

OTHER DUTIES OF THE GOVERNMENT FINANCE COMMITTEE - BACKGROUND MEMORANDUM

In addition to the study responsibilities assigned to the Government Finance Committee for the 2017-18 interim, the committee has also been assigned to:

- Receive state budget information, including monitoring the status of revenues and appropriations.
- Receive a report from the Department of Transportation (DOT) regarding information collected from transportation network companies during each biennium, pursuant to North Dakota Century Code Section 39-34-05.
- Receive a report from DOT by June 30, 2018, pursuant to Section 10 of 2017 Senate Bill No. 2012, regarding the results of the study on the manner in which DOT provides snow and ice control services on the state highway system.
- Receive a report from DOT by June 30, 2018, pursuant to Section 11 of 2017 Senate Bill No. 2012, regarding the results of its study of options to consolidate transportation facilities within Williams County and the Williston district headquarters.
- Receive a report from DOT and the Information Technology Department by June 30, 2018, pursuant to Section 14 of 2017 Senate Bill No. 2012, regarding the results of a study on benefits of allowing wireless telecommunication infrastructure within state highway rights of way and what, if any, requirements of allowing the installation may be in the public interest.
- Receive a report from the Industrial Commission by June 30, 2018, pursuant to Section 30 of 2017 Senate Bill No. 2014, regarding the results and recommendations of its gain-sharing program study.
- Receive a report from the Department of Commerce semiannually regarding the status of a program to establish and administer an unmanned aircraft systems (UAS) test site in cooperation with the University of North Dakota, the Aeronautics Commission, Adjutant General, and private parties appointed by the Governor, pursuant to Section 54-60-28.

MONITORING THE STATUS OF THE STATE BUDGET

Beginning with the 1975-76 interim, a Legislative Management interim committee has been assigned the responsibility to review state budget information, including the monitoring of state revenues and the status of major state agency and institution appropriations. The Government Finance Committee has been assigned this responsibility for the 2017-18 interim.

As in previous bienniums, the committee's review could place emphasis on expenditures of major state agencies and other appropriations the committee might select. Budget areas the committee may wish to review include:

- Status of items underfunded during the 2017-19 biennium. Review actual salary savings in comparison to amounts underfunded in anticipation of savings for the 2017-19 biennium.
- Potential one-time funding items to be considered by the Legislative Assembly in 2019.
- Status of expenditures of major agency programs.
- Federal funding received and anticipated to be received by state agencies.
- Projected revenues, expenditures, and fund balances of major state funds.
- Revised 2017-19 biennium revenue forecasts and preliminary 2019-21 biennium revenue forecasts.
- Other key budget issues for the 2019 legislative session.

Also completed and presented each interim since the 1987-88 interim is a report on the status of agency compliance with legislative intent. This report includes the status of state agencies' and institutions' implementation of budget/programmatic changes and legislative directives contained in appropriation bills and other legislation and the identification of agency budget issues. These reports are also provided to members of the Budget Section for their information.

The type of reporting outlined above will provide the committee with early information on problem areas needing legislative consideration and action or may be the basis for legislation to be introduced to the Legislative Assembly in 2019.

REPORT FROM THE DEPARTMENT OF TRANSPORTATION ON INFORMATION COLLECTED ON TRANSPORTATION NETWORK COMPANIES

A transportation network company as defined in Section 26.1-40.1-01 means a person operating in this state which enables prearranged transportation services for compensation using an online-enabled application or platform to connect passengers with independent participating drivers using a personal vehicle. An example of a transportation network company is Uber.

In 2015 House Bill No. 1144, the Legislative Assembly created Chapter 39-34, relating to transportation company networks ([Appendix A](#)), which requires transportation network companies to register with the state; requires passengers to be notified of fees before services are rendered; establishes transportation driver requirements; limits disclosure of personally identifiable information of passengers; sets reporting requirements for transportation network companies and DOT; and restricts political subdivisions from imposing taxes, rate restrictions, entry, operational, or other requirements on transportation network companies.

Section 39-34-04 ([Appendix A](#)) requires transportation network companies to report the following information to DOT:

1. A list of political subdivisions in which the transportation network company operates;
2. The number of accidents that were reported to the transportation network company during the passenger on-board stage; and
3. The number and types of traffic violations and other violations that were reported to the transportation network company during the passenger on-board stage.

Section 39-34-04 also requires DOT to report the information collected from the transportation network companies to the Legislative Management.

REPORT FROM THE DEPARTMENT OF TRANSPORTATION ON ITS STUDY OF SNOW AND ICE CONTROL SERVICES ON STATE HIGHWAYS

Section 10 of 2017 Senate Bill No. 2012 ([Appendix B](#)) requires DOT to study the manner in which it provides snow and ice control services on the state highway system. The study is to include the existing costs of the services and any potential savings available in providing the services. The department, based on its findings, is to determine the most efficient and effective manner in which to provide snow and ice control services and is required to report to the Legislative Management before July 1, 2018. During the 2017 legislative session, DOT proposed the closure of eight highway maintenance sections in the consolidation of its highway maintenance operations. The 2017 Legislative Assembly, in Section 8 of Senate Bill No. 2012, authorized DOT to discontinue operations of the maintenance section sites. However, DOT may not dispose of any real property assigned to a section designated for closure until DOT has consulted with the political subdivisions, in which the site is located, to take over operations of the site.

REPORT FROM THE DEPARTMENT OF TRANSPORTATION ON ITS STUDY OF OPTIONS TO CONSOLIDATE TRANSPORTATION FACILITIES WITHIN WILLIAMS COUNTY AND THE WILLISTON DISTRICT HEADQUARTERS

Section 11 of 2017 Senate Bill No. 2012 ([Appendix C](#)) requires DOT to study options to consolidate transportation facilities within Williams County and the Williston district headquarters. The department is required to report the results of the study to the Legislative Management before July 1, 2018. If the results of the study determine that it is beneficial to consolidate facilities, the department may proceed with consolidation efforts. The department may not construct any new buildings at the Williston district headquarters until the study is completed.

REPORT FROM THE DEPARTMENT OF TRANSPORTATION AND THE INFORMATION TECHNOLOGY DEPARTMENT ON THEIR STUDY OF WIRELESS TELECOMMUNICATION INFRASTRUCTURE WITHIN STATE HIGHWAY RIGHTS OF WAY

Section 14 of 2017 Senate Bill No. 2012 ([Appendix D](#)) requires DOT and the Information Technology Department to report to the Government Finance Committee regarding the results of the study on benefits of allowing wireless telecommunication infrastructure within state highway rights of way and what, if any,

requirements of allowing the installation may be in the public interest. The department is required to report to the Legislative Management before July 1, 2018.

REPORT FROM THE INDUSTRIAL COMMISSION ON THE STATE MILL AND ELEVATOR'S GAIN-SHARING PROGRAM

Section 12 of 2009 Senate Bill No. 2014 created Section 54-18-20 regarding the gain-sharing program at the State Mill and Elevator. The program is subject to annual approval by the Industrial Commission. The section does not allow gain-sharing unless the Mill and Elevator profits exceed \$1 million and transfers will be made to the general fund prior to any payouts under the gain-sharing program. The intent of the section is to promote profitability, productivity, and safety of the Mill and Elevator. Section 30 of 2017 Senate Bill No. 2014 ([Appendix E](#)) requires the Industrial Commission to study, in consultation with the Mill and Elevator Association, its gain-sharing program, including consideration of the costs and benefits of the program, best practices in other milling operations, and the estimated fiscal impact of repealing or modifying the gain-sharing program. The commission is to report to the Legislative Management before July 1, 2018, regarding the results of the study.

ANNUAL REPORTS FROM THE DEPARTMENT OF COMMERCE ON THE STATUS OF THE ESTABLISHMENT OF THE UNMANNED AIRCRAFT SYSTEMS TEST SITE

In 2013 Senate Bill No. 2018, the Legislative Assembly created Section 54-60-28, relating to a UAS program ([Appendix F](#)). The section authorized the Department of Commerce to establish and administer a UAS test site, contingent upon receiving official designation by the Federal Aviation Administration, which the state received on December 30, 2013. The Legislative Management's 2015-16 interim Economic Impact Committee received reports that the test site is performing increasingly advanced UAS research, development, and testing activities. The report indicated that those capabilities, in combination with other assets, such as the Grand Sky Business Park and the state's research universities, are attracting private companies to the state and enabling growth of the private sector cluster of UAS activity in the state. The section requires the department to cooperate with the University of North Dakota, the Aeronautics Commission, the Adjutant General, and private parties appointed by the Governor in the administration of the test site. The section authorizes the department to charge fees sufficient to operate the test site. Section 54-60-29 provides a continuing appropriation to the department for the fees it receives from the program. The section requires the department, to the extent possible, to obtain competitive bidding in the establishment and administration of the test site and authorizes the Commissioner of the Department of Commerce to charter a public corporation, which possesses all of the powers of a business corporation consistent with Chapter 54-60, to operate the test site. The department is to report semiannually to the Legislative Management on the status of the program.

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