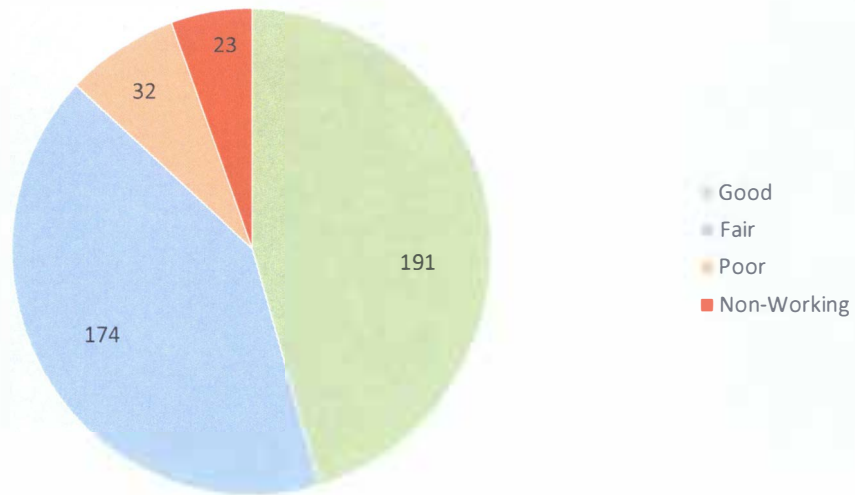
## Status of Election Equipment in ND

- Survey Completed by 50/53 County Auditors
- Survey Compiled by NDACo
- November, 2018



1

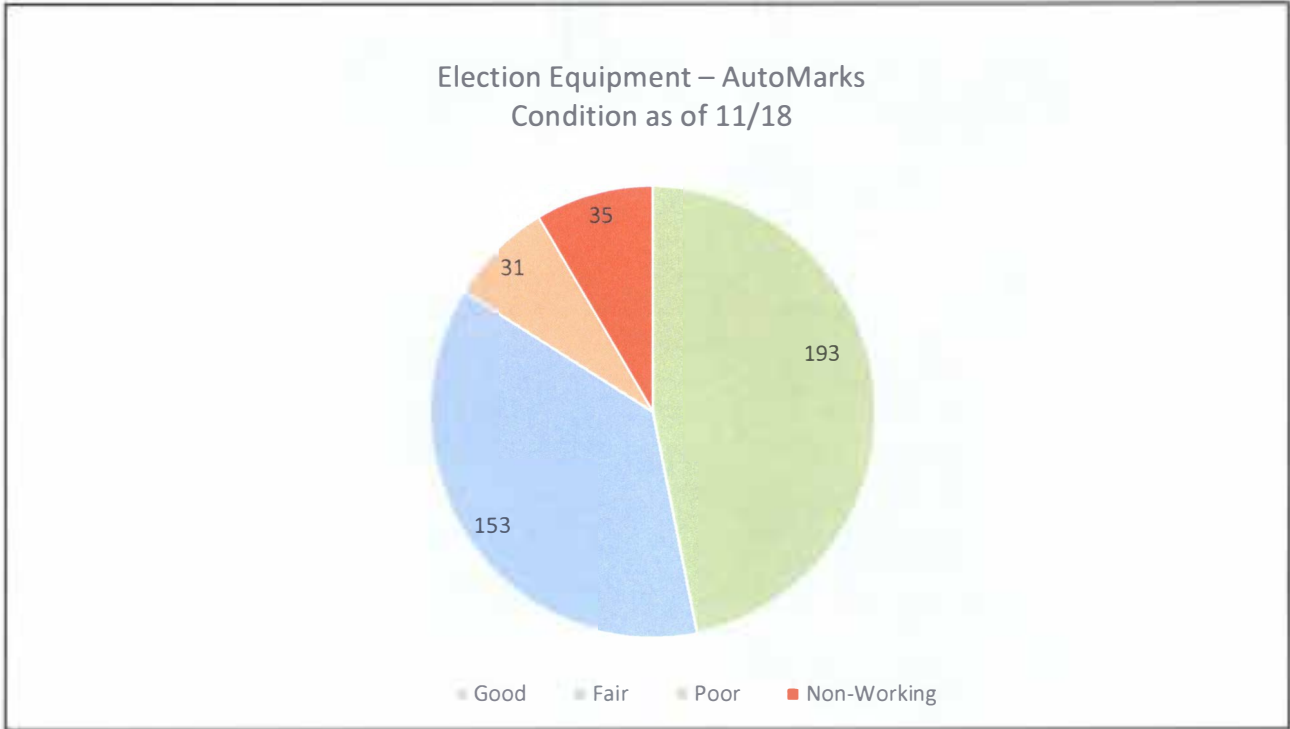
Election Equipment – Tabulators (Ballot Scanners)  
Status of Condition as of 11/18



2



Att 2 SB 2002 2/27/2019



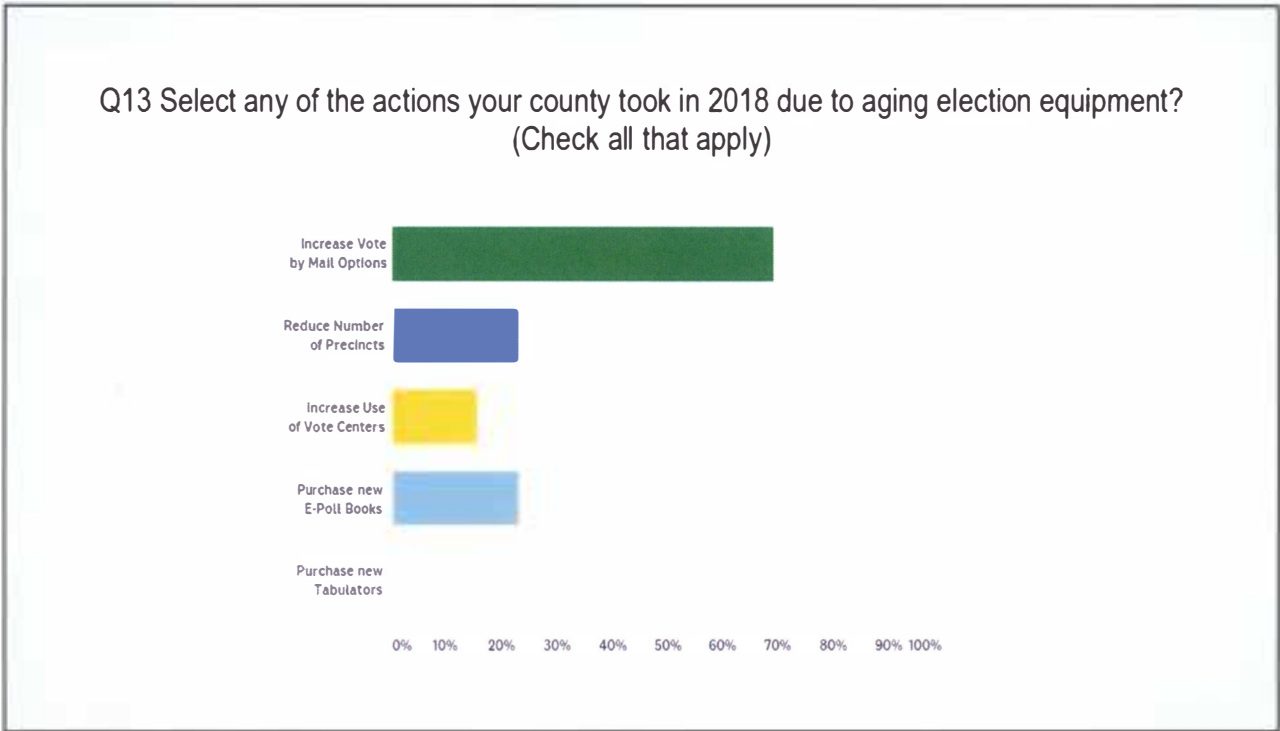
3



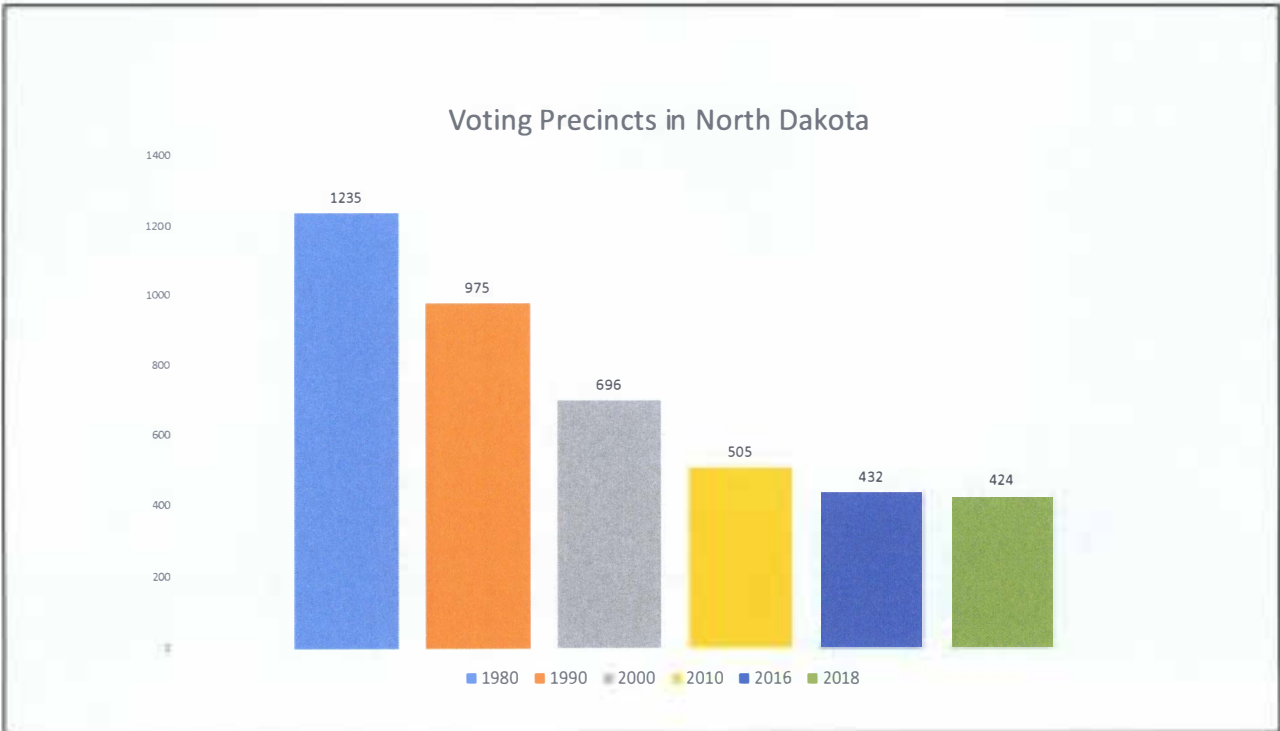
4



Att 2 SB 2002 2/27/2019



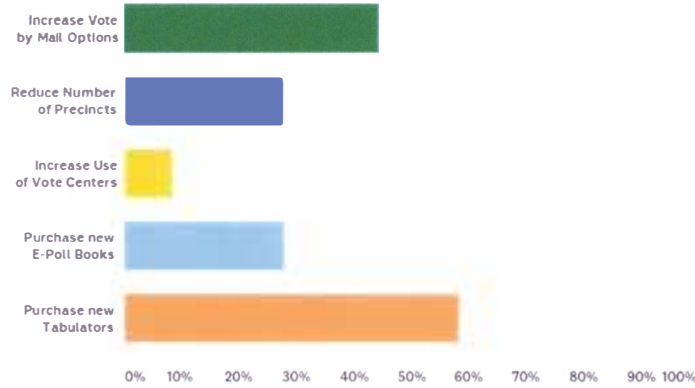
5



6

Att 2 SB 2002 2/27/2019

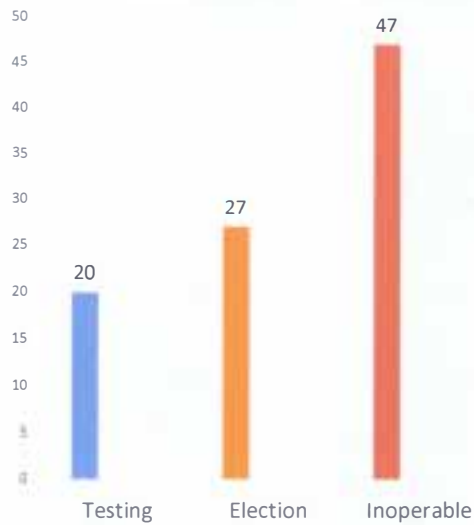
Q14 What options will your county be looking at for the 2020 elections due to aging election equipment? (Check all that apply)



7

Tabulators (Ballot Scanners) - FAILURES

- FAILURES:**
- 20 Tabulators Failed during Testing in 2018
    - 10 counties
  - 27 Tabulators FAILED during Primary or General Election
    - 16 Counties
    - 7 Counties multiple failures
  - 47 Tabulators Inoperable

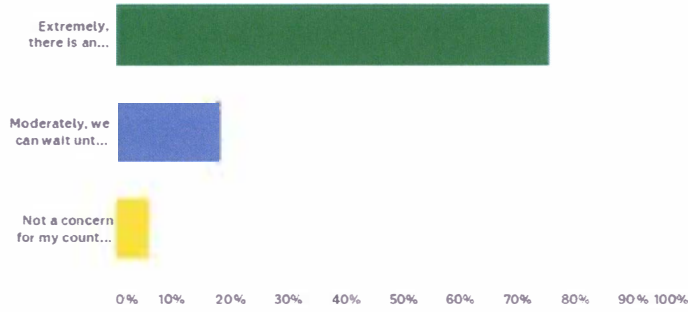


8

Att 2 SB 2002 2/27/2019

PH1

Q15 Based on the condition of your counties election equipment, how necessary is it that tabulators are updated in time for the 2020 election.



**75.5%** of respondents answered that it is **EXTREMELY** necessary that tabulators are updated prior to the 2020 election – stating there is an **URGENT** need.

Slide 9

---

DPH1 Donnell Preskey Hushka, 2/26/2019

Att 2

SB 2002

2/27/2019

Testimony for:  
House Appropriations  
2/27/19  
Prepared by:  
Donnell Preskey Hushka, ND Association of Counties

A442  
SB 2002  
2/27/2019



## Support for SB 2002: Secretary of State Budget - Election Equipment

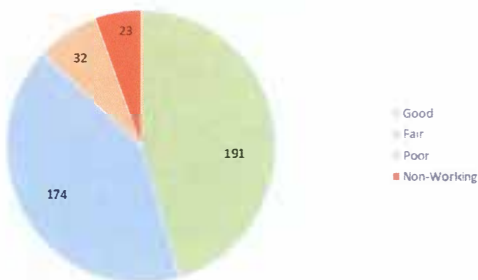
Chairman Monson and committee members, thank you for the opportunity to speak to you today. I'm Donnell Preskey with the North Dakota Association of Counties, I serve as Executive Director for the County Auditors Association. The County Auditors are the local election officials. This testimony is in support of the Secretary of State's Budget, SB 2002 to include funding for election equipment. Election equipment is critical infrastructure in dire need of replacement. Election equipment failure is not a threat – it is a reality. It is happening. This issue absolutely cannot be ignored further. The integrity of our elections depends on replacement of the aging equipment.

I will spend my time providing a brief overview of the "State of Election Equipment" today. But please know, there are county auditors who would most definitely share with you their hands on experiences with you if or when more time on this issue is allowed.

The election equipment being used currently is 15 years old. There is one reason why the equipment failures have not been catastrophic for voting in North Dakota, thus far, because auditors and their staff, through rigorous testing prior to the election, are able to identify equipment problems. The auditors then cannibalize those machines for their working parts. Because these machines are so old, parts are no longer being manufactured.

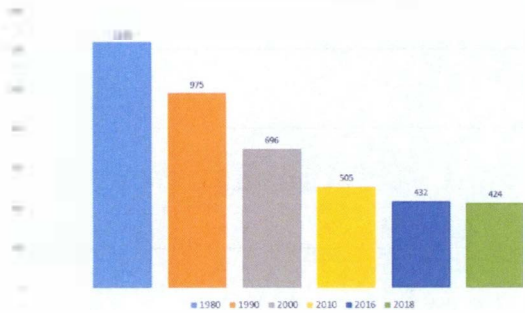
NDACo conducted a survey following the elections in 2016 and 2018 to assess the condition of the election equipment statewide. 50 out of 53 auditors completed the most recent survey conducted shortly after the general election. The findings are disturbing. I have provided you copied of our analysis and can run through it relatively quickly with you.

Election Equipment – Tabulators (Ballot Scanners)  
Status of Condition as of 11/18



When looking at the condition of the equipment for both the tabulators and Automarks (which is the device that is available for those that need assistance in voting) you can see that more than half of the machines are in fair, poor or non-working condition. The electronic poll books are being used by 8 counties and a few counties are on their second generation of E-Poll books which is why a majority are shown to be in "good" condition.

Voting Precincts in North Dakota



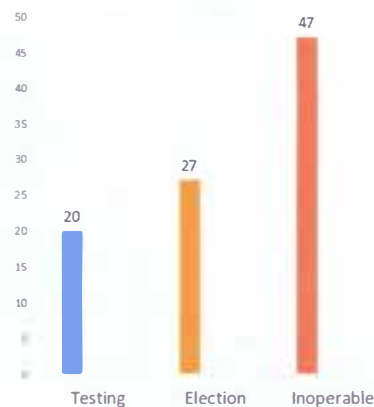
Due to the aging equipment and a realization that the equipment is not dependable, counties have made adjustments in how they conduct elections. Almost 70% of the Counties responded they have increased vote by mail options. Other actions taken were to reduce the number of precincts and increase the use of vote centers.

Now let's focus on, what I would consider, the most disturbing facts discovered from this survey. The failure of election equipment, namely the tabulators.

During the primary or general election – 27 tabulators failed. Prior to that, 20 tabulators failed during the rigorous testing auditors conduct before the election. The Election Day failures occurred in 16 counties, seven of those counties reported multiple failures. 47 of those tabulators that failed during testing or on Election Day are still inoperable.

- FAILURES:**
- 20 Tabulators Failed during Testing in 2018
    - 10 counties
  - 27 Tabulators FAILED during Primary or General Election
    - 16 Counties
    - 7 Counties multiple failures
  - 47 Tabulators Inoperable

Tabulators (Ballot Scanners) - FAILURES



The greatest failures described are: ballots jamming when

voters insert their ballots into the tabulator; diverter failures which is the part of the equipment that separates the ballots that have write-ins; and failures with the card reader that is used to upload the results from the machine to the Secretary of State's website (some counties had to hand type results from the tape that is printed from each machine). These failures cause questions in the reliability of our equipment.

Based on the condition of the election equipment, 75.5% of the auditors answered that it is EXTREMELY necessary that tabulators are replaced prior to the 2020 election.

Mr. Chairman and committee members – this investment is critical in order to protect the integrity of our voting system.

**Secretary of State - Budget No. 108**  
**Senate Bill No. 2002**  
**Base Level Funding Changes**

Att 3  
 SB 2002  
 2/27/2019

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
<b>2019-21 Biennium Base Level</b>	32.00	\$5,808,732	\$3,044,155	\$8,852,887	32.00	\$5,808,732	\$3,044,155	\$8,852,887	0.00	\$0	\$0	\$0
<b>2019-21 Ongoing Funding Changes</b>												
Base payroll changes		\$82,224	(\$200,158)	(\$117,934)		\$82,224	(\$200,158)	(\$117,934)				\$0
Salary increase		180,646	11,850	192,496		124,429	7,752	132,181		(56,217)	(4,098)	(60,315)
Health insurance increase		114,248	6,686	120,934		133,862	8,924	142,786		19,614	2,238	21,852
Retirement contribution increase		23,083	1,533	24,616				0		(23,083)	(1,533)	(24,616)
Increases temporary salaries			150,000	150,000			150,000	150,000				0
Reduces funding for election reform			(402,497)	(402,497)			(402,497)	(402,497)				0
Reduces funding for public printing		(31,172)		(31,172)		(31,172)		(31,172)				0
Increases funding for operating expenses		(527,002)	820,673	293,671		(527,002)	820,673	293,671				0
Increases funding for technology projects			800,000	800,000			800,000	800,000				0
Adds funding for Microsoft Office 365 licensing		4,065	799	4,864		4,065	799	4,864				0
Total ongoing funding changes	0.00	(\$153,908)	\$1,188,886	\$1,034,978	0.00	(\$213,594)	\$1,185,493	\$971,899	0.00	(\$59,686)	(\$3,393)	(\$63,079)
<b>One-time funding items</b>												
Adds funding for voting system and e-poll books			\$11,000,000	\$11,000,000			\$11,200,000	\$11,200,000				\$200,000
Total one-time funding changes	0.00	\$0	\$11,000,000	\$11,000,000	0.00	\$0	\$11,200,000	\$11,200,000	0.00	\$0	\$0	\$200,000
<b>Total Changes to Base Level Funding</b>	0.00	(\$153,908)	\$12,188,886	\$12,034,978	0.00	(\$213,594)	\$12,385,493	\$12,171,899	0.00	(\$59,686)	(\$3,393)	\$136,921
<b>2019-21 Total Funding</b>	32.00	\$5,654,824	\$15,233,041	\$20,887,865	32.00	\$5,595,138	\$15,429,648	\$21,024,786	0.00	(\$59,686)	(\$3,393)	\$136,921

**Other Sections for Secretary of State - Budget No. 108**

	Executive Budget Recommendation	Senate Version
Strategic investment and improvements fund	Section 6 would provide \$8 million from the strategic investment and improvements fund to Secretary of State for a statewide voting system and e-poll book project.	Section 3 identifies that \$8.2 million of the funds in the estimated income line are from the strategic investment and improvements fund for the Secretary of State's statewide voting system and e-poll book project.
Salary of Secretary of State	Section 3 would provide the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$105,770 to \$110,001, effective July 1, 2019, and to \$112,201, effective July 1, 2020, to reflect the 4 percent and 2 percent recommended salary increase.	Section 4 provides the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$105,770 to \$107,885, effective July 1, 2019, and to \$111,122, effective July 1, 2020, to reflect the 2 percent and 3 percent salary increase.
Secretary of State's general services operating fund	Section 4 would amend Century Code Section 54-09-08 to remove the requirement to transfer all funds in the Secretary of State's general services operating fund exceeding \$75,000 to the general fund at the end of each biennium.	Section 5 amends Century Code Section 54-09-08 to remove the requirement to transfer all funds in the Secretary of State's general services operating fund exceeding \$75,000 to the general fund at the end of each biennium.



AH 3 SB 2002  
2/27/2019

Other Sections for Secretary of State - Budget No. 108

Executive Budget Recommendation

Senate Version

Secretary of State fees

Section 5 would amend Section 54-09-11 to remove a directive for the Secretary of State to establish a fee for furnishing lists from the central indexing system and establish a fee of \$40 for preparing any listing or compilation of any information recorded or filed, and provide an additional fee of 50 cents per page for a listing in paper format. The section also would amend Section 54-09-11 to increase the filing fee for the central indexing system from \$10 to \$20 and allow the fee to be used for the programming and maintenance of the information technology systems administered by the Secretary of State. The section also would amend Section 54-09-11 to remove the requirement for the Secretary of State to pay \$10 to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to Sections 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, and 41-09-72.

Section 6 amends Section 54-09-11 to remove a directive for the Secretary of State to establish a fee for furnishing lists from the central indexing system and establish a fee of \$40 for preparing any listing or compilation of any information recorded or filed, and provide an additional fee of 50 cents per page for a listing in paper format. The section also would amend Section 54-09-11 to increase the filing fee for the central indexing system from \$10 to \$20 and allow the fee to be used for the programming and maintenance of the information technology systems administered by the Secretary of State. The section also would amend Section 54-09-11 to remove the requirement for the Secretary of State to pay \$10 to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to Sections 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, and 41-09-72.

Exemption

Section 7 would provide that any unexpended funds from the technology project in Section 2 of Chapter 36 of the 2015 Session Laws is not subject to the provisions of Section 54-11.1-11, and any unexpended funds may be expended during the 2019-21 biennium.

Section 7 provides that any unexpended funds from the technology project in Section 2 of Chapter 36 of the 2015 Session Laws is not subject to the provisions of Section 54-11.1-11, and any unexpended funds may be expended during the 2019-21 biennium.

P. 2

**Secretary of State - Budget No. 108**  
**Senate Bill No. 2002**  
**Base Level Funding Changes**

Att 1  
 SB 2002 3/18/2019

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
<b>2019-21 Biennium Base Level</b>	32.00	\$5,808,732	\$3,044,155	\$8,852,887	32.00	\$5,808,732	\$3,044,155	\$8,852,887	0.00	\$0	\$0	\$0
<b>2019-21 Ongoing Funding Changes</b>												
Base payroll changes		\$82,224	(\$200,158)	(\$117,934)		\$82,224	(\$200,158)	(\$117,934)				\$0
Salary increase		180,646	11,850	192,496		124,429	7,752	132,181		(56,217)	(4,098)	(60,315)
Health insurance increase		114,248	6,686	120,934		133,862	8,924	142,786		19,614	2,238	21,852
Retirement contribution increase		23,083	1,533	24,616				0		(23,083)	(1,533)	(24,616)
Increases temporary salaries			150,000	150,000			150,000	150,000				0
Reduces funding for election reform			(402,497)	(402,497)			(402,497)	(402,497)				0
Reduces funding for public printing		(31,172)		(31,172)		(31,172)		(31,172)				0
Increases funding for operating expenses		(527,002)	820,673	293,671		(527,002)	820,673	293,671				0
Increases funding for technology projects			800,000	800,000			800,000	800,000				0
Adds funding for Microsoft Office 365 licensing		4,065	799	4,864		4,065	799	4,864				0
Total ongoing funding changes	0.00	(\$153,908)	\$1,188,886	\$1,034,978	0.00	(\$213,594)	\$1,185,493	\$971,899	0.00	(\$59,686)	(\$3,393)	(\$63,079)
<b>One-time funding items</b>												
Adds funding for voting system and e-poll books			\$11,000,000	\$11,000,000			\$11,200,000	\$11,200,000				\$200,000
Total one-time funding changes	0.00	\$0	\$11,000,000	\$11,000,000	0.00	\$0	\$11,200,000	\$11,200,000	0.00	\$0	\$0	\$200,000
<b>Total Changes to Base Level Funding</b>	0.00	(\$153,908)	\$12,188,886	\$12,034,978	0.00	(\$213,594)	\$12,385,493	\$12,171,899	0.00	(\$59,686)	(\$3,393)	\$136,921
<b>2019-21 Total Funding</b>	32.00	\$5,654,824	\$15,233,041	\$20,887,865	32.00	\$5,595,138	\$15,429,648	\$21,024,786	0.00	(\$59,686)	(\$3,393)	\$136,921

**Other Sections for Secretary of State - Budget No. 108**

	Executive Budget Recommendation	Senate Version
Strategic investment and improvements fund	Section 6 would provide \$8 million from the strategic investment and improvements fund to Secretary of State for a statewide voting system and e-poll book project.	Section 3 identifies that \$8.2 million of the funds in the estimated income line are from the strategic investment and improvements fund for the Secretary of State's statewide voting system and e-poll book project.
Salary of Secretary of State	Section 3 would provide the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$105,770 to \$110,001, effective July 1, 2019, and to \$112,201, effective July 1, 2020, to reflect the 4 percent and 2 percent recommended salary increase.	Section 4 provides the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$105,770 to \$107,885, effective July 1, 2019, and to \$111,122, effective July 1, 2020, to reflect the 2 percent and 3 percent salary increase.
Secretary of State's general services operating fund	Section 4 would amend Century Code Section 54-09-08 to remove the requirement to transfer all funds in the Secretary of State's general services operating fund exceeding \$75,000 to the general fund at the end of each biennium.	Section 5 amends Century Code Section 54-09-08 to remove the requirement to transfer all funds in the Secretary of State's general services operating fund exceeding \$75,000 to the general fund at the end of each biennium.

AM SB 2002 3/18/2019

Other Sections for Secretary of State - Budget No. 108

**Executive Budget Recommendation**

**Senate Version**

Secretary of State fees

Section 5 would amend Section 54-09-11 to remove a directive for the Secretary of State to establish a fee for furnishing lists from the central indexing system and establish a fee of \$40 for preparing any listing or compilation of any information recorded or filed, and provide an additional fee of 50 cents per page for a listing in paper format. The section also would amend Section 54-09-11 to increase the filing fee for the central indexing system from \$10 to \$20 and allow the fee to be used for the programming and maintenance of the information technology systems administered by the Secretary of State. The section also would amend Section 54-09-11 to remove the requirement for the Secretary of State to pay \$10 to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to Sections 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, and 41-09-72.

Section 6 amends Section 54-09-11 to remove a directive for the Secretary of State to establish a fee for furnishing lists from the central indexing system and establish a fee of \$40 for preparing any listing or compilation of any information recorded or filed, and provide an additional fee of 50 cents per page for a listing in paper format. The section also would amend Section 54-09-11 to increase the filing fee for the central indexing system from \$10 to \$20 and allow the fee to be used for the programming and maintenance of the information technology systems administered by the Secretary of State. The section also would amend Section 54-09-11 to remove the requirement for the Secretary of State to pay \$10 to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to Sections 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, and 41-09-72.

Exemption

Section 7 would provide that any unexpended funds from the technology project in Section 2 of Chapter 36 of the 2015 Session Laws is not subject to the provisions of Section 54-11.1-11, and any unexpended funds may be expended during the 2019-21 biennium.

Section 7 provides that any unexpended funds from the technology project in Section 2 of Chapter 36 of the 2015 Session Laws is not subject to the provisions of Section 54-11.1-11, and any unexpended funds may be expended during the 2019-21 biennium.

**From:** Schmidt, James E.  
**Sent:** Monday, March 18, 2019 11:28 AM  
**To:** NDLA, H APP - Bergquist, Risa  
**Subject:** Fwd: SOS Budget

Begin forwarded message:

**From:** "Silrum, Jim" <[jsilrum@nd.gov](mailto:jsilrum@nd.gov)>  
**Date:** March 1, 2019 at 8:24:05 AM CST  
**To:** "Schmidt, James E." <[jeschmidt@nd.gov](mailto:jeschmidt@nd.gov)>  
**Cc:** "Nathe, Mike R." <[mrnathe@nd.gov](mailto:mrnathe@nd.gov)>  
**Subject:** RE: SOS Budget

I'm trying to make it as easy for you to appropriately amend and pass our budget. And just so it is clear, we would not be getting all that we asked for originally if you amend this bill in the manner we proposed. In fact, if you pass the bill with the amendments we propose, we will need to find ways to run our office for the next two years with more than \$1,000,000 less than what we know it will cost to run it effectively.

Also, I would appreciate the opportunity to explain to you in response to Rep. Sanford's question that we do not have a "slush" fund within our office that allows us to do what we want with the money. Within what is appropriated to us and what you give us the authority to spend and in the manner you authorize, we are charged with prioritizing what can and cannot be done during the biennium. E.g., our business customers may beg us for a particular enhancement to our FirstStop software to further secure their businesses from identity theft, but we have to weigh the need for that enhancement against say a need that the lenders of our state might ask of us to enhance our Central Indexing System to increase the security of their lien filings further ensuring their priority interest on the collateral listed on those filings, or their might be an enhancement needed to accommodate the new campaign finance disclosure requirements that will be mandated this session from the ethics laws that will be passed, or any number of items that do come up over the course of a biennium.

Again, if I can be as clear as possible, the amendment we are asking of you still puts our office in a large rough spot for how to do what we are called to do until you folks meet again in 2021. I know that you have a mission to make sure that our dollar figures are cut rather than increased, but I can't stress enough that we could only be cut further by eliminating responsibilities from our office. If you want us to stop licensing contractors, registering businesses, making businesses file annual reports, eliminate maintaining the security interests on lien filings, administering elections, tracking campaign finance, registering lobbyists, that is a different discussion all together. But I know that these duties would need to be handled elsewhere so the Committee would need to plan for increasing the budgets of the other agency to which these duties would be given.

Thanks for reading my rationale for our ask.

**Jim Silrum**  
Deputy Secretary of State



ATT 2

SB 2002

3/18/2019

**From:** Schmidt, James E. <jeschmidt@nd.gov>  
**Sent:** Thursday, February 28, 2019 6:43 PM  
**To:** Silrum, Jim <jsilrum@nd.gov>  
**Cc:** Nathe, Mike R. <mrnathe@nd.gov>  
**Subject:** Re: SOS Budget

Thank you.

Sent from my iPhone

On Feb 28, 2019, at 11:37 AM, Silrum, Jim <jsilrum@nd.gov> wrote:

Good Morning Jim and Mike,

I understand you had some discussions regarding our appropriations bill this morning during committee after you finished the WSI bill. I also understand that there still may be some confusion over certain details within our budget. Please know that I would be more than happy to sit down with the two of you to clear up any questions that may be remaining.

What we hoped would be clear for each of you is that we are only asking two changes to be authorized by the committee:

1. An emergency clause be added so that we can have access to the \$12,000,000 for the voting system and electronic pollbooks as soon as this bill is signed by the Governor, and
2. That the \$800,000 that will be going to our office rather than the counties next biennium be moved from the election reform line item where it is now to the general services operations fund.

If there are any questions as to whether or not the Senate would be in agreement with these two changes, please feel free to ask Sen. Hogue who was the subcommittee chair. If there is any question as to whether or not the counties are OK with the loss of the \$800,000 in revenue, please ask Terry Traynor and I am certain that he will say that he is for this because the SOS will use the money to help buy the voting system and electronic pollbooks this next biennium and maintain those devices in the years beyond that. He is in favor because all counties will benefit from this.

I would welcome the opportunity to answer your questions in a less formal atmosphere.

Sincerely,

**Jim Silrum**

Deputy Secretary of State  
600 E Blvd Ave Dept 108  
Bismarck ND 58505-0500  
701-328-3660 – Desk

Att 2

SE 2002

3/18/2019

Secretary of State - Budget No. 108  
 Senate Bill No. 2002  
 Base Level Funding Changes

Att 1 SB 2002 3/25/2019

	Senate Version				House Version				House Changes to Senate Version Increase (Decrease) - Senate Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
<b>2019-21 Biennium Base Level</b>	32.00	\$5,808,732	\$3,044,155	\$8,852,887	32.00	\$5,808,732	\$3,044,155	\$8,852,887	0.00	\$0	\$0	\$0
<b>2019-21 Ongoing Funding Changes</b>												
Base payroll changes		\$82,224	(\$200,158)	(\$117,934)		\$82,224	(\$200,158)	(\$117,934)				\$0
Salary increase		124,429	7,752	132,181		106,453	6,634	113,087		(17,976)	(1,118)	(19,094)
Health insurance increase		133,862	8,924	142,786		133,862	8,924	142,786				0
Retirement contribution increase				0				0				0
Increases temporary salaries			150,000	150,000			150,000	150,000				0
Reduces funding for election reform			(402,497)	(402,497)			(402,497)	(402,497)				0
Reduces funding for public printing		(31,172)		(31,172)		(31,172)		(31,172)				0
Increases funding for operating expenses		(527,002)	820,673	293,671		(527,002)	820,673	293,671				0
Increases funding for technology projects			800,000	800,000			800,000	800,000				0
Adds funding for Microsoft Office 365 licensing		4,065	799	4,864		4,065	799	4,864				0
Total ongoing funding changes	0.00	(\$213,594)	\$1,185,493	\$971,899	0.00	(\$231,570)	\$1,184,375	\$952,805	0.00	(\$17,976)	(\$1,118)	(\$19,094)
<b>One-time funding items</b>												
Adds funding for voting system and e-poll books			\$11,200,000	\$11,200,000			\$11,200,000	\$11,200,000				\$0
Total one-time funding changes	0.00	\$0	\$11,200,000	\$11,200,000	0.00	\$0	\$11,200,000	\$11,200,000	0.00	\$0	\$0	\$0
<b>Total Changes to Base Level Funding</b>	0.00	(\$213,594)	\$12,385,493	\$12,171,899	0.00	(\$231,570)	\$12,384,375	\$12,152,805	0.00	(\$17,976)	(\$1,118)	(\$19,094)
<b>2019-21 Total Funding</b>	32.00	\$5,595,138	\$15,429,648	\$21,024,786	32.00	\$5,577,162	\$15,428,530	\$21,005,692	0.00	(\$17,976)	(\$1,118)	(\$19,094)

Other Sections for Secretary of State - Budget No. 108

	Senate Version	House Version
Strategic investment and improvements fund - Emergency	Section 3 identifies that \$8.2 million of the funds in the estimated income line are from the strategic investment and improvements fund for the Secretary of State's statewide voting system and e-poll book project.	Section 3 identifies that \$8.2 million of the funds in the estimated income line are from the strategic investment and improvements fund for the Secretary of State's statewide voting system and e-poll book project. Section 8 declares Section 3 to be an emergency measure.
Salary of Secretary of State	Section 4 provides the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$105,770 to \$107,885, effective July 1, 2019, and to \$111,122, effective July 1, 2020, to reflect the 2 percent and 3 percent salary increase.	Section 4 provides the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$105,770 to \$107,885, effective July 1, 2019, and to \$111,122, effective July 1, 2020, to reflect the 2 percent and 3 percent salary increase.
Secretary of State's general services operating fund	Section 5 amends Century Code Section 54-09-08 to remove the requirement to transfer all funds in the Secretary of State's general services operating fund exceeding \$75,000 to the general fund at the end of each biennium.	Section 5 amends Century Code Section 54-09-08 to remove the requirement to transfer all funds in the Secretary of State's general services operating fund exceeding \$75,000 to the general fund at the end of each biennium.



4111 SB 2002 3/25/2019

Other Sections for Secretary of State - Budget No. 108

Senate Version

House Version

Secretary of State fees

Section 6 amends Section 54-09-11 to remove a directive for the Secretary of State to establish a fee for furnishing lists from the central indexing system and establish a fee of \$40 for preparing any listing or compilation of any information recorded or filed, and provide an additional fee of 50 cents per page for a listing in paper format. The section also would amend Section 54-09-11 to increase the filing fee for the central indexing system from \$10 to \$20 and allow the fee to be used for the programming and maintenance of the information technology systems administered by the Secretary of State. The section also would amend Section 54-09-11 to remove the requirement for the Secretary of State to pay \$10 to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to Sections 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, and 41-09-72.

Section 6 amends Section 54-09-11 to remove a directive for the Secretary of State to establish a fee for furnishing lists from the central indexing system and establish a fee of \$40 for preparing any listing or compilation of any information recorded or filed, and provide an additional fee of 50 cents per page for a listing in paper format. The section also would amend Section 54-09-11 to increase the filing fee for the central indexing system from \$10 to \$20 and allow the fee to be used for the programming and maintenance of the information technology systems administered by the Secretary of State. The section also would amend Section 54-09-11 to remove the requirement for the Secretary of State to pay \$10 to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to Sections 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, and 41-09-72.

Exemption

Section 7 provides that any unexpended funds from the technology project in Section 2 of Chapter 36 of the 2015 Session Laws is not subject to the provisions of Section 54-11.1-11, and any unexpended funds may be expended during the 2019-21 biennium.

Section 7 provides that any unexpended funds from the technology project in Section 2 of Chapter 36 of the 2015 Session Laws is not subject to the provisions of Section 54-11.1-11, and any unexpended funds may be expended during the 2019-21 biennium.