

**Secretary of State
Budget 108
Senate Bill No. 2002; House Bill Nos. 1014, 1018**

| | FTE Positions | General Fund | Other Funds | Total |
|---|----------------------|--------------------------|--------------------|-------------------|
| 2007-09 legislative appropriation | 27.00 | \$5,378,413 ¹ | \$8,874,480 | \$14,252,893 |
| 2005-07 legislative appropriation | <u>27.00</u> | <u>4,489,363</u> | <u>9,944,028</u> | <u>14,433,391</u> |
| 2007-09 appropriation increase (decrease) to 2005-07 appropriation | 0.00 | \$889,050 | (\$1,069,548) | (\$180,498) |

¹This amount includes \$824,153 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$4,554,260.

NOTE: The 2007-09 legislative appropriation amounts include \$14,336, of which \$13,721 is from the general fund, for the agency's share of the \$10 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for classified employees.

Item Description

One-time funding - The Legislative Assembly identified \$824,153 from the general fund for continuing the Secretary of State's mainframe migration project as a one-time funding item. This funding is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget, and the Secretary of State is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding.

North Dakota business development engine information technology project - The Legislative Assembly authorized the Secretary of State, subject to Budget Section approval, to borrow up to \$2,920,000 from the Bank of North Dakota for implementing the North Dakota business development engine information technology project. The Secretary of State may request Budget Section approval only if the revenues projected to be generated from provisions of House Bill No. 1340 over the term of the proposed loan based on the trend of actual corporate charters granted are anticipated to exceed the revenues projected to be generated from provisions of this bill of \$720,000 per biennium by an amount sufficient to repay the proposed loan, including interest. House Bill No. 1340 allows for a corporate governance structure for certain publicly traded corporations and requires an annual report and fees to be filed with the Secretary of State. The fees are deposited in the general fund.

Status/Result

The Secretary of State acquired an existing central indexing application from the North Carolina Office of Secretary of State and converted the application to a Microsoft.NET system. The agency discontinued the project on February 15, 2008, because the application source code was dysfunctional. Actual expenditures for the project totaled \$770,105, including funding from the general fund and special funds from the agency's general services fund. Expenses were incurred during the 2005-07 and 2007-09 bienniums. Approximately \$600,000 remains of the 2007-09 general fund appropriation of \$824,153 for the project. The agency has released a request for proposal for implementing a new software application system for the central indexing functions. The agency anticipates using the \$600,000 remaining general fund appropriation and additional special funds from the general services fund to begin implementation of a new system in the 2007-09 biennium. The agency will be requesting funding from the 2009 Legislative Assembly to complete the project.

As of May 7, 2008, the Secretary of State has not collected any fees as the result of the new corporate governance structure established by House Bill No. 1340. At this time, the agency does not anticipate requesting approval from the Budget Section to borrow money from the Bank of North Dakota to implement the North Dakota business development engine information technology project during the 2007-09 biennium.