

## JOURNAL OF THE SENATE

## Sixty-fifth Legislative Assembly

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Bismarck, April 25, 2017

The Senate convened at 1:00 p.m., with President Sanford presiding.

The prayer was offered by Senator Campbell, District 19.

The roll was called and all members were present.

A quorum was declared by the President.

**REPORT OF CONFERENCE COMMITTEE**

**SB 2001, as engrossed:** Your conference committee (Sens. Holmberg, Wanzek, Robinson and Reps. Vigesaa, Boehning, Delmore) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1211-1215, adopt amendments as follows, and place SB 2001 on the Seventh order:

That the House recede from its amendments as printed on pages 1211-1215 of the Senate Journal and pages 1316-1320 of the House Journal and that Engrossed Senate Bill No. 2001 be amended as follows:

Page 1, line 3, after "appropriations" insert "; to create and enact a new section to chapter 54-35 of the North Dakota Century Code, relating to the creation of a legislative revenue advisory committee; to provide for legislative management studies"

Page 1, replace lines 15 through 19 with:

"Salaries and wages	\$10,004,373	\$229,051	\$10,233,424
Operating expenses	3,467,629	226,962	3,694,591
Capital assets	16,800	(10,800)	6,000
National conference of state legislatures	<u>241,263</u>	<u>(16,108)</u>	<u>225,155</u>
Total general fund	\$13,730,065	\$429,105	\$14,159,170"

Page 1, remove line 24

Page 2, replace lines 1 through 6 with:

"Salaries and wages	\$9,180,442	(\$130,912)	\$9,049,530
Operating expenses	<u>2,837,968</u>	<u>73,640</u>	<u>2,911,608</u>
Total all funds	\$12,018,410	(\$57,272)	\$11,961,138
Less estimated income	<u>70,000</u>	<u>0</u>	<u>70,000</u>
Total general fund	\$11,948,410	(\$57,272)	\$11,891,138
Full-time equivalent positions	37.00	(1.00)	36.00"

Page 2, replace lines 11 through 13 with:

"Grand total general fund	\$25,678,475	\$371,833	\$26,050,308
Grand total special funds	<u>70,000</u>	<u>0</u>	<u>70,000</u>
Grand total all funds	\$25,748,475	\$371,833	\$26,120,308

**SECTION 2. HEALTH INSURANCE INCREASE.** The salaries and wages line item in subdivisions 1 and 2 of section 1 of this Act include funding from the general fund for increases in employee health insurance premiums from \$1,130 to \$1,241 per month. Total funding provided from the general fund is as follows:

Legislative assembly	\$353,769
Legislative council	<u>95,568</u>
Total	\$449,337"

Page 3, after line 21, insert:

"SECTION 7. A new section to chapter 54-35 of the North Dakota Century Code is created and enacted as follows:

**Legislative revenue advisory committee.**

1. The legislative management, during each biennium, shall appoint a legislative revenue advisory committee. The committee must consist of the majority and minority leaders of the house and senate, the chairs of the house and senate appropriations committees, one member appointed by the house majority leader, and one member appointed by the senate majority leader. The legislative management shall designate the chairman of the committee. The committee shall operate according to the statutes and procedures governing the operation of other legislative management interim committees. The committee may contract with economic forecasting entities to provide economic data specific to North Dakota for state revenue forecasting purposes.
2. The committee shall monitor state revenues and state economic activity, review economic forecasting data and models, review and analyze executive revenue forecasts and alternative revenue forecasts, and conduct other assigned studies.
3. The committee shall review and assess agency revenues, including an assessment of the delivery and cost of services, staffing, and billing processes, to identify improvements to the efficiency and effectiveness of the services that will result in reduced costs for state agencies.
4. The committee shall consider input from representatives of the office of management and budget, office of the tax commissioner, industrial commission, other state agencies, and private sector entities.
5. The committee shall report its findings and recommendations to the legislative management for use in establishing the state revenue forecast.

**SECTION 8. LEGISLATIVE MANAGEMENT STUDY - INFORMATION TECHNOLOGY DEPARTMENT SERVICES AND COSTS.** During the 2017-18 interim, the legislative management shall consider studying the delivery and cost of the information technology department's services provided to state agencies. The study must include a review of the department's cost of services, staffing, and billing processes and must identify improvements to the efficiency and effectiveness of the department's services that will result in reduced costs for state agencies. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-sixth legislative assembly.

**SECTION 9. LEGISLATIVE MANAGEMENT STUDY - STATE FLEET SERVICES AND COSTS.** During the 2017-18 interim, the legislative management shall consider studying the delivery and cost of the department of transportation's state fleet services for state agencies. The study must include a review of the department's cost of services, staffing, and billing processes and identify improvements to the efficiency and effectiveness of the state fleet services that will result in reduced costs for state agencies. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-sixth legislative assembly."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2001 - Summary of Conference Committee Action**

Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Legislative Assembly					

Total all funds	\$13,730,065	\$14,213,458	(\$54,288)	\$14,159,170	\$14,159,170	\$0
Less estimated income	0	0	0	0	0	0
General fund	\$13,730,065	\$14,213,458	(\$54,288)	\$14,159,170	\$14,159,170	\$0
<b>Legislative Council</b>						
Total all funds	\$12,018,410	\$12,142,536	(\$181,398)	\$11,961,138	\$11,936,138	\$25,000
Less estimated income	70,000	70,000	0	70,000	70,000	0
General fund	\$11,948,410	\$12,072,536	(\$181,398)	\$11,891,138	\$11,866,138	\$25,000
<b>Bill total</b>						
Total all funds	\$25,748,475	\$26,355,994	(\$235,686)	\$26,120,308	\$26,095,308	\$25,000
Less estimated income	70,000	70,000	0	70,000	70,000	0
General fund	\$25,678,475	\$26,285,994	(\$235,686)	\$26,050,308	\$26,025,308	\$25,000

### Senate Bill No. 2001 - Legislative Assembly - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$10,004,373	\$10,262,695	(\$29,271)	\$10,233,424	\$10,233,424	
Operating expenses	3,467,629	3,694,591		3,694,591	3,694,591	
Capital assets	16,800	6,000		6,000	6,000	
National Conf. of State Legislatures	241,263	250,172	(25,017)	225,155	225,155	
Total all funds	\$13,730,065	\$14,213,458	(\$54,288)	\$14,159,170	\$14,159,170	\$0
Less estimated income	0	0	0	0	0	0
General fund	\$13,730,065	\$14,213,458	(\$54,288)	\$14,159,170	\$14,159,170	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

### Department No. 150 - Legislative Assembly - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance Increases <sup>1</sup>	Reduces National Conference of State Legislatures Dues <sup>2</sup>	Total Conference Committee Changes
Salaries and wages	(\$29,271)		(\$29,271)
Operating expenses			
Capital assets			
National Conf. of State Legislatures		(25,017)	(25,017)
Total all funds	(\$29,271)	(\$25,017)	(\$54,288)
Less estimated income	0	0	0
General fund	(\$29,271)	(\$25,017)	(\$54,288)
FTE	0.00	0.00	0.00

<sup>1</sup> Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month, the same as the House version.

<sup>2</sup> National Conference of State Legislatures dues are reduced by 10 percent to provide a total of \$225,155, the same as the House version.

This amendment also adds a section to identify additional funding provided for health insurance increases, the same as the House version.

### Senate Bill No. 2001 - Legislative Council - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$9,180,442	\$9,169,066	(\$119,536)	\$9,049,530	\$9,049,530	
Operating expenses	2,837,968	2,943,470	(31,862)	2,911,608	2,886,608	25,000
Capital assets		30,000	(30,000)			
Total all funds	\$12,018,410	\$12,142,536	(\$181,398)	\$11,961,138	\$11,936,138	\$25,000
Less estimated income	70,000	70,000	0	70,000	70,000	0

General fund	\$11,948,410	\$12,072,536	(\$181,398)	\$11,891,138	\$11,866,138	\$25,000
FTE	37.00	36.00	0.00	36.00	36.00	0.00

### Department No. 160 - Legislative Council - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance Increases <sup>1</sup>	Removes Funding for 1 FTE Office Assistant Position <sup>2</sup>	Adds Funding for Temporary Salaries <sup>3</sup>	Reduces Funding for Operating Expenses <sup>4</sup>	Removes Funding for Capital Assets <sup>5</sup>	Total Conference Committee Changes
Salaries and wages	(\$7,465)	(\$147,071)	\$35,000			(\$119,536)
Operating expenses				(31,862)		(31,862)
Capital assets					(30,000)	(30,000)
Total all funds	(\$7,465)	(\$147,071)	\$35,000	(\$31,862)	(\$30,000)	(\$181,398)
Less estimated income	0	0	0	0	0	0
General fund	(\$7,465)	(\$147,071)	\$35,000	(\$31,862)	(\$30,000)	(\$181,398)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

<sup>1</sup> Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month, the same as the House version.

<sup>2</sup> Funding for 1 FTE office assistant position is removed, the same as the House version.

<sup>3</sup> Funding is added for temporary salaries and wages to assist with session duties related to the office assistant position, the same as the House version.

<sup>4</sup> Funding is reduced for information technology services (\$21,862) and professional fees (\$10,000), the House reduced professional fees by \$35,000.

<sup>5</sup> Funding for copier replacement is removed, the same as the House version.

This amendment also adds sections to:

- Identify additional funding provided for health insurance increases, the same as the House version.
- Establish a legislative revenue advisory committee similar to the House version which provided for a state revenue advisory committee.
- Provide for a study of Information Technology Department services and costs. This study was not included in the Senate or House version of the bill.
- Provide for a study of the delivery and cost of the Department of Transportation's state fleet services for state agencies. This study was not included in the Senate or House version of the bill.

Engrossed SB 2001 was placed on the Seventh order of business on the calendar.

#### REPORT OF CONFERENCE COMMITTEE

**SB 2016, as engrossed:** Your conference committee (Sens. Krebsbach, Oehlke, Mathern and Reps. Streyle, Martinson, Boe) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1249-1252, adopt amendments as follows, and place SB 2016 on the Seventh order:

That the House recede from its amendments as printed on pages 1249-1252 of the Senate Journal and pages 1344-1347 of the House Journal and that Engrossed Senate Bill No. 2016 be amended as follows:

Page 1, line 2, after "Dakota" insert "; to provide a statement of legislative intent; to provide for a legislative management study; to provide for a study by the office of management and budget; to provide an appropriation to the office of management and budget; and to declare an emergency"

Page 1, replace lines 12 through 21 with:

"Salaries and wages	\$39,604,238	(\$12,448,672)	\$27,155,566
Operating expenses	13,479,157	(1,977,902)	11,501,255
Capital assets	20,000	100,000	120,000
Grants	5,404,326	54,245	5,458,571
Workforce 20/20	1,441,225	(1,441,225)	0
Reed Act - unemployment insurance computer modernization	<u>12,407,000</u>	<u>(1,197,443)</u>	<u>11,209,557</u>
Total all funds	\$72,355,946	(\$16,910,997)	\$55,444,949
Less estimated income	<u>70,467,866</u>	<u>(15,568,710)</u>	<u>54,899,156</u>
Total general fund	\$1,888,080	(\$1,342,287)	\$545,793"

Page 1, after line 22, insert:

**"SECTION 2. HEALTH INSURANCE INCREASES.** The salaries and wages line item in section 1 of this Act includes the sum of \$421,951, of which \$2,827 is from the general fund, for increases in employee health insurance premiums from \$1,130 to \$1,241 per month."

Page 1, line 23, after **"FUNDING"** insert **"- EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-SIXTH LEGISLATIVE ASSEMBLY"**

Page 1, line 24, after "biennium" insert "and the 2017-19 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 2, replace lines 2 through 6 with:

"Oil and gas employment study	\$80,000	\$0
Virtual OneStop application	9,500	0
Renovation of Bismarck regional office	0	<u>100,000</u>
Total all funds	\$89,500	\$100,000
Total special funds	0	0
Total general fund	\$89,500	\$100,000

The 2017-19 biennium one-time funding amounts are not a part of the entity's base budget for the 2019-21 biennium. Job service North Dakota shall report to the appropriations committees of the sixty-sixth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2017, and ending June 30, 2019."

Page 2, line 9, replace "\$11,210,286" with "\$11,209,557"

Page 2, after line 16, insert:

**"SECTION 6. ESTIMATED INCOME - RENT REVENUE.** The estimated income line item in section 1 of this Act includes \$750,000 of estimated rent revenue as a result of job service North Dakota leasing the Minot regional office and a portion of the Bismarck central office to other state agencies. Any revenue collected must be deposited in the job service North Dakota operating fund for the biennium beginning July 1, 2017, and ending June 30, 2019.

**SECTION 7. ONE-TIME FUNDING - BISMARCK REGIONAL OFFICE RENOVATION - RELOCATION COSTS.** Section 1 of this Act includes \$100,000 of one-time funding from the general fund, for defraying the expenses of job service North Dakota relocating from the Bismarck central office to the Bismarck regional office and for costs associated with renovations of the Bismarck regional office necessary for normal business operations for the biennium beginning July 1, 2017, and ending June 30, 2019.

**SECTION 8. NEW JOBS TRAINING.** During the biennium beginning July 1, 2017, and ending June 30, 2019, job service North Dakota may not award more than \$2,500,000 for new agreements related to the new jobs training program under chapter 52-02.1.

**SECTION 9. LEGISLATIVE MANAGEMENT STUDY - JOB SERVICE NORTH DAKOTA PROPERTIES.** During the 2017-18 interim, the legislative management shall consider studying office space cost and value of properties owned

by job service North Dakota in Fargo, Rolla, Minot, and Bismarck with input from the office of management and budget. If job service North Dakota sells or leases any property identified in this section before July 1, 2017, the property may not be included in the study. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-sixth legislative assembly.

**SECTION 10. APPROPRIATION - STUDY AND LEASE OF JOB SERVICE NORTH DAKOTA BISMARCK PROPERTY - JOB SERVICE NORTH DAKOTA RELOCATION - BUDGET SECTION REPORT.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$25,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of contracting with a qualified consultant by June 30, 2017, to conduct a study of the most cost-effective use for the job service North Dakota property Parcel# 0485-010-045; Lot# N.50; of L 3, ALL 4-6, ALL L 17-19; Block# 10; Addition - TIBESAR's first in the city of Bismarck, Burleigh County, North Dakota. The funding appropriated in this section is considered one-time funding. The office of management and budget, in consultation with the attorney general and job service North Dakota, shall determine the most cost-effective use of the property described in this section. The term "cost-effective" means savings to the general fund, including any costs associated with relocation, rental costs related to the job service North Dakota Bismarck regional office, and remodeling of office space for job service North Dakota and the attorney general's office. The office of management and budget shall complete its study by September 30, 2017. If the office of management and budget determines it is more cost-effective for the attorney general's office to lease a portion of the property described in this section, job service North Dakota shall lease the number of square feet that is determined the most cost-effective, up to seventy-five percent of the building, to the attorney general, no later than March 31, 2018. Job service North Dakota shall continue to occupy at least twenty-five percent of the building. As a result of the study provided for in this section and upon the lease of a portion of the property described in this section, job service North Dakota may relocate a portion of its central office operations to another suitable location. The office of management and budget shall report the findings and results of its study to the budget section prior to the lease of the job service North Dakota central office building and subsequent relocation of job service North Dakota to the Bismarck regional office or other office space.

**SECTION 11. LEGISLATIVE INTENT.** If the attorney general's office relocates a portion of its operations to the job service North Dakota central office, it is the intent of the sixty-fifth legislative assembly any funds appropriated to lease office space it is vacating are no longer appropriated for said purpose.

**SECTION 12. EMERGENCY.** Section 10 of this Act is declared to be an emergency measure."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2016 - Summary of Conference Committee Action**

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Office of Management and Budget						
Total all funds	\$0	\$0	\$25,000	\$25,000	\$0	\$25,000
Less estimated income	0	0	0	0	0	0
General fund	\$0	\$0	\$25,000	\$25,000	\$0	\$25,000
Job Service North Dakota						
Total all funds	\$72,355,946	\$55,130,142	\$314,807	\$55,444,949	\$55,444,949	\$0
Less estimated income	70,467,866	54,181,895	717,261	54,899,156	54,899,156	0
General fund	\$1,888,080	\$948,247	(\$402,454)	\$545,793	\$545,793	\$0
Bill total						
Total all funds	\$72,355,946	\$55,130,142	\$339,807	\$55,469,949	\$55,444,949	\$25,000
Less estimated income	70,467,866	54,181,895	717,261	54,899,156	54,899,156	0
General fund	\$1,888,080	\$948,247	(\$377,454)	\$570,793	\$545,793	\$25,000

**Senate Bill No. 2016 - Office of Management and Budget - Conference Committee Action**

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Operating expenses			\$25,000	\$25,000		\$25,000
Total all funds	\$0	\$0	\$25,000	\$25,000	\$0	\$25,000
Less estimated income	0	0	0	0	0	0
General fund	\$0	\$0	\$25,000	\$25,000	\$0	\$25,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department No. 110 - Office of Management and Budget - Detail of Conference Committee Changes**

	Adds Funding for a Job Service North Dakota Property Study <sup>1</sup>	Total Conference Committee Changes
Operating expenses	\$25,000	\$25,000
Total all funds	\$25,000	\$25,000
Less estimated income	0	0
General fund	\$25,000	\$25,000
FTE	0.00	0.00

<sup>1</sup> One-time funding of \$25,000 is added from the general fund to the Office of Management and Budget for the purpose of contracting with a consultant to conduct a study to determine the most cost-effective use of the Job Service North Dakota Bismarck central office building.

**Senate Bill No. 2016 - Job Service North Dakota - Conference Committee Action**

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$39,604,238	\$27,187,623	(\$32,057)	\$27,155,566	\$27,155,566	
Operating expenses	13,479,157	10,751,255	750,000	11,501,255	11,501,255	
Capital assets	20,000	20,000	100,000	120,000	120,000	
Grants	5,404,326	5,458,571		5,458,571	5,458,571	
Workforce 20/20	1,441,225	502,407	(502,407)			
Reed Act - Computer modernization	12,407,000	11,210,286	(729)	11,209,557	11,209,557	
Total all funds	\$72,355,946	\$55,130,142	\$314,807	\$55,444,949	\$55,444,949	\$0
Less estimated income	70,467,866	54,181,895	717,261	54,899,156	54,899,156	0
General fund	\$1,888,080	\$948,247	(\$402,454)	\$545,793	\$545,793	\$0
FTE	237.76	181.61	0.00	181.61	181.61	0.00

**Department No. 380 - Job Service North Dakota - Detail of Conference Committee Changes**

	Adjusts Funding for Health Insurance <sup>1</sup>	Eliminates Funding For Workforce 20/20 Program <sup>2</sup>	Adds Funding for Estimated Rent Revenue <sup>3</sup>	Adds One-Time Funding for Relocating and Office Renovations <sup>4</sup>	Total Conference Committee Changes
Salaries and wages	(\$32,057)				(\$32,057)
Operating expenses			750,000		750,000
Capital assets				100,000	100,000
Grants					
Workforce 20/20	(174)	(502,233)			(502,407)
Reed Act - Computer modernization	(729)				(729)
Total all funds	(\$32,960)	(\$502,233)	\$750,000	\$100,000	\$314,807
Less estimated income	(32,739)	0	750,000	0	717,261
	(\$221)	(\$502,233)	\$0	\$100,000	(\$402,454)

General fund					
FTE	0.00	0.00	0.00	0.00	0.00

<sup>1</sup> Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month. Section 2 of the bill is also adjusted to reflect the revised premium rate.

<sup>2</sup> Funding is eliminated for the Workforce 20/20 program, the same as the House version. The Senate provided \$502,407 from the general fund for the program.

<sup>3</sup> Funding for operating expenses is increased by \$750,000 of revenue to be collected as a result of Job Service North Dakota leasing the Minot regional office and Bismarck central office to other state agencies, the same as the House version. Revenue collected will be deposited in the Job Service North Dakota operating fund. The House also included these provisions.

<sup>4</sup> One-time funding is added from the general fund for costs associated with Job Service North Dakota relocating from the Bismarck central office to the Bismarck regional office and for any related renovations of the Bismarck regional office necessary for normal business operations, the same as the House version.

This amendment also:

- Adjusts the amount of funding for Reed Act funds in Section 4 of the bill, the same as the House version.
- Adds a section to identify an increase in special fund spending authority of \$750,000 due to estimated rent revenue to be collected as a result of leasing the Job Service North Dakota Minot regional office and Bismarck central office, the same as the House version.
- Adds a section to identify \$100,000 of one-time funding from the general fund for costs associated with Job Service North Dakota relocating to the Bismarck regional office and for related renovation costs of the property, the same as the House version.
- Adds a section limiting the amount Job Service North Dakota may award for new agreements under the new jobs training program to \$2.5 million during the 2017-19 biennium. The House repealed North Dakota Century Code Chapter 52-02.1, related to the new jobs training program and allowed Job Service North Dakota to honor any current obligations of the program. The Conference Committee did not repeal the chapter.
- Removes a section approved by the House to provide legislative intent regarding the study of Job Service North Dakota properties in Fargo, Rolla, Minot, and Bismarck.
- Adds a section providing for a Legislative Management study, with input from the Office of Management and Budget, related to Job Service North Dakota properties in Fargo, Rolla, Minot, and Bismarck. The House version included a similar section.
- Adds a section providing for a study by the Office of Management and Budget regarding the potential lease of the Job Service North Dakota central office in Bismarck. This section is declared to be an emergency measure.
- Adds a section providing legislative intent that upon the Attorney General's potential relocation to the Job Service North Dakota central office, funds appropriated to the Attorney General to lease office space in the 2017-19 biennium is no longer appropriated for that purpose.

Engrossed SB 2016 was placed on the Seventh order of business on the calendar.

#### REPORT OF CONFERENCE COMMITTEE

**SB 2119, as engrossed:** Your conference committee (Sens. Krebsbach, Oehlke, Mathern and Reps. Streyle, Martinson, Boe) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1266-1267, adopt amendments as follows, and place SB 2119 on the Seventh order:



That the House recede from its amendments as printed on pages 1266 and 1267 of the Senate Journal and pages 1411 and 1412 of the House Journal and that Engrossed Senate Bill No. 2119 be amended as follows:

Page 1, line 2, after "sell" insert "or lease"

Page 1, line 2, after the semicolon insert "to provide for a study; to provide a statement of legislative intent; to provide reports to the budget section;"

Page 1, after line 4, insert:

**"SECTION 1. STUDY OF PROPERTIES BY JOB SERVICE NORTH DAKOTA - BUDGET SECTION REPORT.** During the 2017-18 interim, job service North Dakota shall study the feasibility and desirability of selling its properties in Rolla and Minot and the main office in Bismarck. The study must identify historical data and documentation regarding the purchase price and funding source of each property and provide for an appraisal of each property in accordance with section 54-01-05.2. The study must include a determination of the allowable sales price for each property in accordance with state and federal law. Job service North Dakota shall collaborate with the office of management and budget to develop a proposal for the attorney general's office and highway patrol to lease portions of the Minot property from job service North Dakota, while allowing job service North Dakota to continue occupying a portion of the property necessary for normal business operations. Job service North Dakota shall report its findings and recommendations to the budget section before July 1, 2018.

**SECTION 2. LEASE OF PROPERTY BY JOB SERVICE NORTH DAKOTA - ROLLA PROPERTY.** Beginning July 1, 2017, job service North Dakota may lease to Rolette County, as allowed by state and federal law, Parcel#29 0001 29089 000 00006700 2904000000; city of Rolla OTS Lot 17 Block 7 and Parcel#29 0001 29090 000 00006701 2904000000; city of Rolla OTS Lot 18 Block 7 in the city of Rolla, Rolette County, North Dakota. Job service North Dakota may lease the property to Rolette County for a sum of one dollar until the property is sold. The lease must provide that all operational and maintenance costs related to the property are the responsibility of Rolette County until the property is sold."

Page 1, line 4, after "**DAKOTA**" insert "**- ROLLA PROPERTY - BUDGET SECTION APPROVAL**"

Page 1, line 4, replace "The" with "If a sale of the property is determined feasible based on the study required in section 1 of this Act and subject to budget section approval, the"

Page 1, line 10, after the period insert "Job service North Dakota shall grant Rolette County a right of first refusal for the purchase of this property for the sum of one dollar within one year of the date of budget section approval. If the study in section 1 of this Act determines the one dollar purchase price to be inadequate based on state or federal law, job service North Dakota shall sell and convey the property to Rolette County at ninety percent of current fair market value within one year of the date of budget section approval. If Rolette County does not exercise its right to purchase the property at ninety percent of current fair market value, job service North Dakota may sell and convey the property to another purchaser for the current fair market value."

Page 1, remove lines 15 through 24

Page 2, replace lines 1 through 11 with:

**"SECTION 4. LEASE OF PROPERTY BY JOB SERVICE NORTH DAKOTA - BISMARCK PROPERTY - JOB SERVICE NORTH DAKOTA RELOCATION - BUDGET SECTION REPORT.** The office of management and budget shall determine the most efficient and cost-effective use of job service North Dakota property Parcel# 0485-010-045; Lot# N.50' of L 3, ALL L 4-6, ALL L 17-19; Block# 10; Addition - TIBESAR'S first in the city of Bismarck, Burleigh County, North Dakota. The office of management and budget shall develop a plan for the most efficient and cost-effective use of the property which may require job service North Dakota to

lease all or a portion of the property described in this section to certain state agencies, including the attorney general's office, as allowed by state and federal law. Based on the plan developed by the office of management and budget, and upon the lease of all or a portion of the property described in this section, job service North Dakota may relocate all or a portion of its central office operations to Parcel# 0729-001-001; Lot# 1; Block# 1; Addition - Wisdom Office Park in the city of Bismarck, Burleigh County, North Dakota. The office of management and budget shall report to the budget section regarding its plan before the leasing of the job service North Dakota central office and subsequent relocation of job service North Dakota to the Bismarck regional office.

**SECTION 5. LEGISLATIVE INTENT - MINOT AND BISMARCK JOB SERVICE NORTH DAKOTA PROPERTIES.** It is the intent of the sixty-fifth legislative assembly that if, as a result of the study provided for in section 1 of this Act, the sale of job service North Dakota property in Minot and its main office in Bismarck is determined feasible, the office of management and budget request authorization and any necessary funding from the sixty-sixth legislative assembly for the conveyance of the property for use by other state agencies."

Renumber accordingly

Engrossed SB 2119 was placed on the Seventh order of business on the calendar.

#### **SENATE STATUTORY AND INTERIM COMMITTEES**

**PRESIDENT SANFORD ANNOUNCED** the following Senate Statutory and Interim Committees:

##### **Legislative Management**

Sen. Wardner  
Sen. Armstrong  
Sen. Holmberg  
Sen. Sorvaag  
Sen. Klein  
Sen. Schaible  
Sen. Heckaman  
Sen. Oban

##### **Capitol Grounds Planning Commission**

Sen. Laffen  
Sen. D. Larson

##### **Comprehensive Health Association of North Dakota Board**

Sen. J. Lee

##### **Legacy and Budget Stabilization Fund**

Sen. Klein  
Sen. Dotzenrod

##### **Brain Injury Advisory Council**

Sen. Kilzer

##### **Education Commission of the States**

Sen. Schaible

#### **CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. HOLMBERG MOVED** that the conference committee report on Engrossed SB 2001 be adopted, which motion prevailed on a voice vote.

#### **SECOND READING OF SENATE BILL**

**SB 2001:** A BILL for an Act to provide an appropriation for defraying the expenses of the legislative branch of state government; to provide for applications, transfers, and cancellation of unexpended appropriations; to create and enact a new section to chapter 54-35 of the North Dakota Century Code, relating to the creation of a legislative revenue advisory committee; to provide for legislative management

studies; and to declare an emergency.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 47 YEAS, 0 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Anderson; Armstrong; Bekkedahl; Bowman; Burckhard; Campbell; Casper; Clemens; Cook; Davison; Dever; Dotzenrod; Erbele; Grabinger; Heckaman; Hogue; Holmberg; Kannianen; Kilzer; Klein; Krebsbach; Kreun; Laffen; Larsen, O.; Larson, D.; Lee, G.; Lee, J.; Luick; Marcellais; Mathern; Meyer; Myrdal; Nelson; Oban; Oehlke; Osland; Piepkorn; Poolman; Robinson; Roers; Rust; Schaible; Sorvaag; Unruh; Vedaa; Wanzek; Wardner

Reengrossed SB 2001 passed and the emergency clause was declared carried.

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#### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

**SEN. OEHLKE MOVED** that the conference committee report on Engrossed SB 2016 be adopted, which motion prevailed on a voice vote.

#### SECOND READING OF SENATE BILL

**SB 2016:** A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota; to provide a statement of legislative intent; to provide for a legislative management study; to provide for a study by the office of management and budget; to provide an appropriation to the office of management and budget; and to declare an emergency.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 45 YEAS, 2 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Anderson; Armstrong; Bekkedahl; Bowman; Burckhard; Campbell; Casper; Clemens; Cook; Davison; Dever; Dotzenrod; Erbele; Grabinger; Hogue; Holmberg; Kannianen; Kilzer; Klein; Krebsbach; Kreun; Laffen; Larsen, O.; Larson, D.; Lee, G.; Lee, J.; Luick; Mathern; Meyer; Myrdal; Nelson; Oban; Oehlke; Osland; Piepkorn; Poolman; Robinson; Roers; Rust; Schaible; Sorvaag; Unruh; Vedaa; Wanzek; Wardner

**NAYS:** Heckaman; Marcellais

Reengrossed SB 2016 passed and the emergency clause was declared carried.

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#### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

**SEN. OEHLKE MOVED** that the conference committee report on Engrossed SB 2119 be adopted, which motion prevailed on a voice vote.

#### SECOND READING OF SENATE BILL

**SB 2119:** A BILL for an Act authorizing the state of North Dakota acting through job service North Dakota to sell or lease certain property; to provide for a study; to provide a statement of legislative intent; to provide reports to the budget section; and to declare an emergency.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 47 YEAS, 0 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Anderson; Armstrong; Bekkedahl; Bowman; Burckhard; Campbell; Casper; Clemens; Cook; Davison; Dever; Dotzenrod; Erbele; Grabinger; Heckaman; Hogue; Holmberg; Kannianen; Kilzer; Klein; Krebsbach; Kreun; Laffen; Larsen, O.; Larson, D.; Lee, G.; Lee, J.; Luick; Marcellais; Mathern; Meyer; Myrdal; Nelson; Oban; Oehlke; Osland; Piepkorn; Poolman; Robinson; Roers; Rust; Schaible; Sorvaag; Unruh; Vedaa; Wanzek; Wardner

Reengrossed SB 2119 passed and the emergency clause was declared carried.

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**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**  
**MR. SPEAKER:** The Senate has passed, unchanged: HCR 3037.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**  
**MR. SPEAKER:** The Senate has adopted the conference committee report, subsequently passed, and the emergency clause carried: SB 2001, SB 2016, SB 2119.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: SB 2009.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** The House has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1003.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**  
**MR. SPEAKER:** Your signature is respectfully requested on: SB 2009.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**  
**MR. SPEAKER:** Your signature is respectfully requested on: SB 2020.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** Your signature is respectfully requested on: HB 1018.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** Your signature is respectfully requested on: HCR 3037.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** The Speaker has signed: SB 2009.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** The Speaker has signed: SB 2020.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**  
**MR. SPEAKER:** The President has signed: SB 2019, SB 2206.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**  
**MR. SPEAKER:** The President has signed: SB 2020.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**  
**MR. SPEAKER:** The President has signed: HB 1008.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**  
**MR. SPEAKER:** The President has signed: HB 1018.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** The Speaker has signed: HB 1008.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** The Speaker has signed: HB 1018.

#### **DELIVERY OF ENROLLED BILLS AND RESOLUTIONS**

The following bills were delivered to the Governor for approval on April 25, 2017: SB 2019, SB 2206.

#### **DELIVERY OF ENROLLED BILLS AND RESOLUTIONS**

The following bill was delivered to the Governor for approval on April 25, 2017: SB 2020.

#### **COMMUNICATION FROM GOVERNOR DOUG BURGUM**

This is to inform you that on April 24, 2017, I have signed the following: SB 2010, SB 2012, SB 2025, SB 2037, SB 2047, SB 2166, SB 2203, and SB 2224.

**REPORT OF STANDING COMMITTEE**

**HB 1050: Finance and Taxation Committee (Sen. Cook, Chairman)** recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1050 was placed on the Fourteenth order on the calendar.

**REPORT OF CONFERENCE COMMITTEE**

**SB 2013, as engrossed:** Your conference committee (Sens. Wardner, Wanzek, Grabinger and Reps. Kempenich, Brandenburg, Delzer) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1332-1343, adopt amendments as follows, and place SB 2013 on the Seventh order:

That the House recede from its amendments as printed on pages 1332-1343 of the Senate Journal and pages 1560-1571 of the House Journal and that Engrossed Senate Bill No. 2013 be amended as follows:

Page 1, line 2, after the first semicolon insert "to provide an appropriation to the state treasurer;"

Page 1, line 3, replace "and to provide an exemption" with "to create and enact a new section to chapter 57-51 of the of the North Dakota Century Code, relating to the energy impact fund; to amend and reenact subsection 5 of section 57-51-01 and sections 57-51-15 and 57-51.1-07.6 of the North Dakota Century Code, relating to oil and gas gross production tax definitions and allocations and the political subdivision allocation fund; to repeal section 57-51.1-07.6 of the North Dakota Century Code, relating to the political subdivision allocation fund; to provide exemptions; to provide for reports; to provide statements of legislative intent; to provide for a legislative management study; and to provide an effective date"

Page 1, line 7, after the first comma insert "the strategic investment and improvements fund, the energy impact fund,"

Page 1, replace lines 13 through 20 with:

"Salaries and wages	\$6,123,516	(\$117,966)	\$6,005,550
Operating expenses	2,019,637	(243,914)	1,775,723
Capital assets	0	3,600,000	3,600,000
Grants	99,300,000	(59,300,000)	40,000,000
Contingencies	100,000	0	100,000
Energy infrastructure and impact office	<u>700,000</u>	<u>(700,000)</u>	<u>0</u>
Total special funds	\$108,243,153	(\$56,761,880)	\$51,481,273
Full-time equivalent positions	33.00	(2.00)	31.00

**SECTION 2. HEALTH INSURANCE INCREASE.** The appropriation in section 1 of this Act includes \$84,948 from special funds for increases in employee health insurance premiums from \$1,130 to \$1,241 per month."

Page 2, replace lines 2 and 3 with:

"Oil and gas impact grants - airports	\$0	\$25,000,000
Other grants - airports	0	15,000,000
Information technology project	<u>0</u>	<u>3,600,000</u>
Total special funds	\$0	\$43,600,000"

Page 2, replace lines 8 through 12 with:

**"SECTION 4. APPROPRIATION - STATE TREASURER - DISTRIBUTIONS TO NON-OIL-PRODUCING COUNTIES.** There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of \$8,000,000, or so much of the sum as may be necessary, and out of any moneys in the state disaster relief fund in the state treasury, not otherwise appropriated, the sum of \$8,100,000, or so much of the sum as may be necessary, to the state treasurer for the purpose of providing distributions to non-oil-producing counties for the benefit of the organized and unorganized townships within each non-oil-producing county, for the biennium beginning July 1,

2017, and ending June 30, 2019. In August 2017, the state treasurer shall distribute \$16,100,000, or so much of the sum as may be necessary, to non-oil-producing counties for the benefit of the organized and unorganized townships within each non-oil-producing county. The distribution to each non-oil-producing county must provide for an allocation of \$10,000 to each organized and unorganized township within the county. The amount allocated to organized townships under this section must be paid by the county treasurer to each organized township. The amount allocated to unorganized townships under this section must be credited by the county treasurer to a special fund for unorganized township roads. The distributions under this section must be used for the maintenance and improvement of township paved and unpaved roads and bridges. A township is not eligible for an allocation of funds under this section if the township does not maintain any township roads. For purposes of this subsection, a "non-oil-producing county" means a county that received no allocation of funding or a total allocation under subsection 2 of section 57-51-15 of less than \$5,000,000 for the period beginning September 1, 2015, and ending August 31, 2016. For the purposes of calculating the unobligated balance of the state disaster relief fund under section 57-51.1-07.5, the moneys appropriated in this section from the state disaster relief fund may not be considered an obligation of the state disaster relief fund until after July 31, 2017. The funding appropriated in this section is considered a one-time funding item.

**SECTION 5. TRANSFER - POLITICAL SUBDIVISION ALLOCATION FUND TO ENERGY IMPACT FUND.** The state treasurer shall transfer \$8,000,000 from the political subdivision allocation fund to the energy impact fund during August 2017.

**SECTION 6. TRANSFER - POLITICAL SUBDIVISION ALLOCATION FUND TO STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** After the transfer in section 5 of this Act, the state treasurer shall transfer any amount remaining in the political subdivision allocation fund from the political subdivision allocation fund to the strategic investment and improvements fund during August 2017.

**SECTION 7. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO ENERGY IMPACT FUND.** The state treasurer shall transfer \$3,000,000 from the strategic investment and improvements fund to the energy impact fund during August 2017."

Page 3, after line 23, insert:

**"SECTION 11. EXEMPTION - FLOOD-IMPACTED POLITICAL SUBDIVISION INFRASTRUCTURE DEVELOPMENT GRANTS.** Up to \$1,325,500 appropriated from the general fund in section 10 of chapter 579 of the 2011 Session Laws for flood-impacted political subdivision infrastructure development grants, which was awarded but not yet reimbursed to the city of Minot for a landfill expansion project, is not subject to section 54-44.1-11, and any unexpended funds are available to reimburse the city of Minot during the biennium beginning July 1, 2017, and ending June 30, 2019.

**SECTION 12. INFORMATION TECHNOLOGY PROJECT - BUDGET SECTION APPROVAL - LEGISLATIVE INTENT - AGENCY EFFICIENCIES.** The capital assets line item and the total special funds line item in section 1 of this Act include \$3,600,000 from the state lands maintenance fund for an information technology project. Of the \$3,600,000, \$1,800,000 may be spent only upon approval of the budget section. It is the intent of the sixty-fifth legislative assembly that during the 2017-18 interim, the governor and the commissioner of university and school lands achieve efficiencies and budgetary savings within the department of trust lands through the use of innovative ideas and through alternative solutions relating to information technology.

**SECTION 13. OIL AND GAS IMPACT GRANT FUND - AIRPORT GRANTS.** The grants line item and the total special funds line item in section 1 of this Act include the sum of \$25,000,000 from the oil and gas impact grant fund for grants to airports, for the biennium beginning July 1, 2017, and ending June 30, 2019. Of the \$25,000,000, the board of university and school lands shall award a grant of \$20,000,000 to the Williston airport and a grant of \$5,000,000 to the Dickinson airport. A grant may be awarded to the Williston airport only when any related federal

funding is committed and available to be spent on the new airport construction project. Grants awarded but not yet paid under this section are not subject to section 54-44.1-11.

**SECTION 14. ENERGY IMPACT FUND - WILLISTON AIRPORT GRANT.**

The grants line item and the total special funds line item in section 1 of this Act include the sum of \$15,000,000 from the energy impact fund for a grant to the Williston airport, for the biennium beginning July 1, 2017, and ending June 30, 2019. A grant may be awarded to the Williston airport only when any related federal funding is committed and available to be spent on the new airport construction project. Grants awarded but not yet paid under this section are not subject to section 54-44.1-11.

**SECTION 15. AMENDMENT.** Subsection 5 of section 57-51-01 of the North Dakota Century Code is amended and reenacted as follows:

5. ~~"Hub city" means, for the period beginning September 1, 2015, and ending August 31, 2017, a city with a population of twelve thousand five hundred or more, according to the last official decennial federal census, which has more than one percent of its private covered employment engaged in oil and gas related employment, according to annual data compiled by job service North Dakota. "Hub city" means, after August 31, 2017, a city with a population of twelve thousand five hundred or more, according to the last official decennial federal census, which has more than one percent of its private covered employment engaged in the mining industry, according to annual data compiled by job service North Dakota.~~ "Hub city" means, after August 31, 2017, a city with a population of twelve thousand five hundred or more, according to the last official decennial federal census, which has more than ~~one~~two percent of its private covered employment engaged in the mining industry, according to annual data compiled by job service North Dakota.

**SECTION 16. AMENDMENT.** Section 57-51-15 of the North Dakota Century Code is amended and reenacted as follows:

**57-51-15. Gross production tax allocation.**

The gross production tax must be allocated monthly as follows:

1. ~~First the~~The tax revenue collected under this chapter equal to one percent of the gross value at the well of the oil and one-fifth of the tax on gas must be deposited with the state treasurer ~~who shall~~. The state treasurer shall allocate the funding in the following order:
  - a. ~~Allocate, for the period beginning September 1, 2015, and ending August 31, 2017, to each hub city, which is located in a county that received an allocation under subsection 2, a monthly amount that will provide a total allocation of three hundred seventy five thousand dollars per fiscal year for each full or partial percentage point of its private covered employment engaged in oil and gas related employment, according to annual data compiled by job service North Dakota and after August 31, 2017, allocate to~~To each hub city, which is located in a county that received an allocation under subsection 2 ~~in the most recently completed even-numbered fiscal year, the state treasurer shall allocate~~ a monthly amount that will provide a total allocation of three hundred seventy-five thousand dollars per fiscal year for each full or partial percentage point, ~~excluding the first two percentage points,~~ of its private covered employment engaged in the mining industry, according to annual data compiled by job service North Dakota; For purposes of the allocations under this subdivision during the period beginning September 1, 2017, and ending August 31, 2018, the state treasurer shall use the following employment percentages:
    - (1) Thirty-three percent for the city of Williston;
    - (2) Seventeen percent for the city of Dickinson; and
    - (3) Four percent for the city of Minot.

- b. ~~Allocate, for the period beginning September 1, 2015, and ending August 31, 2017, to each hub city, which is located in a county that did not receive an allocation under subsection 2, a monthly amount that will provide a total allocation of two hundred fifty thousand dollars per fiscal year for each full or partial percentage point of its private covered employment engaged in oil and gas related employment, according to annual data compiled by job service North Dakota and after August 31, 2017, allocate to~~ To each hub city, which is located in a county that did not receive an allocation under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of two hundred fifty thousand dollars per fiscal year for each full or partial percentage point, excluding the first two percentage points, of its private covered employment engaged in the mining industry, according to annual data compiled by job service North Dakota;
- c. ~~Allocate, for the period beginning September 1, 2015, and ending August 31, 2017, to each hub city school district, which is located in a county that received an allocation under subsection 2, a monthly amount that will provide a total allocation of one hundred twenty-five thousand dollars per fiscal year for each full or partial percentage point of the hub city's private covered employment engaged in oil and gas related employment, according to annual data compiled by job service North Dakota and after August 31, 2017, allocate to~~ To each hub city school district, which is located in a county that received an allocation under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of one hundred twenty-five thousand dollars per fiscal year for each full or partial percentage point, excluding the first two percentage points, of the hub city's private covered employment engaged in the mining industry, according to annual data compiled by job service North Dakota; ~~provided that hub, Hub~~ city school districts, which are located in a county that did not receive an allocation under subsection 2 in the most recently completed even-numbered fiscal year, must be excluded from the allocations under this subdivision; For purposes of the allocations under this subdivision during the period beginning September 1, 2017, and ending August 31, 2018, the state treasurer shall use the following employment percentages:
- (1) Thirty-three percent for the city of Williston;
  - (2) Seventeen percent for the city of Dickinson; and
  - (3) Four percent for the city of Minot.
- d. ~~Allocate to~~ To each county that received more than five million dollars but less than thirty million dollars of total allocations under subsection 2 in state the most recently completed even-numbered fiscal year 2014, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million five hundred thousand dollars per fiscal year to be added by the state treasurer be added to the allocations to school districts under subdivision b of subsection 5;
- e. ~~Credit revenues to the oil and gas impact grant fund, but not in an amount exceeding one hundred forty million dollars per biennium for the 2015-17 biennium, and not in an amount exceeding one hundred million dollars per biennium thereafter;~~
- f. ~~Credit eight percent of the amount available under this subsection to the North Dakota outdoor heritage fund, but not in an amount exceeding twenty million dollars in a state fiscal year and not in an amount exceeding forty million dollars per biennium;~~



- g- ~~Credit four percent of the amount available under this subsection to the abandoned oil and gas well plugging and site reclamation fund, but not in an amount exceeding seven million five hundred thousand dollars in a state fiscal year and not in an amount that would bring the balance in the fund to more than one hundred million dollars; and~~
- h- ~~Allocate the remaining revenues under subsection 3, as follows:~~
- (1) To each county that received more than five million dollars but not exceeding ten million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million five hundred thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to subdivision b of subsection 5.
  - (2) To each county that received more than ten million dollars but not exceeding fifteen million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million two hundred fifty thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to subdivision b of subsection 5.
  - (3) To each county that received more than fifteen million dollars but not exceeding twenty million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to subdivision b of subsection 5.
  - (4) To each county that received more than twenty million dollars but not exceeding twenty-five million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of seven hundred fifty thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to subdivision b of subsection 5.
  - (5) To each county that received more than twenty-five million dollars but not exceeding thirty million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of five hundred thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to subdivision b of subsection 5.
- e. (1) For the period beginning September 1, 2017, and ending August 31, 2019, the state treasurer shall allocate eight percent of the amount available under this subsection to the North Dakota outdoor heritage fund, but not in an amount exceeding ten million dollars per biennium. For purposes of this paragraph, "biennium" means the period beginning September first of each odd-numbered calendar year and ending August thirty-first of the following odd-numbered calendar year.
- (2) After August 31, 2019, the state treasurer shall allocate eight percent of the amount available under this subsection to the

- North Dakota outdoor heritage fund, but not in an amount exceeding twenty million dollars per fiscal year.
- f. (1) For the period beginning September 1, 2017, and ending August 31, 2019, the state treasurer shall allocate four percent of the amount available under this subsection to the abandoned oil and gas well plugging and site reclamation fund, but not in an amount exceeding four million dollars per fiscal year and not in an amount that would bring the balance in the fund to more than one hundred million dollars.
- (2) After August 31, 2019, the state treasurer shall allocate four percent of the amount available under this subsection to the abandoned oil and gas well plugging and site reclamation fund, but not in an amount exceeding seven million five hundred thousand dollars per fiscal year and not in an amount that would bring the balance in the fund to more than one hundred million dollars.
- g. For the period beginning September 1, 2017, and ending August 31, 2019, the state treasurer shall allocate the remaining revenues in the following order:
- (1) Up to twenty-five million dollars to the oil and gas impact grant fund.
- (2) Any remaining revenues under subsection 3.
- h. After August 31, 2019, the state treasurer shall allocate the remaining revenues in the following order:
- (1) Up to five million dollars per biennium to the oil and gas impact grant fund. For purposes of this paragraph, "biennium" means the period beginning September first of each odd-numbered calendar year and ending August thirty-first of the following odd-numbered calendar year.
- (2) Any remaining revenues under subsection 3.
- i. For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty-first of the following calendar year.
2. a. During the period beginning September 1, 2017, and ending August 31, 2019, for counties that received less than five million dollars of total allocations under this subsection in the most recently completed even-numbered fiscal year, then after deduction of the amount provided in subsection 1, the state treasurer shall allocate revenue collected under this chapter from oil and gas produced in each county as follows:
- (1) The first five million dollars of collections received each fiscal year is allocated to the county.
- (2) The remaining revenue collections received each fiscal year are allocated thirty percent to the county and seventy percent to the state for allocations under subsection 3.
- b. During the period beginning September 1, 2017, and ending August 31, 2019, for counties that received five million dollars or more of total allocations under this subsection in the most recently completed even-numbered fiscal year, then after deduction of the amount provided in subsection 1, the state treasurer shall allocate revenue collected under this chapter from oil and gas produced in each county as follows:

- (1) The first five million dollars of collections received each fiscal year is allocated to the county. From the first five million dollars allocated to the county, the state treasurer shall allocate an amount from each county to the energy impact fund to provide a total allocation of two million per fiscal year to the fund. The amount allocated from each county to the energy impact fund under this paragraph must be proportional the county's monthly oil and gas gross production tax revenue collected relative to the total monthly oil and gas gross production tax revenue collected from all the counties under this subdivision. The state treasurer shall allocate the amount remaining from this paragraph to the county under subsection 5. For the purposes of determining the counties that received five million dollars or more of total allocations under this subsection in the most recently completed even-numbered fiscal year under this section, any amounts withheld from the county for allocations to the energy impact are considered allocations to the county.
- (2) The remaining revenue collections received each fiscal year are allocated thirty percent to the county and seventy percent to the state for allocations under subsection 3.
- c. After deduction of the amount provided in subsection 1, annual revenue collected under this chapter from oil and gas produced in each county must be allocated after August 31, 2019, as follows:

  - a-(1) The first five million dollars is allocated to the county.
  - b-(2) Of all annual revenue exceeding five million dollars, thirty percent is allocated to the county.
  - d. For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty-first of the following calendar year.
3. After the allocations under subsections 1 and 2, the amount remaining is allocated first to provide for deposit of thirty percent of all revenue collected under this chapter in the legacy fund as provided in section 26 of article X of the Constitution of North Dakota and the remainder must be allocated to the state general fund. If the amount available for a monthly allocation under this subsection is insufficient to deposit thirty percent of all revenue collected under this chapter in the legacy fund, the state treasurer shall transfer the amount of the shortfall from the state general fund share of oil extraction tax collections and deposit that amount in the legacy fund.
4. For a county that received less than five million dollars of allocations under subsection 2 in ~~state~~the most recently completed even-numbered fiscal year 2014, revenues allocated to that county must be distributed at least quarterly by the state treasurer as follows:

  - a. Forty-five percent must be distributed to the county treasurer and credited to the county general fund. However, the distribution to a county under this subdivision must be credited to the state general fund if in a taxable year after 2012 the county is not levying a total of at least ten mills for combined levies for county road and bridge, farm-to-market and federal aid road, and county road purposes.
  - b. Thirty-five percent must be distributed to school districts within the county on the average daily attendance distribution basis for kindergarten through grade twelve students residing within the county, as certified to the state treasurer by the county superintendent of schools. However, a hub city school district must be omitted from distributions under this subdivision.

- c. Twenty percent must be distributed to the incorporated cities of the county. A hub city must be omitted from distributions under this subdivision. Distributions among cities under this subsection must be based upon the population of each incorporated city according to the last official decennial federal census. In determining the population of any city in which total employment increases by more than two hundred percent seasonally due to tourism, the population of that city for purposes of this subdivision must be increased by eight hundred percent.
  - d. For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty-first of the following calendar year.
5. For a county that received five million dollars or more of allocations under subsection 2 in ~~state~~the most recently completed even-numbered fiscal year 2014, revenues allocated to that county must be distributed at least quarterly by the state treasurer as follows:
  - a. Sixty percent must be distributed to the county treasurer and credited to the county general fund. However, the distribution to a county under this subdivision must be credited to the state general fund if in a taxable year after 2012 the county is not levying a total of at least ten mills for combined levies for county road and bridge, farm-to-market and federal aid road, and county road purposes.
  - b. Five percent must be distributed to school districts within the county on the average daily attendance distribution basis for kindergarten through grade twelve students residing within the county, as certified to the state treasurer by the county superintendent of schools. However, a hub city school district must be omitted from distributions under this subdivision.
  - c. Twenty percent must be distributed to the incorporated cities of the county. A hub city must be omitted from distributions under this subdivision. Distributions among cities under this subsection must be based upon the population of each incorporated city according to the last official decennial federal census. In determining the population of any city in which total employment increases by more than two hundred percent seasonally due to tourism, the population of that city for purposes of this subdivision must be increased by eight hundred percent.
  - d. Three percent must be allocated among the organized and unorganized townships of the county. The state treasurer shall allocate the funds available under this subdivision among townships in proportion to each township's road miles relative to the total township road miles in the county. The amount allocated to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.
  - e. Three percent must be allocated among the organized and unorganized townships in all the counties that received five million dollars or more of allocations under subsection 2 in the most recently completed ~~state~~even-numbered fiscal year. The amount available under this subdivision must be allocated by the state treasurer in an equal amount to each eligible organized and unorganized township. The amount allocated to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.

- f. Nine percent must be distributed among hub cities. Sixty percent of funds available under this subdivision must be distributed to the hub city receiving the highest percentage of allocations to hub cities under subdivision a of subsection 1 for the quarterly period, thirty percent of funds available under this subdivision must be distributed to the hub city receiving the second highest percentage of such allocations, and ten percent of funds available under this subdivision must be distributed to the hub city receiving the third highest percentage of such allocations. Hub cities, which are located in a county that did not receive an allocation under subsection 2 in the most recently completed even-numbered fiscal year, must be excluded from the allocations under this subsection. If fewer than three hub cities are eligible for the allocations under this subdivision, the state treasurer shall allocate the available funds in proportion to the amounts the eligible hub cities received under subdivision a of subsection 1.
  - g. For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty-first of the following calendar year.
6. Within thirty days after the end of each calendar year, the board of county commissioners of each county that has received an allocation under this section shall file a report for the calendar year with the commissioner, in a format prescribed by the commissioner, including:
    - a. The county's statement of revenues and expenditures;
    - b. The county's ending fund balances;
    - c. The amounts allocated under this section to the county's general fund, the amounts expended from these allocations, and the purposes of the expenditures; and
    - d. The amounts allocated under this section to or for the benefit of townships within the county, the amounts expended from these allocations, and the purposes of the expenditures.

Within fifteen days after the time when reports under this subsection are due, the commissioner shall provide the reports to the legislative council compiling the information from reports received under this subsection.

7. Within thirty days after the end of each fiscal year ended June thirtieth, each school district that has received an allocation under this section shall file a report for the fiscal year ended June thirtieth with the commissioner, in a format prescribed by the commissioner, including:
  - a. The school district's statement of revenue and expenditures;
  - b. The school district's ending fund balances; and
  - c. The amounts allocated under this section to the school district, the amounts expended from these allocations, and the purposes of the expenditures.

Within fifteen days after the time when reports under this subsection are due, the commissioner shall provide the reports to the legislative council compiling the information from reports received under this subsection.

**SECTION 17.** A new section to chapter 57-51 of the North Dakota Century Code is created and enacted as follows:

**Energy impact fund.**

There is created in the state treasury the energy impact fund. The fund consists of all moneys deposited in the fund under section 57-51-15. The moneys in the fund may be spent pursuant to legislative appropriations.

**SECTION 18. AMENDMENT.** Section 57-51.1-07.6 of the North Dakota Century Code is amended and reenacted as follows:

**~~57-51.1-07.6. Political subdivision allocation fund--Oil and gas tax revenue allocations to political subdivisions--State treasurer--Continuing appropriation.~~**

~~There is created in the state treasury the political subdivision allocation fund. The fund consists of oil and gas tax revenue deposited in the fund pursuant to this chapter. All moneys in the fund are appropriated to the state treasurer on a continuing basis for the purpose of allocations to political subdivisions in oil-producing counties.~~

- ~~1. If the balance of the fund exceeds ten million dollars on March first of each odd-numbered year, within thirty-one days, the state treasurer shall allocate all moneys in the fund to eligible political subdivisions in oil-producing counties based on each political subdivision's oil and gas gross production tax allocations under subsection 4 or subsection 5 of section 57-51-15 in the most recently completed formula allocation year. The allocation to each eligible political subdivision must be proportional to each political subdivision's total oil and gas gross production tax allocation under subsection 4 or subsection 5 of section 57-51-15 in the most recently completed formula allocation year relative to the combined total of all oil and gas gross production tax allocations under subsection 4 and subsection 5 of section 57-51-15 in the most recently completed formula allocation year. For purposes of this subsection, "formula allocation year" means the period beginning September first of an odd-numbered year and ending August thirty-first of the following even-numbered year.~~
- ~~2. If the balance of the fund exceeds ten million dollars on August first of each odd-numbered year, within thirty-one days, the state treasurer shall allocate all moneys in the fund to eligible political subdivisions in oil-producing counties based on each political subdivision's oil and gas gross production tax allocations under subsection 4 or subsection 5 of section 57-51-15 in the most recently completed formula allocation year. The allocation to each eligible political subdivision must be proportional to each political subdivision's total oil and gas gross production tax allocation under subsection 4 or subsection 5 of section 57-51-15 in the most recently completed formula allocation year relative to the combined total of all oil and gas gross production tax allocations under subsection 4 and subsection 5 of section 57-51-15 in the most recently completed formula allocation year. For purposes of this subsection, "formula allocation year" means the period beginning September first of an odd-numbered year and ending August thirty-first of the following even-numbered year.~~

**SECTION 19. REPEAL.** Section 57-51.1-07.6 of the North Dakota Century Code is repealed.

**SECTION 20. LEGISLATIVE INTENT - ENCOURAGEMENT OF ENERGY INFRASTRUCTURE INVESTMENT - COMMISSIONER OF UNIVERSITY AND SCHOOL LANDS - USE OF TERMS.** It is the intent of the sixty-fifth legislative assembly that the state of North Dakota encourage the continued development of energy infrastructure that will help reduce instances of natural gas flaring and increase the market value received for oil and gas produced within the state generally and from state-owned lands specifically which will increase the value of royalties paid to the funds under the control of the board of university and school lands. Consistent with this intent, the commissioner of university and school lands

shall continue to interpret the terms "gross production," "market value," and "gross proceeds of sale" in its lease form to mean a value determined at the producing well or associated production facility, or in the surrounding field or area, where the oil and gas was produced, before any post-production activities undertaken by the lessee, operator, or purchaser after the oil and gas has been transported from the producing well and associated production facility. These values must be determined by the amount received by the lessee in an arm's length contract, or in the absence of an arm's length contract, either a comparable sales method or a work-back calculation methodology consistent with state law.

#### **SECTION 21. STUDY OF OIL AND GAS VALUATION - REPORT TO ENERGY DEVELOPMENT AND TRANSMISSION COMMITTEE.**

1. During the 2017 18 interim, the tax department, in consultation with the board of university and school lands, the industrial commission, and other state agencies as necessary, shall study the valuation of oil and gas as used to determine mineral royalty payments and tax liability. The study must include consideration of the following:
  - a. The methods used to calculate the value of oil and gas, including changes in custody, the basis for the value, any deductions or incentives applied to the value, and the point at which the value is determined.
  - b. The impact of state and federal regulations, including gas capture requirements.
  - c. The market competition for gas processing, including the possibility of rate setting by the public service commission.
  - d. The reporting of any deductions or incentives applied to the value as included on mineral royalty statements and tax reporting documents.
2. The tax department shall report to the energy development and transmission committee by September 30, 2018, regarding the results and recommendations of the study.

#### **SECTION 22. LEGISLATIVE MANAGEMENT STUDY - OIL AND GAS TAX REVENUE ALLOCATIONS TO HUB CITIES AND HUB CITY SCHOOL DISTRICTS.**

1. During the 2017-18 interim, the legislative management shall consider studying oil and gas tax revenue allocations to hub cities and hub city school districts. The study must include consideration of the following:
  - a. The current and historical oil and gas tax revenue allocations to hub cities and hub city school districts.
  - b. Other state funding provided to hub cities and hub city school districts, including grants from the oil and gas impact grant fund, distributions from the strategic investment and improvements fund, state school aid payments, and payments from the state aid distribution fund and highway tax distribution fund.
  - c. Local taxing and revenue levels in hub cities compared to cities in non-oil-producing counties, including mill levies, property tax values, local sales and use taxes, and other revenue sources.
  - d. The appropriate level of oil and gas tax revenue allocations to hub cities and hub city school districts based on infrastructure and other needs.
  - e. The estimated fiscal impact to hub cities, hub city school districts, other political subdivisions, and the state if the oil and gas tax revenue allocation formula would be changed to transition hub cities and hub city school districts from allocations under subsection 1 of

section 57-51-15 to allocations under subsections 4 and 5 of section 57-51-15.

- f. The estimated fiscal impact to hub cities, hub city school districts, other political subdivisions, and the state if the oil and gas tax revenue allocation formula would be changed to discontinue the allocations to hub cities and hub city school districts under subsection 1 of section 57-51-15.
- 2. The membership of the committee assigned the responsibility of the study must proportionately reflect the state's population distribution between oil-producing counties and non-oil-producing counties and must include members from the finance and taxation committees and the appropriations committees.
- 3. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-sixth legislative assembly.

**SECTION 23. EFFECTIVE DATE.** Sections 15 and 16 of this Act are effective for taxable events occurring after June 30, 2017. Section 19 of this Act becomes effective September 1, 2017. House Bill No. 1300, as approved by the sixty-fifth legislative assembly, becomes effective January 1, 2018."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2013 - Summary of Conference Committee Action**

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
State Treasurer						
Total all funds	\$0	\$0	\$16,100,000	\$16,100,000	\$0	\$16,100,000
Less estimated income	0	0	16,100,000	16,100,000	0	16,100,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Department of Trust Lands						
Total all funds	\$108,243,153	\$13,565,176	\$37,916,097	\$51,481,273	\$47,901,885	\$3,579,388
Less estimated income	108,243,153	13,565,176	37,916,097	51,481,273	47,901,885	3,579,388
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Bill total						
Total all funds	\$108,243,153	\$13,565,176	\$54,016,097	\$67,581,273	\$47,901,885	\$19,679,388
Less estimated income	108,243,153	13,565,176	54,016,097	67,581,273	47,901,885	19,679,388
General fund	\$0	\$0	\$0	\$0	\$0	\$0

**Senate Bill No. 2013 - State Treasurer - Conference Committee Action**

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Distributions to Non-Oil Townships			\$16,100,000	\$16,100,000		\$16,100,000
Total all funds	\$0	\$0	\$16,100,000	\$16,100,000	\$0	\$16,100,000
Less estimated income	0	0	16,100,000	16,100,000	0	16,100,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department No. 120 - State Treasurer - Detail of Conference Committee Changes**

Adds Funding for Distributions to Townships in Non-Oil-	Total Conference Committee Changes
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	Producing Counties <sup>1</sup>	
Distributions to Non-Oil Townships	\$16,100,000	\$16,100,000
Total all funds	\$16,100,000	\$16,100,000
Less estimated income	16,100,000	16,100,000
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding of \$8 million from the strategic investment and improvements fund and \$8.1 million from the state disaster relief fund is added to provide a distribution of \$10,000 to each organized and unorganized township in non-oil-producing counties.

This amendment also includes the following changes related to the State Treasurer:

- Adds a section to provide an appropriation to the State Treasurer for distributions to townships in non-oil-producing counties and to provide the criteria for the distributions.
- Provides for a transfer of \$8 million from the political subdivision allocation fund to the energy impact fund.
- Provides for a transfer of the remaining amounts from the political subdivision allocation fund to the strategic investment and improvements fund.
- Provides for a transfer of \$3 million from the strategic investment and improvements fund to the energy impact fund.

#### Senate Bill No. 2013 - Department of Trust Lands - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$6,123,516	\$6,218,736	(\$213,186)	\$6,005,550	\$5,828,470	\$177,080
Operating expenses	2,019,637	1,775,723		1,775,723	1,752,698	23,025
Capital assets		5,250,000	(1,650,000)	3,600,000		3,600,000
Grants	99,300,000		40,000,000	40,000,000	40,000,000	
Energy Infrastructure and Impact Office	700,000	220,717	(220,717)		220,717	(220,717)
Contingencies	100,000	100,000		100,000	100,000	
Total all funds	\$108,243,153	\$13,565,176	\$37,916,097	\$51,481,273	\$47,901,885	\$3,579,388
Less estimated income	108,243,153	13,565,176	37,916,097	51,481,273	47,901,885	3,579,388
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	33.00	32.00	(1.00)	31.00	30.00	1.00

#### Department No. 226 - Department of Trust Lands - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance Increases <sup>1</sup>	Removes Funding for an FTE Position <sup>2</sup>	Adds Funding for Grants <sup>3</sup>	Reduces Funding for Information Technology Project <sup>4</sup>	Adjusts Funding for Energy Infrastructure and Impact Office <sup>5</sup>	Total Conference Committee Changes
Salaries and wages	(\$6,636)	(\$206,550)				(\$213,186)
Operating expenses						
Capital assets				(1,650,000)		(1,650,000)
Grants			40,000,000			40,000,000
Energy Infrastructure and Impact Office					(220,717)	(220,717)
Contingencies						
Total all funds	(\$6,636)	(\$206,550)	\$40,000,000	(\$1,650,000)	(\$220,717)	\$37,916,097
Less estimated income	(6,636)	(206,550)	40,000,000	(1,650,000)	(220,717)	37,916,097
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	(1.00)	0.00	0.00	0.00	(1.00)

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<sup>1</sup> Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month.

<sup>2</sup> Funding of \$206,550 is removed for a project manager position. The House removed \$406,655 for a geographic information system position (\$200,105) and for a project manager position (\$206,550), both of which were included in the Senate version.

<sup>3</sup> One-time funding of \$25 million is added from the oil and gas impact grant fund for grants to the Williston airport (\$20 million) and the Dickinson airport (\$5 million). One-time funding of \$15 million is added from the energy impact fund for a grant to the Williston airport. The House provided the same level of funding but did not use funding from the energy impact fund.

<sup>4</sup> Funding is reduced by \$1.65 million to provide \$3.6 million for an information technology project. Of the \$3.6 million, \$1.8 million is available only upon approval of the Budget Section pursuant to Section 9 of the bill. The Senate included \$5.25 million, and the House removed the funding for the project.

<sup>5</sup> Funding is removed for the Energy Infrastructure and Impact Office because the funding is a duplication of the funding authorized for administrative expenses from the continuation of unspent 2015-17 biennium appropriation authority as identified in Section 11.

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This amendment also provides the following changes related to the Department of Trust Lands:

- Identifies the health insurance increase.
- Removes a section to provide line item transfer authority.
- Provides an exemption to allow an unspent grant to a flood-impacted political subdivision to be available in the 2017-19 biennium, the same as the House.
- Identifies \$25 million from the oil and gas impact grant fund for an oil impact grant of \$20 million to the Williston airport and a grant of \$5 million to the Dickinson airport. This funding is available to the Williston airport only when any related federal funding is committed and available to be spent on the new airport construction project. The House also included this funding designation.
- Identifies \$15 million from the energy impact fund for a grant to the Williston airport. This funding is available to the Williston airport only when any related federal funding is committed and available to be spent on the new airport construction project. The House provided \$15 million from the strategic investment and improvements fund and included the federal funding commitment provisions.
- Removes a section added by the House to add two advisory members that are appointed by the Speaker of the House and the President Pro Tempore to the board of university and school lands.
- Amends the oil and gas tax revenue allocation formulas (see the table below) and provides an effective date related to the formula changes.
- Removes a section added by the House to provide that the city of Williston use the proceeds from the sale of the existing airport, up to \$27.5 million, to repay the Department of Trust Lands for the state's financial assistance provided for the new airport.
- Removes a section added by the House to provide a statement of legislative intent that hub cities not issue new bonds during the 2017-19 biennium based on anticipated future hub city oil tax revenue allocations.
- Provides a statement of legislative intent regarding efficiencies within the Department of Trust Lands, the same as the House.
- Provides a statement of legislative intent regarding the calculation of mineral royalties, the same as the House.
- Provides for a study by the Tax Department and other state agencies regarding the valuation of oil and gas for mineral royalties and tax liability.
- Provides for a Legislative Management study regarding the oil and gas tax revenue

allocations to hub cities and hub city school districts. The House also included the study.

- Provides an effective date for House Bill No. 1300 relating to the requirement that the Department of Trust Lands be subject to the administrative rules process.

### Senate Bill No. 2013 - Other Changes - Conference Committee Action

2017-19 Biennium Oil and Gas Tax Allocation Formulas		
Current Law	House Version - Senate Bill No. 2013 [17.0521.02014]	Conference Committee Version - Senate Bill No. 2013 [17.0521.02017]
<p><b>Hub city definition</b></p> <ul style="list-style-type: none"> <li>• After August 31, 2017, a hub city is based on mining employment.</li> </ul> <p><b>Hub city and hub city school district allocations</b></p> <ul style="list-style-type: none"> <li>• Hub cities located in oil-producing counties receive an annual allocation of \$375,000 per full or partial percentage point of mining employment.</li> <li>• Hub cities located in non-oil-producing counties receive an annual allocation of \$250,000 per full or partial percentage point of mining employment.</li> <li>• Hub city school districts receive an annual allocation of \$125,000 per full or partial percentage point of mining employment, excluding hub city school districts located in non-oil-producing counties.</li> </ul> <p><b>Supplemental school district allocation</b></p> <ul style="list-style-type: none"> <li>• Eligible counties receive an annual allocation of \$1.5 million for distributions to school districts in the county.</li> </ul> <p><b>North Dakota outdoor heritage fund allocations</b></p> <ul style="list-style-type: none"> <li>• From the 1 percent of the 5 percent oil and gas gross production tax, 8 percent is allocated to the North Dakota outdoor heritage fund, up to \$20 million per fiscal year.</li> </ul> <p><b>Abandoned oil and gas well plugging and site reclamation fund allocations</b></p> <ul style="list-style-type: none"> <li>• From the 1 percent of the 5 percent oil and gas gross production tax, 4 percent is allocated to the abandoned oil and gas well plugging and site reclamation fund, up to \$7.5 million per fiscal year.</li> </ul> <p><b>Oil and gas impact grant fund allocations</b></p> <ul style="list-style-type: none"> <li>• Up to \$100 million per biennium is allocated to the oil and gas impact grant fund.</li> </ul> <p><b>Distributions to political subdivisions</b></p> <ul style="list-style-type: none"> <li>• The distributions to political subdivisions in North Dakota Century Code Sections 57-51-15(4) and 57-51-15(5) are based on the oil and gas tax allocations received by a county in fiscal year 2014.</li> <li>• From the 4 percent of the 5 percent oil and gas gross production tax, 30 percent of all revenue above \$5 million is allocated to the county with the remaining 70 percent allocated to the state.</li> </ul>	<p><b>Hub city definition</b></p> <ul style="list-style-type: none"> <li>• No change to current law.</li> </ul> <p><b>Hub city and hub city school district allocations</b></p> <ul style="list-style-type: none"> <li>• Hub cities located in oil-producing counties receive an annual allocation of \$375,000 per full or partial percentage point of mining employment exceeding 2 percent.</li> <li>• Hub cities located in non-oil-producing counties receive an annual allocation of \$250,000 per full or partial percentage point of mining employment exceeding 2 percent.</li> <li>• Hub city school districts in oil-producing counties receive an annual allocation of \$125,000 per full or partial percentage point of mining employment exceeding 2 percent.</li> </ul> <p><b>Supplemental school district allocation</b></p> <ul style="list-style-type: none"> <li>• Changes the annual allocation to provide a specific amount based on the oil and gas tax allocations received by the county in the most recently completed even-numbered fiscal year. The specific amounts range from \$500,000 to \$1.5 million per year.</li> </ul> <p><b>North Dakota outdoor heritage fund allocations</b></p> <ul style="list-style-type: none"> <li>• Decreases the amount allocated to the North Dakota outdoor heritage fund by changing the limit from \$20 million per fiscal year to \$10 million per biennium only for the 2017-19 biennium.</li> </ul> <p><b>Abandoned oil and gas well plugging and site reclamation fund allocations</b></p> <ul style="list-style-type: none"> <li>• Decreases the amount allocated to the abandoned oil and gas well plugging and site reclamation fund by changing the limit from \$7.5 million per fiscal year to \$4 million per fiscal year only for the 2017-19 biennium.</li> </ul> <p><b>Oil and gas impact grant fund allocations</b></p> <ul style="list-style-type: none"> <li>• Decreases the allocation to the oil and gas impact grant fund from \$100 million per biennium to \$25 million per biennium for the 2017-19 biennium and provides an allocation of \$5 million per biennium to the oil and gas impact grant fund after the 2017-19 biennium.</li> </ul> <p><b>Distributions to political subdivisions</b></p> <ul style="list-style-type: none"> <li>• Changes the basis for the distributions to political subdivisions in Sections 57-51-15(4) and 57-51-15(5) to reflect the oil and gas tax allocations received by a county in the most recently completed even-numbered fiscal year rather than fiscal year 2014.</li> <li>• No change to current law.</li> </ul>	<p><b>Hub city definition</b></p> <ul style="list-style-type: none"> <li>• A hub city must have more than 2 percent mining employment compared to 1 percent under current law.</li> </ul> <p><b>Hub city and hub city school district allocations</b></p> <ul style="list-style-type: none"> <li>• Hub cities located in oil-producing counties receive an annual allocation of \$375,000 per full or partial percentage point of mining employment exceeding 2 percent and specifies employment percentages for the first year.</li> <li>• Hub cities located in non-oil-producing counties receive an annual allocation of \$250,000 per full or partial percentage point of mining employment exceeding 2 percent. (Same as House)</li> <li>• Hub city school districts in oil-producing counties receive an annual allocation of \$125,000 per full or partial percentage point of mining employment exceeding 2 percent and specifies employment percentages for the first year.</li> </ul> <p><b>Supplemental school district allocation</b></p> <ul style="list-style-type: none"> <li>• Changes the annual allocation to provide a specific amount based on the oil and gas tax allocations received by the county in the most recently completed even-numbered fiscal year. The specific amounts range from \$500,000 to \$1.5 million per year. (Same as House)</li> </ul> <p><b>North Dakota outdoor heritage fund allocations</b></p> <ul style="list-style-type: none"> <li>• Decreases the amount allocated to the North Dakota outdoor heritage fund by changing the limit from \$20 million per fiscal year to \$10 million per biennium only for the 2017-19 biennium. (Same as House)</li> </ul> <p><b>Abandoned oil and gas well plugging and site reclamation fund allocations</b></p> <ul style="list-style-type: none"> <li>• Decreases the amount allocated to the abandoned oil and gas well plugging and site reclamation fund by changing the limit from \$7.5 million per fiscal year to \$4 million per fiscal year only for the 2017-19 biennium. (Same as House)</li> </ul> <p><b>Oil and gas impact grant fund allocations</b></p> <ul style="list-style-type: none"> <li>• Decreases the allocation to the oil and gas impact grant fund from \$100 million per biennium to \$25 million per biennium for the 2017-19 biennium and provides an allocation of \$5 million per biennium to the oil and gas impact grant fund after the 2017-19 biennium. (Same as House)</li> </ul> <p><b>Distributions to political subdivisions</b></p> <ul style="list-style-type: none"> <li>• Changes the basis for the distributions to political subdivisions in Sections 57-51-15(4) and 57-51-15(5) to reflect the oil and gas tax allocations received by a county in the most recently completed even-numbered fiscal year rather than fiscal year 2014. (Same as House)</li> <li>• From the first \$5 million allocated to the county related to counties that received \$5 million or more in the most recently completed even-numbered fiscal year, a total of \$2 million per fiscal year is allocated to a newly created energy impact fund with the remainder allocated to the counties. This allocation change is only for the 2017-19 biennium.</li> </ul>

<ul style="list-style-type: none"> <li>The distributions to political subdivisions are as follows:</li> </ul> <table border="1"> <thead> <tr> <th></th> <th>Counties - Less Than \$5 Million</th> <th>Counties - \$5 Million or More</th> </tr> </thead> <tbody> <tr> <td>County</td> <td>45%</td> <td>60%</td> </tr> <tr> <td>Cities</td> <td>20%</td> <td>20%</td> </tr> <tr> <td>Schools</td> <td>35%</td> <td>5%</td> </tr> <tr> <td>Townships</td> <td></td> <td></td> </tr> <tr> <td>  Equal</td> <td></td> <td>3%</td> </tr> <tr> <td>  Road miles</td> <td></td> <td>3%</td> </tr> <tr> <td>  Hub cities</td> <td></td> <td>9%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>From the counties' share in counties that received \$5 million or more of oil and gas tax allocations, 9 percent is distributed to the 3 hub cities with the highest percentage of mining employment.</li> </ul> <p><b>Political subdivision allocation fund</b></p> <ul style="list-style-type: none"> <li>Allocations to the political subdivision allocation fund expire at the end of the the 2015-17 biennium. Distributions from the fund are made in March and August of odd-numbered fiscal years</li> </ul>		Counties - Less Than \$5 Million	Counties - \$5 Million or More	County	45%	60%	Cities	20%	20%	Schools	35%	5%	Townships			Equal		3%	Road miles		3%	Hub cities		9%	<ul style="list-style-type: none"> <li>The proposed changes to the distributions to political subdivisions are as follows:</li> </ul> <table border="1"> <thead> <tr> <th></th> <th>Counties - Less Than \$5 Million</th> <th>Counties - \$5 Million or More</th> </tr> </thead> <tbody> <tr> <td>County</td> <td>45%</td> <td>60%</td> </tr> <tr> <td>Cities</td> <td>20%</td> <td>20%</td> </tr> <tr> <td>Schools</td> <td>35%</td> <td>5%</td> </tr> <tr> <td>Townships</td> <td></td> <td></td> </tr> <tr> <td>  Equal</td> <td></td> <td>1%</td> </tr> <tr> <td>  Road miles</td> <td></td> <td>1%</td> </tr> <tr> <td>  Non-oil</td> <td></td> <td>4%</td> </tr> <tr> <td>  Hub cities</td> <td></td> <td>9%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Clarifies the distribution to hub cities to exclude hub cities that are located in non-oil-producing counties and to provide proportional allocations if less than 3 hub cities qualify for the distributions.</li> </ul> <p><b>Political subdivision allocation fund</b></p> <ul style="list-style-type: none"> <li>No change to current law.</li> </ul>		Counties - Less Than \$5 Million	Counties - \$5 Million or More	County	45%	60%	Cities	20%	20%	Schools	35%	5%	Townships			Equal		1%	Road miles		1%	Non-oil		4%	Hub cities		9%	<ul style="list-style-type: none"> <li>No change to current law.</li> </ul> <ul style="list-style-type: none"> <li>Clarifies the distribution to hub cities to exclude hub cities that are located in non-oil-producing counties and to provide proportional allocations if less than 3 hub cities qualify for the distributions. (Same as House)</li> </ul> <p><b>Political subdivision allocation fund</b></p> <ul style="list-style-type: none"> <li>Removes the distributions to political subdivisions and repeals the fund on September 1, 2017.</li> </ul> <p><b>Energy impact fund</b></p> <ul style="list-style-type: none"> <li>Creates a new section to Chapter 57-51 to establish the energy impact fund.</li> </ul>
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Engrossed SB 2013 was placed on the Seventh order of business on the calendar.

**REPORT OF CONFERENCE COMMITTEE**

**HB 1003, as engrossed:** Your conference committee (Sens. Sorvaag, Kilzer, Mathern and Reps. Kempenich, Delmore, Weisz) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1492-1509, adopt amendments as follows, and place HB 1003 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1492-1509 of the House Journal and pages 1231-1248 of the Senate Journal and that Engrossed House Bill No. 1003 be amended as follows:

Page 1, line 1, after "general" insert "; to provide a contingent appropriation"

Page 1, line 2, remove "and to provide a report to the office of management and budget and the"

Page 1, line 3, replace "legislative council" with "to authorize fees; to create and enact a new section to chapter 53-06.1 of the North Dakota Century Code, relating to electronic pull tab device requirements; to amend and reenact section 27-01-10 of the North Dakota Century Code, relating to fee assessments for funding crime victim and witness programs; to provide a statement of legislative intent; to provide for reports; and to declare an emergency"

Page 1, replace lines 12 and 13 with:

"Salaries and wages	\$40,503,865	\$675,178	\$41,179,043
Operating expenses	24,672,585	(8,315,304)	16,357,281"

Page 1, replace line 17 with:

"Intellectual property attorney	418,323	8,601	426,924"
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Page 1, replace line 20 with:

"North Dakota lottery	5,282,778	54,019	5,336,797"
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Page 1, remove lines 23 and 24

Page 2, replace lines 1 through 4 with:

"Criminal justice information sharing	4,151,701	(765,056)	3,386,645
Law enforcement	3,455,725	(554,117)	2,901,608
SAVIN cost-share program	0	315,000	315,000
Total all funds	\$83,714,313	(\$7,801,153)	\$75,913,160
Less estimated income	35,247,452	(4,005,132)	31,242,320
Total general fund	\$48,466,861	(\$3,796,021)	\$44,670,840
Full-time equivalent positions	250.00	(13.00)	237.00"

Page 2, line 6, replace "\$695,462" with "\$645,074"

Page 2, line 6, replace "\$637,105" with "\$590,945"

Page 2, line 7, replace "\$1,249" with "\$1,241"

Page 2, line 8, after "FUNDING" insert "**- EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-SIXTH LEGISLATIVE ASSEMBLY**"

Page 2, line 9, after "biennium" insert "and the 2017-19 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 2, replace lines 16 through 19 with:

"Targeted equity - gaming	270,000	0
SAVIN cost-share program	0	315,000
Uniform crime reporting rewrite	0	280,000
DOS-based deposit system rewrite	0	100,000
Total all funds	\$3,936,157	\$695,000
Total special funds	653,333	595,000
Total general fund	\$3,282,824	\$100,000

The 2017-19 biennium one-time funding amounts are not a part of the entity's base budget for the 2019-21 biennium. The attorney general shall report to the appropriations committees of the sixty-sixth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2017, and ending June 30, 2019."

Page 2, after line 24, insert:

**"SECTION 5. INDUSTRIAL COMMISSION LITIGATION FUNDS - ATTORNEY GENERAL PROTEST-RELATED EXPENSES - REPORT TO BUDGET SECTION.** The attorney general may submit litigation-related expenses to the industrial commission which the industrial commission shall pay from litigation funding available to the industrial commission for expenses incurred by the attorney general as a result of the protests and related activities associated with the Dakota access pipeline project. The attorney general shall report quarterly to the budget section of the legislative management regarding all expenditures for litigation-related expenses from the industrial commission's litigation fund during the 2017-18 interim.

**SECTION 6. LEGISLATIVE INTENT - DAKOTA ACCESS PIPELINE PROJECT PROTEST-RELATED COSTS.** It is the intent of the sixty-fifth legislative assembly that the attorney general pursue all reasonable and available options to recoup all costs and expenses incurred by the state and its political subdivisions as a result of the protests and related activities associated with the Dakota access pipeline project."

Page 2, after line 31, insert:

**"SECTION 8. BUDGETARY SAVINGS - CONTINGENT ALLOCATION FROM BOARD OF UNIVERSITY AND SCHOOL LANDS - FUNDING FOR STATEWIDE AUTOMATED VICTIM INFORMATION AND NOTIFICATION PROGRAM ENHANCEMENTS - APPROPRIATION.** Of the funds appropriated in section 1 of this Act for rent expense, the attorney general shall use up to \$500,000

made available from rent savings as a result of the attorney general relocating a portion of its operations to the job service North Dakota central office building, for the purpose of enhancing the statewide automated victim information and notification program, as defined in section 12.1-34-01, to provide the notifications necessary to comply with section 25 of article I of the Constitution of North Dakota, for the biennium beginning July 1, 2017, and ending June 30, 2019. If the attorney general does not relocate a portion of its operations to the job service North Dakota central office building and does not realize rent savings, the board of university and school lands, from funds designated in subsection 3 of section 5 of chapter 463 of the 2015 Session Laws, shall provide a grant of up to \$500,000 to the attorney general, the sum of which is appropriated, for the purpose of defraying the expenses of enhancing the statewide automated victim information and notification program, as defined in section 12.1-34-01, to provide the notifications necessary to comply with section 25 of article I of the Constitution of North Dakota, for the period beginning with the effective date of this Act, and ending June 30, 2019.

**SECTION 9. STATEWIDE AUTOMATED VICTIM INFORMATION AND NOTIFICATION PROGRAM ENHANCEMENTS - COST-SHARING PROGRAM - ESTIMATED INCOME.** The attorney general, in consultation with the North Dakota association of counties and the North Dakota league of cities, shall establish a cost-sharing program to defray the expenses related to the enhancement of the statewide automated victim information and notification program, in addition to the amounts appropriated in section 9 of this Act. The cost-sharing program must apportion the sum of \$315,000 among the political subdivisions of the state for each political subdivision's share of the cost of the statewide automated victim information and notification program and the political subdivision shall contribute funds to the attorney general as set forth in the cost-sharing program. The estimated income line item in section 1 of this Act includes \$315,000 of funding received as payments from political subdivisions for the cost-sharing program for the purpose of enhancing the statewide automated victim information and notification program, as defined in section 12.1-34-01, to provide the notifications necessary to comply with section 25 of article I of the Constitution of North Dakota, for the period beginning with the effective date of this Act, and ending June 30, 2019.

**SECTION 10. LEGISLATIVE INTENT - COST-SHARING PROGRAM.** It is the intent of the sixty-fifth legislative assembly that the funding for the political subdivision's cost-sharing program identified in section 9 of this Act, be provided from any additional income collected from the victim witness fee as required in section 11 of this Act, or a proportionate contribution from the counties and cities that utilize the odyssey system, or a combination of both.

**SECTION 11. AMENDMENT.** Section 27-01-10 of the North Dakota Century Code is amended and reenacted as follows:

**27-01-10. Fee assessments for funding crime victim and witness programs.**

1. The governing body of a county ~~may~~shall, by resolution, authorize the district judges serving that county to assess a fee under subsection 3 of not more than twenty-five dollars as part of a sentence imposed on a defendant who pleads guilty to or is convicted of a criminal offense or of violating a municipal ordinance for which the maximum penalty that may be imposed by law for the offense or violation includes imprisonment.
2. The governing body of a city ~~may~~shall, by ordinance, authorize a municipal judge to assess a fee under subsection 3 of not more than twenty-five dollars as part of a sentence imposed on a defendant who pleads guilty to or is convicted of violating a municipal ordinance for which the maximum penalty that may be imposed under the ordinance for the violation includes imprisonment.
3. The governing body of the county or city ~~may~~shall determine the amount of the fee to be assessed in all cases or it may authorize the district or municipal judge to determine the amount of the fee to be assessed in each case. The fee assessed under this section is in addition to any fine,

penalty, costs, or administrative fee prescribed by law. The district or municipal judge ~~may~~shall assess the fee when sentence is imposed or when sentence is suspended or imposition of sentence is deferred, unless the defendant is indigent and unable to pay the fee. All fees paid to a district or municipal court under this section must be deposited monthly in the county or city treasury for allocation by the governing body of the county or city to one or more of the following programs as determined by the governing body or by agreement of the attorney general, the North Dakota league of cities, and the North Dakota association of counties:

- a. A private, nonprofit domestic violence or sexual assault program.
- b. A victim and witness advocacy program of which the primary function is to provide direct services to victims of and witnesses to crime.
- c. The statewide automated victim information and notification system, as provided for under chapter 12.1-34.

**SECTION 12.** A new section to chapter 53-06.1 of the North Dakota Century Code is created and enacted as follows:

**Electronic pull tab device requirements**

An electronic pull tab device must display an electronic pull tab in which the player may win credits that can be redeemed for cash or used to purchase more pull tabs. The device may not directly dispense coins, cash, tokens, or anything else of value other than a credit ticket voucher.

**SECTION 13. CRIMINAL HISTORY RECORD CHECKS - FEES.** Any person or entity requesting a criminal history record check from the bureau of criminal investigation, as a result of legislation enacted by the sixty-fifth legislative assembly, shall pay a reasonable fee established by the attorney general to the attorney general to be deposited in the state's general fund for the biennium beginning July 1, 2017, and ending June 30, 2019."

Page 3, after line 9, insert:

**"SECTION 15. EXEMPTION - HUMAN TRAFFICKING GRANTS.** The amount appropriated to the attorney general from the general fund for providing human trafficking grants as contained in section 1 of chapter 375 of the 2015 Session Laws, is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available to the attorney general for providing grants to organizations involved in providing prevention and treatment services related to human trafficking victims, during the biennium beginning July 1, 2017, and ending June 30, 2019."

Page 3, after line 12, insert:

**"SECTION 17. EXEMPTION - ADDITIONAL FUNDING FOR LITIGATION FEES.** Of the funding appropriated to the attorney general in section 6 of chapter 3 of the 2015 Session Laws, up to \$100,000 is not subject to the provisions of section 54-44.1-11 and may be continued for defraying the cost of litigation fees for the biennium beginning July 1, 2017, and ending June 30, 2019.

**SECTION 18. EMERGENCY.** Sections 5, 8, and 9 of this Act are declared to be an emergency measure."

Re-number accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1003 - Attorney General - Conference Committee Action**

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$40,503,865	\$40,267,284	\$911,759	\$41,179,043	\$41,244,766	(\$65,723)
Operating expenses	24,672,585	16,145,004	212,277	16,357,281	16,557,558	(200,277)
Capital assets	2,339,187	2,742,372		2,742,372	2,742,372	
Grants	1,762,659	2,440,000		2,440,000	2,440,000	
Litigation fees	50,000	150,000		150,000	150,000	
Intellectual property attorney	418,323	427,131	(207)	426,924	426,924	
Abortion litigation fees	400,000					
Medical examinations	660,000	660,000		660,000	660,000	
North Dakota lottery	5,282,778	5,338,767	(1,970)	5,336,797	5,336,797	
Arrest and return of fugitives	10,000	10,000		10,000	10,000	
Gaming commission	7,490	7,490		7,490	7,490	
Criminal justice information sharing	4,151,701	3,387,682	(1,037)	3,386,645	3,386,645	
Law enforcement	3,455,725	2,904,818	(3,210)	2,901,608	2,901,608	
Additional income appropriation		250,000		250,000	250,000	
SAVIN cost share program			315,000	315,000	315,000	
Contingent funding for the SAVIN program			500,000	500,000	500,000	
Contingent Medicaid Fraud Control Unit					1,561,604	(1,561,604)
<b>Total all funds</b>	<b>\$83,714,313</b>	<b>\$74,730,548</b>	<b>\$1,932,612</b>	<b>\$76,663,160</b>	<b>\$78,490,764</b>	<b>(\$1,827,604)</b>
Less estimated income	35,247,452	30,730,548	1,261,772	31,992,320	32,946,764	(954,444)
<b>General fund</b>	<b>\$48,466,861</b>	<b>\$44,000,000</b>	<b>\$670,840</b>	<b>\$44,670,840</b>	<b>\$45,544,000</b>	<b>(\$873,160)</b>
FTE	250.00	231.00	6.00	237.00	243.00	(6.00)

**Department No. 125 - Attorney General - Detail of Conference Committee Changes**

	Adjusts Funding for Health Insurance Increases <sup>1</sup>	Restores 5 FTE Positions <sup>2</sup>	Adds 1 FTE Identification Technician Position <sup>3</sup>	Reduces Funding for Operating Expenses <sup>4</sup>	Adds One-Time Funding for Uniform Crime Reporting Rewrite <sup>5</sup>	Adds One-Time Funding for Deposit System Rewrite <sup>6</sup>
Salaries and wages	(\$43,964)	\$890,000	\$65,723			
Operating expenses			16,277	(184,000)	280,000	100,000
Capital assets						
Grants						
Litigation fees						
Intellectual property attorney	(207)					
Abortion litigation fees						
Medical examinations						
North Dakota lottery	(1,970)					
Arrest and return of fugitives						
Gaming commission						
Criminal justice information sharing	(1,037)					
Law enforcement	(3,210)					
Additional income appropriation						
SAVIN cost share program						
Contingent funding for the SAVIN program						
Contingent Medicaid Fraud Control Unit						
<b>Total all funds</b>	<b>(\$50,388)</b>	<b>\$890,000</b>	<b>\$82,000</b>	<b>(\$184,000)</b>	<b>\$280,000</b>	<b>\$100,000</b>
Less estimated income	(4,228)	0	0	171,000	280,000	0
<b>General fund</b>	<b>(\$46,160)</b>	<b>\$890,000</b>	<b>\$82,000</b>	<b>(\$355,000)</b>	<b>\$0</b>	<b>\$100,000</b>
FTE	0.00	5.00	1.00	0.00	0.00	0.00

	Adds One-Time Funding for the SAVIN Cost-Share Program <sup>7</sup>	Adds Contingent Funding for the SAVIN Cost-Share Program <sup>8</sup>	Total Conference Committee Changes
Salaries and wages			\$911,759
Operating expenses			212,277
Capital assets			
Grants			
Litigation fees			
Intellectual property attorney			(207)
Abortion litigation fees			
Medical examinations			
North Dakota lottery			(1,970)
Arrest and return of fugitives			
Gaming commission			



Criminal justice information sharing			(1,037)
Law enforcement			(3,210)
Additional income appropriation			
SAVIN cost share program	315,000		315,000
Contingent funding for the SAVIN program		500,000	500,000
Contingent Medicaid Fraud Control Unit			
Total all funds	\$315,000	\$500,000	\$1,932,612
Less estimated income	315,000	500,000	1,261,772
General fund	\$0	\$0	\$670,840
FTE	0.00	0.00	6.00

<sup>1</sup> Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month, the same as the Senate version.

<sup>2</sup> Restores the following 5 FTE positions and related funding from the general fund--4 FTE criminal investigator positions (\$720,000), 1 FTE forensic scientist position (\$170,000), the same as the Senate version. The House removed 19 FTE positions with related funding and changed the funding source from the general fund to other funds for 8 FTE positions.

<sup>3</sup> Adds 1 FTE identification technician position (\$65,723) and related operating expenses (\$16,277). The Senate version included funding of \$131,446 for salaries and wages and \$32,554 for operating expenses.

<sup>4</sup> The funding source for \$171,000 is changed from the general fund to other funds and funding of \$184,000 from the general fund is removed for operating expenses for a total reduction of \$355,000 from the general fund.

<sup>5</sup> One-time funding of \$280,000 is added from federal funds for the rewrite of the uniform crime reporting system. The Senate version provided \$280,000 from the general fund.

<sup>6</sup> One-time funding of \$100,000 from the general fund is added for a DOS-based deposit system rewrite, the same as the Senate version.

<sup>7</sup> One-time funding of \$315,000 is added from other funds for the statewide automated victim information and notification (SAVIN) program enhancement project. The other funds are from revenues generated through payments from political subdivisions for their share of the cost for the SAVIN program enhancement project. The enhancements will upgrade the SAVIN program so that it may provide the notifications necessary to comply with Section 25 of Article I of the Constitution of North Dakota also known as Marsy's Law, the same as the Senate version.

<sup>8</sup> Contingent funding of \$500,000 from a grant from the Department of Trust Lands is added. The Attorney General plans to relocate employees into space available in the Job Service North Dakota central office building resulting in anticipated rent savings of \$500,000 that would be used for the costs of statewide automated victim information and notification program enhancements. If the move does not occur and the Attorney General does not recognize rent savings, \$500,000 from the Department of Trust Lands grant is appropriated to the Attorney General for the state's share of the SAVIN program enhancements, the same as the Senate version.

This amendment also:

- Adds a section authorizing the Attorney General to submit litigation-related expenses to the Industrial Commission to be paid from litigation funding available to the Industrial Commission for expenses incurred by the Attorney General as a result of the protests and related activities associated with the Dakota Access Pipeline project and requires the Attorney General to report to the Budget Section quarterly

regarding expenditures submitted to be paid from the Industrial Commission's litigation fund. The Senate version included a section directing the Industrial Commission to provide litigation funding to the Attorney General for litigation costs related to the Dakota Access Pipeline protest and other related activities for the 2017-19 biennium.

- Adds a section of legislative intent that the Attorney General pursue all reasonable and available options to recoup all costs and expenses incurred by the state and its political subdivisions as a result of the protests and related activities associated with the Dakota Access Pipeline project. Neither the House nor the Senate version included this section.
- Adds a section authorizing the Attorney General to use up to \$500,000 of rent savings as the result of an expected move of employees into space available in the Job Service North Dakota central office building for the SAVIN program enhancements. The section also provides a contingent appropriation of \$500,000 from a Department of Trust Lands grant for the 2015-17 biennium, if the move does not occur, the same as the Senate version.
- Adds a section directing the Attorney General to consult with the North Dakota Association of Counties and the North Dakota League of Cities to establish a cost-sharing program providing that political subdivisions share in the cost of the SAVIN program enhancement project. As a result of the completion of the SAVIN program enhancement project, the political subdivision's costs to comply with Marsy's Law are expected to be significantly reduced. The section authorizes the Attorney General to allocate \$315,000 of the cost among the political subdivisions of the state, the same as the Senate version.
- Adds a section amending North Dakota Century Code Section 27-01-10 related to fee assessments for funding crime victim and witness programs and changes the assessment of a fee from optional to mandatory, the same as the Senate version.
- Adds a section creating a new section to Chapter 53-06.1 relating to electronic pull tab device requirements. The section requires an electronic pull tab device to display an electronic pull tab and it may not directly dispense coins, cash, tokens, or anything of value. Neither the House nor the Senate version included this section.
- Adds a section requiring any person or entity requesting a criminal history record check from the Bureau of Criminal Investigation, as a result of legislation enacted by the 65th Legislative Assembly, to pay a reasonable fee as set by the Attorney General for the 2017-19 biennium. The fee is to be deposited in general fund and is anticipated to generate an estimated \$164,000 of general fund revenue for the 2017-19 biennium, the same as the Senate version.
- Amends Section 6 of the House version to provide an exemption for funding appropriated for human trafficking grants provided for the 2015-17 biennium. The Senate version did not include this change.
- Adds a section exempting \$100,000 of funding appropriated to the Attorney General for the 2015-17 biennium for contracted higher education legal fees and authorizes that funding to be used during the 2017-19 biennium in the Attorney General's litigation fees line, the same as the Senate version.
- The Conference Committee did not include 3 sections added by the Senate relating to the contingent creation of a Medicaid Fraud Control Unit.
- Adds an emergency clause for Section 5 and the SAVIN program enhancements. The Senate version provided an emergency clause related to the SAVIN program enhancements only.

Engrossed HB 1003 was placed on the Seventh order of business on the calendar.

#### MOTION

**SEN. KLEIN MOVED** that the Senate stand in recess until 5:00 p.m., which motion prevailed.

**THE SENATE RECONVENED** pursuant to recess taken, with President Sanford presiding.

#### CONSIDERATION OF AMENDMENTS

**HB 1152, as engrossed: SEN. SORVAAG (Appropriations Committee) MOVED** that the amendments on SJ page 1626 be adopted and then be placed on the Fourteenth order with

**DO PASS**, which motion prevailed on a voice vote.

**SECOND READING OF HOUSE BILL**

**HB 1152:** A BILL for an Act to amend and reenact sections 57-51.1-07.3 and 57-51.1-07.5 of the North Dakota Century Code, relating to the state share of oil and gas tax allocations; to provide an effective date; and to declare an emergency.

**ROLL CALL**

The question being on the final passage of the amended bill, which has been read, and has committee recommendation of DO PASS, the roll was called and there were 45 YEAS, 1 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

**YEAS:** Anderson; Armstrong; Bekkedahl; Bowman; Burckhard; Campbell; Casper; Clemens; Cook; Davison; Dever; Dotzenrod; Erbele; Grabinger; Heckaman; Hogue; Holmberg; Kannianen; Kilzer; Klein; Krebsbach; Kreun; Laffen; Larson, D.; Lee, G.; Lee, J.; Luick; Marcellais; Mathern; Meyer; Myrdal; Nelson; Oban; Osland; Piepkorn; Poolman; Robinson; Roers; Rust; Schaible; Sorvaag; Unruh; Vedaa; Wanzek; Wardner

**NAYS:** Larsen, O.

**ABSENT AND NOT VOTING:** Oehlke

Engrossed HB 1152, as amended, passed and the emergency clause was declared carried.

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**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. SORVAAG MOVED** that the conference committee report on Engrossed HB 1003 be adopted, which motion prevailed on a voice vote.

**SECOND READING OF HOUSE BILL**

**HB 1003:** A BILL for an Act to provide an appropriation for defraying the expenses of the attorney general; to provide a contingent appropriation; to provide exemptions; to authorize fees; to create and enact a new section to chapter 53-06.1 of the North Dakota Century Code, relating to electronic pull tab device requirements; to amend and reenact section 27-01-10 of the North Dakota Century Code, relating to fee assessments for funding crime victim and witness programs; to provide a statement of legislative intent; to provide for reports; and to declare an emergency.

**ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 44 YEAS, 2 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

**YEAS:** Anderson; Armstrong; Bekkedahl; Bowman; Burckhard; Campbell; Casper; Clemens; Cook; Davison; Dever; Dotzenrod; Erbele; Grabinger; Heckaman; Hogue; Holmberg; Kilzer; Klein; Krebsbach; Kreun; Laffen; Larsen, O.; Lee, G.; Lee, J.; Luick; Marcellais; Mathern; Meyer; Myrdal; Nelson; Oban; Osland; Piepkorn; Poolman; Robinson; Roers; Rust; Schaible; Sorvaag; Unruh; Vedaa; Wanzek; Wardner

**NAYS:** Kannianen; Larson, D.

**ABSENT AND NOT VOTING:** Oehlke

Engrossed HB 1003, as amended, passed and the emergency clause was declared carried.

\*\*\*\*\*

**MOTION**

**SEN. KLEIN MOVED** that Sen. Hogue replace Sen. Oehlke on the Conference Committee on HB 1023, which motion prevailed on a voice vote.

**MOTION**

**SEN. KLEIN MOVED** that Sen. Krebsbach replace Sen. Oehlke on the Conference

Committee on SB 2018, which motion prevailed on a voice vote.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**

**MR. SPEAKER:** The Senate has amended, subsequently passed, and the emergency clause carried: HB 1152.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**

**MR. SPEAKER:** The President has appointed Sen. Krebsbach to replace Sen. Oehlke on the Conference Committee on SB 2018.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**

**MR. SPEAKER:** The President has appointed Sen. Hogue to replace Sen. Oehlke on the Conference Committee on HB 1023.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**

**MR. SPEAKER:** The Senate has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1003.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1020.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**

**MR. SPEAKER:** The President has signed: SB 2009.

**MESSAGE TO THE HOUSE FROM THE SENATE (SHANDA MORGAN, SECRETARY)**

**MR. SPEAKER:** The President has signed: HCR 3037.

**MOTION**

**SEN. KLEIN MOVED** that the Senate be on the Fourth, Fifth, and Sixteenth orders of business and at the conclusion of those orders, the Senate stand adjourned until 9:00 a.m., Wednesday, April 26, 2017, which motion prevailed.

**REPORT OF CONFERENCE COMMITTEE**

**SB 2014, as engrossed:** Your conference committee (Sens. Sorvaag, Hogue, Mathern and Reps. Brandenburg, Kempenich, Delmore) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1215-1222, adopt amendments as follows, and place SB 2014 on the Seventh order:

That the House recede from its amendments as printed on pages 1215-1222 of the Senate Journal and pages 1335-1342 of the House Journal and that Engrossed Senate Bill No. 2014 be amended as follows:

Page 1, line 3, remove the third "to"

Page 1, remove lines 4 through 7

Page 1, line 8, remove "tax credits;"

Page 1, line 8, after the third comma insert "54-18-19,"

Page 1, line 9, after "Code" insert "and section 26 of chapter 14 of the 2015 Session Laws"

Page 1, line 9, remove "occupational or"

Page 1, line 10, replace "professional" with "recreational"

Page 1, line 10, replace "and" with "North Dakota mill and elevator profits,"

Page 1, line 10, after "allocations" insert ", and a financial center project"

Page 1, line 12, after the second semicolon insert "to provide for reports;"

Page 1, line 12, remove "to provide an effective"

Page 1, line 13, remove "date; and"

Page 1, line 13, after the second "date" insert "; and to declare an emergency"

Page 2, replace lines 1 through 8 with:

"Salaries and wages	\$22,132,229	(\$118,145)	\$22,014,084
Operating expenses	4,779,135	1,526,753	6,305,888
Grants - bond payments	15,040,829	(1,830,345)	13,210,484
Contingencies	<u>0</u>	<u>221,737</u>	<u>221,737</u>
Total all funds	\$41,952,193	(\$200,000)	\$41,752,193
Less estimated income	<u>16,994,447</u>	<u>(651,241)</u>	<u>16,343,206</u>
Total general fund	\$24,957,746	\$451,241	\$25,408,987
Full-time equivalent positions	116.75	(6.50)	110.25"

Page 2, replace lines 13 through 15 with:

"Bank of North Dakota operations	\$58,542,301	(\$53,097)	\$58,489,204
Capital assets	<u>745,000</u>	<u>65,000</u>	<u>810,000</u>
Total special funds	\$59,287,301	\$11,903	\$59,299,204"

Page 2, replace lines 21 through 25 with:

"Salaries and wages	\$36,278,898	\$3,029,621	\$39,308,519
Operating expenses	27,327,000	868,000	28,195,000
Contingencies	500,000	0	500,000
Agriculture promotion	<u>210,000</u>	<u>0</u>	<u>210,000</u>
Total from mill and elevator fund	\$64,315,898	\$3,897,621	\$68,213,519"

Page 2, remove line 31

Page 3, replace lines 1 through 5 with:

"Salaries and wages	\$7,745,034	\$147,022	\$7,892,056
Operating expenses	3,744,275	999,080	4,743,355
Grants	25,930,780	5,864,048	31,794,828
Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total special funds	\$37,520,089	\$7,010,150	\$44,530,239
Full-time equivalent positions	46.00	(2.00)	44.00"

Page 3, replace lines 10 through 12 with:

"Grand total general fund	\$24,957,746	\$451,241	\$25,408,987
Grand total special funds	<u>178,117,735</u>	<u>10,268,433</u>	<u>188,386,168</u>
Grand total all funds	\$203,075,481	\$10,719,674	\$213,795,155

**SECTION 2. HEALTH INSURANCE INCREASE.** Section 1 of this Act includes the sum of \$1,319,354, of which \$292,009 is from the general fund, for increases in employee health insurance premiums from \$1,130 to \$1,241 per month."

Page 5, line 5, replace "\$1,254,462" with "\$221,737"

Page 5, line 5, replace "six" with "two"

Page 5, line 9, remove "the thresholds identified in this section. Of the \$1,254,462 and the six full-time"

Page 5, replace lines 10 through 18 with:

"eighteen thousand two hundred. Subject to budget section approval, the industrial commission may spend \$221,737 from the contingencies line item and may hire two full-time equivalent positions if the total number of wells capable of production and injection exceeds eighteen thousand two hundred."

Page 5, line 20, replace "\$1,103,986" with "\$1,103,779"

Page 7, line 11, replace "thirteen" with "eighteen"

Page 7, line 20, remove the overstrike over "~~Suspension of~~"

Page 7, line 21, after "~~license~~" insert "recreational licenses"

Page 7, line 21, remove the overstrike over "~~for nonpayment of defaulted state guaranteed student loans~~"

Page 7, line 22, remove the overstrike over "4."

Page 7, line 29, remove the overstrike over "2."

Page 8, line 15, after the overstruck period insert "The court may withhold or suspend any certificate, permit, or license issued by lottery, tag, electronically, or over the counter by the director of the game and fish department which the judgment debtor is required to obtain before engaging in a recreational activity. Following a decision to withhold or suspend a judgment debtor's certificate, permit, or license for failure to repay a state guaranteed student loan, the court shall notify the judgment debtor that the decision becomes final thirty days after the notification unless the judgment debtor satisfies or makes arrangements to pay the entire outstanding payment due or makes regular payment on the judgment in a manner and at times satisfactory to the court. The court shall notify the director of the game and fish department of the court's decision to withhold or suspend a debtor's certificate, permit, or license. A certificate, permit, or license withheld or suspended by an order issued under this section may be reissued only by order of the court. An appeal by a debtor who has had a certificate, permit, or license suspended or withheld under this section is an appeal from the court's order and may not be appealed to the director of the game and fish department."

Page 8, remove lines 16 through 21

Page 10, remove lines 30 and 31

Page 11, remove lines 1 through 30

Page 12, remove lines 1 through 30

Page 13, remove lines 1 through 31

Page 14, replace lines 1 through 22 with:

**"SECTION 20. AMENDMENT.** Section 54-18-19 of the North Dakota Century Code is amended and reenacted as follows:

**54-18-19. Transfer of North Dakota mill and elevator profits to general fund.**

The industrial commission shall transfer to the state general fund ~~fifty~~seventy-five percent of the annual earnings and undivided profits of the North Dakota mill and elevator association after any transfers to other state agricultural-related programs. The moneys must be transferred on an annual basis in the amounts and at the times requested by the director of the office of management and budget."

Page 19, after line 2 insert:

**"SECTION 22. AMENDMENT.** Section 26 of chapter 14 of the 2015 Session Laws is amended and reenacted as follows:

**SECTION 26. CONTINGENT FUNDING - BANK OF NORTH DAKOTA - NORTH DAKOTA FINANCIAL CENTER - EXEMPTION - LEGISLATIVE MANAGEMENT REPORT.** The capital assets line item in

subdivision 2 of section 1 of this Act includes \$17,000,000 from the assets of the Bank of North Dakota for the purpose of constructing a North Dakota financial center on a site adjacent to the existing building in which the Bank is located. The Bank may spend the funding only if the Bank's net income, reported in accordance with financial accounting standards board accounting standards, for calendar year 2015 exceeds \$125,000,000. The funding appropriated for this purpose is not subject to section 54-44.1-11 and any unexpended funds are available ~~during the biennium beginning July 1, 2017, and ending June 30, 2019~~ through June 30, 2021. The Bank of North Dakota shall report to the legislative management and to the appropriations committees of the sixty-fifth legislative assembly on the use of the funding provided for the North Dakota financial center, including the amounts spent to date and the amounts anticipated to be continued into the 2017-19 biennium, and on the progress of the project."

Page 19, remove lines 21 through 26

Page 20, replace lines 13 through 15 with:

**"SECTION 28. PROHIBITION - NORTH DAKOTA FINANCIAL CENTER - BANK OF NORTH DAKOTA.** The Bank of North Dakota may not construct a North Dakota financial center on a site adjacent to the existing building on which the Bank of North Dakota is located related to the funding provided in section 1 of chapter 14 of the 2015 Session Laws and identified in sections 2 and 26 of chapter 14 of the 2015 Session Laws until after June 30, 2019.

**SECTION 29. LAKE BED SEDIMENTATION STUDY - REPORT TO THE LEGISLATIVE MANAGEMENT.** During the 2017-18 interim, the industrial commission shall conduct a study in consultation with the game and fish department, the state department of health, the state water commission, and any other state agencies as necessary, regarding the feasibility of and appropriate jurisdiction for regulation of sediment studies and dredging operations from the beds of reservoirs that retain more than fifty acre-feet of surface water. The study must include consideration of best practices in other states, an outline of any proposed regulations, and a plan to implement a uniform permitting process. The industrial commission shall report to the legislative management by September 30, 2018, regarding the results and recommendations of the study.

**SECTION 30. GAIN-SHARING PROGRAM STUDY - REPORT TO LEGISLATIVE MANAGEMENT.** During the 2017-18 interim, the industrial commission shall conduct a study in consultation with the North Dakota mill and elevator association regarding the gain-sharing program. The study must include consideration of the costs and benefits of the gain-sharing program, best practices in other milling operations, and the estimated fiscal impact of repealing or modifying the gain-sharing program. The industrial commission shall report to the legislative management by July 1, 2018, regarding the results and recommendations of the study.

**SECTION 31. BANK OF NORTH DAKOTA EFFICIENCY STUDY - REPORT.** During the 2017-18 interim, the Bank of North Dakota shall conduct a study regarding potential efficiencies in operations. The Bank of North Dakota shall report to the appropriations committees of the sixty-sixth legislative assembly regarding the results and recommendations of the study.

**SECTION 32. EXPIRATION DATE.** Section 20 of this Act is effective through June 30, 2019, and after that date is ineffective.

**SECTION 33. EMERGENCY.** Section 28 of this Act is declared to be an emergency measure."

Re-number accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

## Senate Bill No. 2014 - Summary of Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Industrial Commission						
Total all funds	\$41,952,193	\$42,809,180	(\$1,056,987)	\$41,752,193	\$41,752,193	\$0
Less estimated income	16,994,447	16,344,658	(1,452)	16,343,206	16,343,206	0
General fund	\$24,957,746	\$26,464,522	(\$1,055,535)	\$25,408,987	\$25,408,987	\$0
Bank of North Dakota						
Total all funds	\$59,287,301	\$59,336,944	(\$37,740)	\$59,299,204	\$59,099,204	\$200,000
Less estimated income	59,287,301	59,336,944	(37,740)	59,299,204	59,099,204	200,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Housing Finance Agency						
Total all funds	\$37,520,089	\$44,539,570	(\$9,331)	\$44,530,239	\$44,275,562	\$254,677
Less estimated income	37,520,089	44,539,570	(9,331)	44,530,239	44,275,562	254,677
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Mill and Elevator						
Total all funds	\$64,315,898	\$68,245,245	(\$31,726)	\$68,213,519	\$68,213,519	\$0
Less estimated income	64,315,898	68,245,245	(31,726)	68,213,519	68,213,519	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Bill total						
Total all funds	\$203,075,481	\$214,930,939	(\$1,135,784)	\$213,795,155	\$213,340,478	\$454,677
Less estimated income	178,117,735	188,466,417	(80,249)	188,386,168	187,931,491	454,677
General fund	\$24,957,746	\$26,464,522	(\$1,055,535)	\$25,408,987	\$25,408,987	\$0

## Senate Bill No. 2014 - Industrial Commission - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$22,132,229	\$22,038,346	(\$24,262)	\$22,014,084	\$22,014,084	
Operating expenses	4,779,135	6,305,888		6,305,888	6,305,888	
Grants - Bond payments	15,040,829	13,210,484		13,210,484	13,210,484	
Contingencies		1,254,462	(1,032,725)	221,737	221,737	
Total all funds	\$41,952,193	\$42,809,180	(\$1,056,987)	\$41,752,193	\$41,752,193	\$0
Less estimated income	16,994,447	16,344,658	(1,452)	16,343,206	16,343,206	0
General fund	\$24,957,746	\$26,464,522	(\$1,055,535)	\$25,408,987	\$25,408,987	\$0
FTE	116.75	114.25	(4.00)	110.25	110.25	0.00

## Department No. 405 - Industrial Commission - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance Increases <sup>1</sup>	Adjusts Contingent FTE Positions <sup>2</sup>	Total Conference Committee Changes
Salaries and wages	(\$24,262)		(\$24,262)
Operating expenses			
Grants - Bond payments			
Contingencies		(1,032,725)	(1,032,725)
Total all funds	(\$24,262)	(\$1,032,725)	(\$1,056,987)
Less estimated income	(1,452)	0	(1,452)
General fund	(\$22,810)	(\$1,032,725)	(\$1,055,535)
FTE	0.00	(4.00)	(4.00)

<sup>1</sup> Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month.

<sup>2</sup> Contingent funding and authorization for FTE positions are adjusted to provide \$221,737 from the general fund and 2 FTE positions. The funding and FTE positions are authorized, subject to Budget Section approval, if the total number of wells capable of production and injection exceeds 18,200 wells as identified in Section 7 of the bill. The Senate provided \$1,254,462 for 6 FTE positions. The House provided \$221,737 and 2 FTE positions.



This amendment also includes the following changes related to the Industrial Commission:

- Identifies the funding increase for health insurance premium increases included in the agency's appropriation.
- Identifies \$221,737 from the general fund and 2 FTE positions included in the appropriation as contingent funding and contingent FTE position authorization. The funding and FTE positions are authorized, subject to Budget Section approval, if the total number of wells capable of production and injection exceeds 18,200 wells. The House provided that one position may be hired after May 31, 2018, and another position may be hired after November 30, 2018. The Senate provided \$1,254,462 from the general fund and 6 FTE positions.
- Allows the Industrial Commission to transfer up to \$1,103,779 from special funds from the entities under the control of the Industrial Commission for administrative services, the same as the House. The transfer was adjusted for the health insurance adjustment compared to the transfer of \$1,103,986 provided by the Senate.
- Adds a section requiring the Industrial Commission, in consultation with the Game and Fish Department, the State Department of Health, the State Water Commission, and any other state agencies as necessary, to study lake bed sedimentation and to report the results to the Legislative Management. The House also included the study.

#### Senate Bill No. 2014 - Bank of North Dakota - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Capital assets	\$745,000	\$810,000		\$810,000	\$810,000	
Bank of North Dakota operations	58,542,301	58,526,944	(37,740)	58,489,204	58,289,204	200,000
Total all funds	\$59,287,301	\$59,336,944	(\$37,740)	\$59,299,204	\$59,099,204	\$200,000
Less estimated income	59,287,301	59,336,944	(37,740)	59,299,204	59,099,204	200,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	181.50	181.50	0.00	181.50	181.50	0.00

#### Department No. 471 - Bank of North Dakota - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance Increases <sup>1</sup>	Total Conference Committee Changes
Capital assets		
Bank of North Dakota operations	(37,740)	(37,740)
Total all funds	(\$37,740)	(\$37,740)
Less estimated income	(37,740)	(37,740)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month.

This amendment also includes the following changes related to the Bank of North Dakota:

- Identifies the funding increase for health insurance premium increases included in the agency's appropriation.
- Authorizes the Bank of North Dakota to charge up to 18 percent of accumulated principal and interest on defaulted student loans. The Senate provided authorization

to charge up to 13 percent, and the House provided authorization to charge up to 30 percent.

- Provides the authority to suspend a recreational license when the licensee's student loans are in default, the same as the House. The Senate removed the authority to suspend an occupational or professional license.
- Amends a reference to the North Dakota financial center, which was included in 2015 House Bill No. 1014, to extend the authorization for the project through the 2019-21 biennium. The House repealed the references to the financial center project.
- Prohibits the Bank of North Dakota from constructing a financial center until after June 30, 2019, and provides an emergency clause related to the prohibition. The House also included the prohibition.
- Requires the Bank of North Dakota to study potential efficiencies in operations and to report to the 66<sup>th</sup> Legislative Assembly.

### Senate Bill No. 2014 - Housing Finance Agency - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$7,745,034	\$7,901,387	(\$9,331)	\$7,892,056	\$7,637,379	\$254,677
Operating expenses	3,744,275	4,743,355		4,743,355	4,743,355	
Grants	25,930,780	31,794,828		31,794,828	31,794,828	
HFA contingencies	100,000	100,000		100,000	100,000	
Total all funds	\$37,520,089	\$44,539,570	(\$9,331)	\$44,530,239	\$44,275,562	\$254,677
Less estimated income	37,520,089	44,539,570	(9,331)	44,530,239	44,275,562	254,677
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	46.00	46.00	(2.00)	44.00	42.00	2.00

### Department No. 473 - Housing Finance Agency - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance Increases <sup>1</sup>	Removes FTE Positions <sup>2</sup>	Total Conference Committee Changes
Salaries and wages	(\$9,331)		(\$9,331)
Operating expenses			
Grants			
HFA contingencies			
Total all funds	(\$9,331)	\$0	(\$9,331)
Less estimated income	(9,331)	0	(9,331)
General fund	\$0	\$0	\$0
FTE	0.00	(2.00)	(2.00)

<sup>1</sup> Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month.

<sup>2</sup> Authorization for 2 FTE positions is removed, the same as the House. Funding for a housing program administrator and a housing program representative was removed by the Senate; however, the Senate did not remove the FTE authorization for these positions.

This amendment also includes the following changes related to the Housing Finance Agency:

- Continues the housing incentive fund, the same as the Senate. The House continued the housing incentive fund through December 31, 2018, after which all references to the housing incentive fund were to be repealed.
- Removes a section added by the Senate to provide up to \$5 million of income tax

credits for contributions to the housing incentive fund which would have reduced general fund revenues by \$2.5 million for individual income tax collections and \$2.5 million for corporate income tax collections. The House also removed this section.

- Removes a section added by the Senate to establish the essential service worker home ownership incentive fund and to identify the uses of the fund, the same as the House.
- Removes a section added by the Senate to provide up to \$500,000 of income tax credits for contributions to the essential service worker home ownership incentive fund which would have reduced general fund revenues by \$250,000 for individual income tax collections and \$250,000 for corporate income tax collections. The House also removed this section.
- Removes a section added by the Senate to identify 50 percent of the contributions to the essential service worker home ownership fund for planning regions 1 and 8 and the remaining contributions for the other planning areas. The House also removed this section.
- Removes a section added by the Senate to provide an effective date and expiration date related to the housing incentive fund and the essential service worker home ownership incentive fund tax credits, the same as the House.

#### Senate Bill No. 2014 - Mill and Elevator - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$36,278,898	\$39,340,245	(\$31,726)	\$39,308,519	\$39,308,519	
Operating expenses	27,327,000	28,195,000		28,195,000	28,195,000	
Contingencies	500,000	500,000		500,000	500,000	
Agriculture promotion	210,000	210,000		210,000	210,000	
Total all funds	\$64,315,898	\$68,245,245	(\$31,726)	\$68,213,519	\$68,213,519	\$0
Less estimated income	64,315,898	68,245,245	(31,726)	68,213,519	68,213,519	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	147.00	153.00	0.00	153.00	153.00	0.00

#### Department No. 475 - Mill and Elevator - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance Increases <sup>1</sup>	Total Conference Committee Changes
Salaries and wages	(\$31,726)	(\$31,726)
Operating expenses		
Contingencies		
Agriculture promotion		
Total all funds	(\$31,726)	(\$31,726)
Less estimated income	(31,726)	(31,726)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month.

This amendment also includes the following changes related to the Mill and Elevator Association:

- Identifies the funding increase for health insurance premium increases included in the agency's appropriation.
- Amends North Dakota Century Code Section 54-18-19 to increase the annual transfer of Mill and Elevator profits to the general fund from 50 to 75 percent for the

2017-19 biennium resulting in an increase of \$6,188,868 to 2017-19 biennium estimated general fund revenue, from \$12,377,736 to \$18,566,604. The House also included these provisions.

- Removes a section added by the House to repeal Section 54-18-20, which authorizes a gain-sharing program, allowing the gain-sharing program to continue.
- Adds a section requiring the Industrial Commission, in consultation with the Mill and Elevator Association, to study the gain-sharing program and to report to the Legislative Management.

Engrossed SB 2014 was placed on the Seventh order of business on the calendar.

#### REPORT OF CONFERENCE COMMITTEE

**HB 1020, as engrossed:** Your conference committee (Sens. G. Lee, Sorvaag, Robinson and Reps. Schmidt, Streyle, Mock) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1445-1455, adopt amendments as follows, and place HB 1020 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1445-1455 of the House Journal and pages 1165-1175 of the Senate Journal and that Engrossed House Bill No. 1020 be amended as follows:

Page 1, line 1, remove "to create and enact two new sections to chapter 61-02 of the North Dakota"

Page 1, replace line 2 with "to provide an appropriation for defraying the expenses of the state water commission; to provide an appropriation to the industrial commission;"

Page 1, line 3, remove "subsection 1 of"

Page 1, line 3, after the first comma insert "subsection 10 of"

Page 1, line 3, after "61-02-02" insert ", section 61-02-08, "

Page 1, line 4, replace "and sections" with "section"

Page 1, line 4, after "61-02-79" insert ", the new section to chapter 61-03, as created by section 12 of House Bill No. 1374, as approved by the sixty-fifth legislative assembly, and sections 61-29-06, 61-40-05,"

Page 1, line 5, remove "the allocation of moneys in"

Page 1, line 5, replace "definitions" with "the definition of water conveyance project, the state water commission chairman and vice chairman"

Page 1, line 6, after the second comma insert "economic analyses for certain water projects, management of the Little Missouri scenic river, the authority of the western area water supply authority,"

Page 1, line 7, replace "a legislative management study" with "budget section approval"

Page 1, line 8, after the first semicolon insert "to provide for an industrial commission study;"

Page 1, line 8, remove "to the"

Page 1, line 8, after "management" insert "study; to provide for reports"

Page 1, line 8, after the second "provide" insert "a statement of"

Page 1, line 9, remove "to provide an appropriation for defraying the expenses of"

Page 1, line 10, replace "the state water commission; and" with "to provide for a transfer;"

Page 1, line 10, after "exemptions" insert "; to provide a contingent effective date; to provide an effective date; to provide an expiration date; and to declare an emergency"

Page 1, replace lines 19 through 21 with:

"Administrative and support services	\$5,535,618	\$97,568	\$5,633,186
Water and atmospheric resources	<u>863,400,218</u>	<u>(146,859,929)</u>	<u>716,540,289</u>
Total all funds	\$868,935,836	(\$146,762,361)	\$722,173,475"

Page 2, line 2, replace "\$277,612" with "\$257,498"

Page 2, line 3, replace "\$1,249" with "\$1,241"

Page 2, remove lines 4 through 8

Page 2, remove lines 15 through 23

Page 3, line 5, replace "\$299,875,000" with "\$298,875,000"

Page 3, replace lines 6 through 12 with:

- "a. \$120,125,000 for water supply;
- b. \$27,000,000 for rural water supply;
- c. \$136,000,000 for flood control; and
- d. \$15,750,000 for general water."

Page 3, remove lines 17 through 31

Page 4, replace lines 1 through 3 with:

**"SECTION 6. LEGISLATIVE INTENT - MOUSE RIVER FLOOD CONTROL PROJECT FUNDING.** Except for funding provided during bienniums prior to the 2017-19 biennium, it is the intent of the sixty-fifth legislative assembly that the state provide no more than \$193,000,000 of state funding for Mouse River flood control projects within the city limits of Minot. It is the intent of the sixty-fifth legislative assembly that the \$193,000,000 be made available during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums.

**SECTION 7. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT - BUDGET SECTION APPROVAL.** It is the intent of the sixty-fifth legislative assembly that the state water commission provide, in the form of a grant, up to \$30,000,000, of which \$17,000,000 is for the completion of the planning and permitting process and \$13,000,000 is to initiate construction of phase one prioritized project features identified in accordance with subsection 2 of section 8 of this Act, to the Garrison diversion conservancy district for the Red River valley water supply project, for the biennium beginning July 1, 2017, and ending June 30, 2019. The Garrison diversion conservancy district must receive budget section approval prior to changing any funding between designations identified in this section.

**SECTION 8. RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT - BUDGET SECTION APPROVAL.** Any funding received by the Garrison diversion conservancy district from the state water commission for the Red River valley water supply project during the biennium beginning July 1, 2017, and ending June 30, 2019, is subject to the following requirements:

1. Any funding received for the completion of the planning and permitting process of the Red River valley water supply project must result in the following accomplishments:
  - a. The completed Red River valley water supply plan document that will be the basis and justification for project construction and must

include alternative selection, water supply needs, projected project costs, easement acquisitions, environmental regulation compliance to include the Boundary Waters Treaty of 1909, and an implementation schedule;

- b. Acquisition of all state and federal permits required for the construction of any project features intended to be constructed with funding provided during the 2017-19 biennium;
  - c. A signed bureau of reclamation water service contract agreeing to a minimum of one hundred sixty-five cubic feet per second over a minimum of forty years or equivalent to ensure an adequate water source for the project's needs;
  - d. Prioritized project features for phase one construction; and
  - e. A recommendation for funding options for all phases of the Red River valley water supply project.
2. Any funding received to initiate construction of phase one prioritized project features identified in subsection 1 may be spent and construction of phase one may begin only after the budget section receives and approves certification from the state water commission and the state engineer that all items listed in subsection 1 have been accomplished.
  3. Quarterly progress reports on the Red River valley water supply project from the Garrison diversion conservancy district to the water topics overview committee of the legislative management, during the 2017-18 interim."

Page 4, line 5, replace "The" with "Notwithstanding section 5 of chapter 500 of the 2011 Session Laws, the"

Page 4, line 8, replace "\$19,500,000" with "\$25,000,000"

Page 4, line 8, remove "from funds"

Page 4, remove line 9

Page 4, line 10, replace "chapter 20 of the 2013 Session Laws" with "from the general fund to the western area water supply authority authorized in section 3 of chapter 500 of the 2011 Session Laws"

Page 4, line 11, remove "If the"

Page 4, remove lines 12 and 13

Page 4, line 14, replace "under section 61-40-09." with "The western area water supply authority is not obligated to repay principal on loans from the resources trust fund for the period beginning July 1, 2017, and ending June 30, 2018. The interest rate on the \$10,000,000 loan to the western area water supply authority authorized in section 4 of chapter 500 of the 2011 Session Laws must be 2.5 percent on any outstanding balance remaining after the effective date of this Act."

Page 4, line 16, replace "quarterly" with "monthly"

Page 4, line 22, replace "11" with "9"

Page 4, line 22, after "Act" insert "or the revenue bonds or other financing provided for in section 12 of this Act"

Page 4, after line 25, insert:

**"SECTION 11. APPROPRIATION - INDUSTRIAL COMMISSION STUDY - WESTERN AREA WATER SUPPLY AUTHORITY - REPORT TO LEGISLATIVE**

**MANAGEMENT.** There is appropriated out of any moneys in the resources trust fund, in the state treasury, the sum of \$150,000, or so much of the sum as may be necessary, to the industrial commission for the purpose of conducting an independent study of the feasibility and desirability of the sale or lease of the industrial water supply assets of the western area water supply authority, for the period beginning with the effective date of this Act, and ending June 30, 2019. The study must provide information regarding the financial impact to the western area water supply authority, its members and customers, the financial viability of the authority, and options available to the authority for debt servicing. The industrial commission may form a nonvoting advisory committee chaired by the state engineer to provide input regarding the scope of the study and to receive reports on the status of the study. The industrial commission shall report to the legislative management's interim water topics overview committee on the results of the study by June 1, 2018.

**SECTION 12. ACTIONS RESULTING FROM THE WESTERN AREA WATER SUPPLY AUTHORITY STUDY.**

1. If the industrial commission determines, based on the study directed in section 11 of this Act, that it is feasible and desirable to lease or sell the industrial water supply assets of the western area water supply authority, the industrial commission shall develop a timeline to complete the lease or the sale of the industrial water assets of the western area water supply authority and report to the legislative management's interim water topics overview committee.
2. If the industrial commission determines, based on the study directed in section 11 of this Act, that it is not feasible and desirable to lease or sell the industrial water supply assets of the western area water supply authority, notwithstanding section 5 of chapter 500 of the 2011 Session Laws, the western area water supply authority shall, with the assistance of the industrial commission and the Bank of North Dakota, repay its obligations to the Bank of North Dakota through the issuance of revenue bonds or other financing options acceptable to the industrial commission and Bank of North Dakota."

Page 4, line 28, replace "\$50,000," with "\$30,000 of which \$15,000 is from the resources trust fund and \$15,000 of other funds received from Ward County,"

Page 5, line 13, replace "Cass, Ward, Richland, and Burleigh Counties and other counties" with "Ward County"

Page 6, line 16, after "and" insert "the"

Page 6, line 16, replace "counties" with "county"

Page 6, line 30, replace "county-by-county" with "county""

Page 7, remove lines 7 through 30

Page 8, replace lines 1 through 5 with:

**"SECTION 15. AMENDMENT.** Section 57-51.1-07 of the North Dakota Century Code is amended and reenacted as follows:

**57-51.1-07. Allocation of moneys in oil extraction tax development fund.**

Moneys deposited in the oil extraction tax development fund must be transferred monthly by the state treasurer as follows:

1. Twenty percent must be allocated and credited to the sinking fund established for payment of the state of North Dakota water development bonds, southwest pipeline series, and any moneys in excess of the sum necessary to maintain the accounts within the sinking fund and for the payment of principal and interest on the bonds must be credited to a special trust fund, to be known as the resources trust fund. The

resources trust fund must be established in the state treasury and the funds therein must be deposited and invested as are other state funds to earn the maximum amount permitted by law which income must be deposited in the resources trust fund. ~~Five~~Three percent of the amount credited to the resources trust fund must be transferred no less than quarterly into the renewable energy development fund, not to exceed three million dollars per biennium. One-half of one percent of the amount credited to the resources trust fund must be transferred no less than quarterly into the energy conservation grant fund not to exceed ~~one~~one million two hundred thousand dollars per biennium. The principal and income of the resources trust fund may be expended only pursuant to legislative appropriation and are available to:

- a. The state water commission for planning for and construction of water-related projects, including rural water systems. These water-related projects must be those which the state water commission has the authority to undertake and construct pursuant to chapter 61-02; and
  - b. The industrial commission for the funding of programs for development of renewable energy sources; for studies for development of cogeneration systems that increase the capacity of a system to produce more than one kind of energy from the same fuel; for studies for development of waste products utilization; and for the making of grants and loans in connection therewith.
  - c. The department of commerce for the funding of programs for development of energy conservation and for the making of grants and loans relating to energy conservation.
2. Twenty percent must be allocated to the common schools trust fund and foundation aid stabilization fund as provided in section 24 of article X of the Constitution of North Dakota.
  3. Thirty percent must be allocated to the legacy fund as provided in section 26 of article X of the Constitution of North Dakota.
  4. Thirty percent must be allocated and credited to the state's general fund.

**SECTION 16. AMENDMENT.** Section 57-51.1-07 of the North Dakota Century Code is amended and reenacted as follows:

**57-51.1-07. Allocation of moneys in oil extraction tax development fund.**

Moneys deposited in the oil extraction tax development fund must be transferred monthly by the state treasurer as follows:

1. Twenty percent must be allocated and credited to the sinking fund established for payment of the state of North Dakota water development bonds, southwest pipeline series, and any moneys in excess of the sum necessary to maintain the accounts within the sinking fund and for the payment of principal and interest on the bonds must be credited to a special trust fund, to be known as the resources trust fund. The resources trust fund must be established in the state treasury and the funds therein must be deposited and invested as are other state funds to earn the maximum amount permitted by law which income must be deposited in the resources trust fund. Three percent of the amount credited to the resources trust fund must be transferred no less than quarterly into the renewable energy development fund, not to exceed three million dollars per biennium. One-half of one percent of the amount credited to the resources trust fund must be transferred no less than quarterly into the energy conservation grant fund not to exceed one million two hundred thousand dollars per biennium. The principal and income of the resources trust fund may be expended only pursuant to legislative appropriation and are available to:



- a. The state water commission for planning for and construction of water-related projects, including rural water systems. These water-related projects must be those which the state water commission has the authority to undertake and construct pursuant to chapter 61-02; and
  - b. The industrial commission for the funding of programs for development of renewable energy sources; for studies for development of cogeneration systems that increase the capacity of a system to produce more than one kind of energy from the same fuel; for studies for development of waste products utilization; and for the making of grants and loans in connection therewith.
  - c. The department of commerce for the funding of programs for development of energy conservation and for the making of grants and loans relating to energy conservation.
2. Twenty percent must be allocated to the common schools trust fund and foundation aid stabilization fund as provided in section 24 of article X of the Constitution of North Dakota.
  3. Thirty percent must be allocated to the legacy fund as provided in section 26 of article X of the Constitution of North Dakota.
  4. Thirty percent must be allocated and credited to the state's general fund."

Page 8, remove lines 6 through 30

Page 9, replace lines 1 through 24 with:

**"SECTION 17. AMENDMENT.** Subsection 10 to section 61-02-02 of the North Dakota Century Code as amended by section 3 of House Bill No. 1374, as approved by the sixty-fifth legislative assembly, is amended and reenacted as follows:

10. "Water conveyance project" means any surface ~~or subsurface~~ drainage works, bank stabilization, or snagging an clearing of water courses.

**SECTION 18. AMENDMENT.** Section 61-02-08 of the North Dakota Century Code as amended by section 6 of House Bill No. 1374, as approved by the sixty-fifth legislative assembly, is amended and reenacted as follows:

**61-02-08. Meetings of commission.**

The commission shall hold at least one meeting every two months at places as it, by resolution, may provide. ~~The governor shall serve as chairman, and the commission shall select a member of the commission to serve as vice chairman.~~ The chairman, or in the chairman's absence or disability, the vice chairman of the commission, may issue a call for any meeting at any time. The governor, ~~as chairman, or governor's appointed representative~~ shall preside at all meetings of the commission ~~and in case of the governor's, and in case of the absence or disability of the governor and governor's appointed representative,~~ the vice chairman shall preside. ~~The seven appointed members of the commission shall select an appointed member to serve as vice chairman of the commission."~~

Page 9, line 31, replace "twenty-five" with "twenty-six"

Page 10, line 7, overstrike "that" and insert immediately thereafter "of one and one-half percent over the three month London interbank offered rate, but"

Page 10, line 7, overstrike "one and three-quarters" and insert immediately thereafter "three"

Page 10, replace lines 15 through 26 with:

**"SECTION 21.** The new section to chapter 61-03 of the North Dakota Century Code created by section 12 of House Bill No. 1374, as approved by the sixty-fifth legislative assembly, is amended and reenacted as follows:

**Economic analysis process required for certain projects.**

The state engineer shall develop an economic analysis process for water conveyance projects and flood-related projects expected to cost more than ~~seven-hundred fifty thousand~~ one million dollars, and a life cycle analysis process for municipal water supply projects. When the state water commission is considering whether to fund a water conveyance project, flood-related project, or water supply project, the state engineer shall review the economic analysis or life cycle analysis, and inform the state water commission of the findings from the analysis and review.

**SECTION 22. AMENDMENT.** Section 61-29-06 of the North Dakota Century Code is amended and reenacted as follows:

**61-29-06. Management.**

Channelization, reservoir construction, or diversion other than for agricultural ~~or~~ recreational, or temporary use purposes and the dredging of waters within the confines of the Little Missouri scenic river and all Little Missouri River tributary streams are expressly prohibited. Flood control dikes may be constructed within the floodplain of the Little Missouri River. Diking and riprapping for bank erosion control shall be permitted within the confines of the Little Missouri scenic river. The construction of impoundments for any purpose on the Little Missouri mainstream shall be prohibited.

This chapter shall in no way affect or diminish the rights of owners of the land bordering the river to use the waters for domestic purposes, including livestock watering, or any other rights of riparian landowners.

**SECTION 23. AMENDMENT.** Section 61-40-05 of the North Dakota Century Code is amended and reenacted as follows:

**61-40-05. Authority of the western area water supply authority.**

In addition to authority declared under section 61-40-01, the board of directors of the western area water supply authority may:

1. Sue and be sued in the name of the authority.
2. Exercise the power of eminent domain in the manner provided by title 32 or as described in this chapter for the purpose of acquiring and securing any right, title, interest, estate, or easement necessary or proper to carry out the duties imposed by this chapter, and particularly to acquire the necessary rights in land for the construction of an entire part of any pipeline, reservoir, connection, valve, pumping installation, or other facility for the storage, transportation, or utilization of water and all other appurtenant facilities used in connection with the authority. However, if the interest sought to be acquired is a right of way for any project authorized in this chapter, the authority, after making a written offer to purchase the right of way and depositing the amount of the offer with the clerk of the district court of the county in which the right of way is located, may take immediate possession of the right of way, as authorized by section 16 of article I of the Constitution of North Dakota. Within thirty days after notice has been given in writing to the landowner by the clerk of the district court that a deposit has been made for the taking of a right of way as authorized in this subsection, the owner of the property taken may appeal to the district court by serving a notice of appeal upon the acquiring agency, and the matter must be tried at the next regular or special term of court with a jury unless a jury be waived, in the manner prescribed for trials under chapter 32-15.

3. Accept funds, property, services, pledges of security, or other assistance, financial or otherwise, from federal, state, and other public or private sources for the purpose of aiding and promoting the construction, maintenance, and operation of the authority. The authority may cooperate and contract with the state or federal government, or any department or agency of state or federal government, or any city, water district, or water system within the authority, in furnishing assurances and meeting local cooperation requirements of any project involving treatment, control, conservation, distribution, and use of water.
4. Cooperate and contract with the agencies or political subdivisions of this state or other states, in research and investigation or other activities promoting the establishment, construction, development, or operation of the authority.
5. Appoint and fix the compensation and reimbursement of expenses of employees as the board determines necessary to conduct the business and affairs of the authority and to procure the services of engineers and other technical experts, and to retain attorneys to assist, advise, and act for the authority in its proceedings.
6. Operate and manage the authority to distribute water to authority members and others within or outside the territorial boundaries of the authority and this state.
7. Hold, own, sell, or exchange any and all property purchased or acquired by the authority. All money received from any sale or exchange of property must be deposited to the credit of the authority and may be used to pay expenses of the authority.
8. Enter contracts to obtain a supply of bulk water through the purchase of infrastructure, bulk water sale or lease, which contracts may provide for payments to fund some or all of the authority's costs of acquiring, constructing, or reconstructing one or more water supply or infrastructure.
9. Acquire, construct, improve, and own water supply infrastructure, office and maintenance space in phases, in any location, and at any time.
10. Enter contracts to provide for a bulk sale, lease, or other supply of water for beneficial use to persons within or outside the authority. The contracts may provide for payments to fund some or all of the authority's costs of acquiring, constructing, or reconstructing one or more water system projects, as well as the authority's costs of operating and maintaining one or more projects, whether the acquisition, construction, or reconstruction of any water supply project actually is completed and whether water actually is delivered pursuant to the contracts. The contracts the cities, water districts, and other entities that are members of the western area water supply authority are authorized to execute are without limitation on the term of years.
11. Borrow money as provided in this chapter.
12. Make all contracts, execute all instruments, and do all things necessary or convenient in the exercise of its powers or in the performance of its covenants or duties or in order to secure the payment of its obligations, but an encumbrance, mortgage, or other pledge of property of the authority may not be created by any contract or instrument.
13. Accept from any authorized state or federal agency loans or grants for the planning, construction, acquisition, lease, or other provision of a project, and enter agreements with the agency respecting the loans or grants. Other than state-guaranteed loans, additional debt that may form the basis of a claim for territorial or franchise protection for industrial water sales for oil and gas exploration and production may be acquired

- by the authority or member entities only upon approval by the industrial commission and the emergency commission.
14. Contract debts and borrow money, pledge property of the authority for repayment of indebtedness, and provide for payment of debts and expenses of the authority.
  15. Operate and manage the authority to distribute water to any out-of-state cities or water systems that contract with the authority.
  16. Accept, apply for, and hold water allocation permits.
  17. Adopt rules concerning the planning, management, operation, maintenance, sale, and ratesetting regarding water sold by the authority. The authority may adopt a rate structure with elevated rates set for project industrial water depot and lateral supplies in recognition that a large component of the project expense is being incurred to meet the demands of industrial users. The industrial water depot and lateral rate structure must be approved in accordance with section 61-40-11.
  18. Develop water supply systems; store and transport water; and provide, contract for, and furnish water service for domestic, municipal, and rural water purposes; milling, manufacturing, mining, industrial, metallurgical, and any and all other beneficial uses; and fix the terms and rates therefore. The authority may acquire, construct, operate, and maintain dams, reservoirs, ground water storage areas, canals, conduits, pipelines, tunnels, and any and all treatment plants, works, facilities, improvements, and property necessary the same without any required public vote before taking action.
  19. Contract to purchase or improve water supply infrastructure or to obtain bulk water supplies without requiring any vote of the public on the projects or contracts. In relation to the initial construction of the system and for the purposes of entering a contract with the authority, municipalities are exempt from the public voting requirements or water contract duration limitations otherwise imposed by section 40-33-16.
  20. Accept assignment by member entities of contracts that obligate member entities to provide a water supply, contracts that relate to construction of water system infrastructure, or other member entity contracts that relate to authorities transferred to the authority under this chapter.
  21. Issue revenue bonds to repay its loan obligations to the Bank of North Dakota. For the purpose of issuing such revenue bonds, the provisions of chapters 40-35 and 40-36 apply to the extent necessary and consistent with section 12 of this Act.

Page 10, line 30, overstrike "The"

Page 10, line 30, remove "industrial commission shall provide"

Page 10, line 30, overstrike "an industrial water depot and"

Page 10, line 31, overstrike "lateral retail rate"

Page 11, line 2, replace "for the authority which is a competitive, floating, market rate" with "The industrial commission may authorize the authority to contract at competitive, floating, market rates for industrial water depot and lateral retail sales. The authority shall provide a report on the rates to the commission and legislative management's water topics overview committee on a regular basis"

Page 11, line 9, replace "\$25,000,000" with "\$26,000,000"

Page 11, replace lines 11 through 20 with:



### Department No. 405 - Industrial Commission - Detail of Conference Committee Changes

	Adds Funding for WAWS Industrial Water Study <sup>1</sup>	Total Conference Committee Changes
WAWS industrial water study	\$150,000	\$150,000
Total all funds	\$150,000	\$150,000
Less estimated income	150,000	150,000
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> A section is added appropriating \$150,000 from the resources trust fund for conducting an independent study of the feasibility and desirability of the sale or lease of the industrial water supply assets of the Western Area Water Supply Authority. The Industrial Commission is required to report the findings to the Water Topics Overview Committee by June 1, 2018, the same as the Senate version.

This amendment also:

- Adds a section requiring the Industrial Commission, based on the results of the study, to either develop a timeline to complete the lease or the sale of the Western Area Water Supply Authority's assets or assist the Western Area Water Supply Authority in refinancing its outstanding debt through bonding, the same as the Senate version.
- Adds a section amending North Dakota Century Code Section 61-40-05 to allow, under certain conditions, the Western Area Water Supply Authority to issue revenue bonds to repay its loan obligations to the Bank of North Dakota. The Senate version included the repayment of obligations to the State Water Commission.

### House Bill No. 1020 - State Water Commission - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Administrative and support services	\$5,535,618	\$5,635,772	(\$2,586)	\$5,633,186	\$5,633,186	
Water and atmospheric resources	863,400,218	736,077,817	(19,537,528)	716,540,289	716,510,289	30,000
Minot flood control loan		110,000,000	(110,000,000)			
Water authority debt payments		8,300,000	(8,300,000)			
Total all funds	\$868,935,836	\$860,013,589	(\$137,840,114)	\$722,173,475	\$722,143,475	\$30,000
Less estimated income	868,935,836	860,013,589	(137,840,114)	722,173,475	722,143,475	30,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	97.00	93.00	0.00	93.00	93.00	0.00

### Department No. 770 - State Water Commission - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance Increases <sup>1</sup>	Adjusts Funding Available for Water Projects <sup>2</sup>	Reduces Funding for Flood Hazard Risk Management Study <sup>3</sup>	Removes Funding for Minot Flood Control Loan <sup>4</sup>	Removes Funding for Water Authority Debt Payments <sup>5</sup>	Total Conference Committee Changes
Administrative and support services	(\$2,586)					(\$2,586)
Water and atmospheric resources	(17,528)	(19,500,000)	(20,000)			(19,537,528)
Minot flood control loan				(110,000,000)		(110,000,000)
Water authority debt payments					(8,300,000)	(8,300,000)
	(\$20,114)	(\$19,500,000)	(\$20,000)	(\$110,000,000)	(\$8,300,000)	(\$137,840,114)

Total all funds						
Less estimated income	(20,114)	(19,500,000)	(20,000)	(110,000,000)	(8,300,000)	(137,840,114)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

<sup>1</sup> Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month. Section 2 of the bill is also adjusted to reflect this change, the same as the Senate version.

<sup>2</sup> Provides for refinancing a \$25 million loan from the general fund which reduces funding available from the resources trust fund by \$19.5 million, the same as the Senate version. The House included the refinancing of the \$19.5 million loan from the resources trust fund.

<sup>3</sup> Reduces the funding for a State Engineer study from \$50,000 to \$30,000, of which \$15,000 is from the resources trust fund and \$15,000 is other funds received from Ward County. The House version included \$50,000 from the resources trust fund for a study by the State Engineer of flood hazard risk management for various counties. The Senate version removed the study.

<sup>4</sup> Includes legislative intent that the state provide \$193 million during the 2017-19, 2019-21, and 2023-25 bienniums for Mouse River flood control projects within the city limits of Minot, the same as the Senate version. The House version included a \$110 million loan authorization from the Bank of North Dakota to the State Water Commission for Minot flood control projects, which was removed.

<sup>5</sup> Removes funding related to fresh water royalty payments, which were appropriated to the State Water Commission, the same as the Senate version.

This amendment also:

- Removes Section 3 which provided for a \$135,000 grant from the resources trust fund to the Game and Fish Department for law enforcement activities on sovereign lands in the state, the same as the Senate version.
- Removes Sections 5, 19, and 20 related to fresh water royalty payments.
- Reduces water-related funding designations from \$299,875,000 to \$298,875,000 and combines the seven designations into the following four designations--\$120,125,000 for water supply, \$27,000,000 for rural water supply, \$136,000,000 for flood control, and \$15,750,000 for general water. The Senate version reduced water-related funding designations from \$299,875,000 to \$298,875,000 and combined the seven designations into the following three designations--\$147,125,000 for water supply, \$136,000,000 for flood control, and \$15,750,000 for general water.
- Removes Section 8 related to Northwest Area Water Supply Project funding, the same as the Senate version.
- Removes Sections 9 and 10 related to a \$110 million loan authorization from the Bank of North Dakota and an appropriation of the loan proceeds to the State Water Commission for the Minot flood control project and legislative intent, the same as the Senate version.
- Adds a section providing legislative intent that the state provide no more than \$193 million of state funding for Mouse River flood control projects within the city limits of Minot during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums, the same as the Senate version.
- Adds a section providing legislative intent that the State Water Commission provide \$30 million, of which \$17 million is for the completion of the planning and permitting process and \$13 million is to initiate construction of phase one prioritized project features, to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project for the 2017-19 biennium. The section also requires the Garrison Diversion Conservancy District to obtain Budget Section approval prior to changing funding between designations. The Senate version added a section

providing legislative intent that the State Water Commission provide \$30 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project which is a 90 percent cost share.

- Adds a section identifying accomplishments the Garrison Diversion Conservancy District must meet regarding the planning and permitting process and the district must obtain certification from the State Water Commission and the State Engineer that those items are complete. The section also requires approval from the Budget Section of the certification and for construction to begin before the funding can be provided to the Garrison Conservancy District for the Red River Valley Water Supply Project. Neither the House nor the Senate version included this section.
- Changes the sections regarding the refinancing of Western Area Water Supply Authority debt, to remove the repayment of a \$19.5 million loan from the resources trust fund, but instead repay a \$25 million loan from the general fund. The section also changes the Western Area Water Supply Authority financial reporting from quarterly to monthly, allows the Western Area Water Supply Authority to pay only interest on loans from the resources trust fund from July 1, 2017, through June 30, 2018, and changes the interest rate on the \$10 million loan to the Western Area Water Supply Authority from 5 to 2.5 percent, the same as the Senate version.
- Reduces the appropriation for the flood hazard risk management study from \$50,000 from the resources trust fund to \$30,000, of which \$15,000 is from the resources trust fund and \$15,000 is from other funds received from Ward County, and the study includes only Ward County. The Senate version removed Sections 13 and 14 added by the House which appropriated \$50,000 to the State Engineer to conduct a flood hazard risk management study.
- Changes the section amending Section 57-51.1-07 to provide for a \$200,000 allocation from the resources trust fund to the energy conservation grant fund with an effective date of the reduced allocation of August 1, 2017, through July 31, 2019, and restores the allocation to \$1.2 million effective August 1, 2019. The Senate version included the same allocation changes as the Conference Committee, but the effective date of the reduced allocation was July 1, 2017, through June 30, 2019, and restored the allocation to \$1.2 million effective after July 1, 2019. The House removed all allocations to the energy conservation grant fund.
- Adds a section amending Section 61-02-02(10), as amended by Section 3 of House Bill No. 1374 as approved by the 65<sup>th</sup> Legislative Assembly, related to the definition of water conveyance project, to be effective on August 1, 2017. Neither the House nor the Senate version included this section.
- Adds a section amending Section 61-02-08, as amended by Section 6 of House Bill No. 1374 as approved by the 65<sup>th</sup> Legislative Assembly, to designate the Governor as Chairman of the State Water Commission and provide the commission select the vice chairman, to be effective on August 1, 2017. Neither the House nor the Senate included this section.
- Amends Section 61-02-78(1) to increase the total allocation to the infrastructure revolving loan fund from \$25 million as provided by the House to \$26 million, and amends the section related to the transfer of funds exceeding the limit, the same as the Senate version.
- Amends Section 61-02-79 related to the interest rate of the line of credit from the Bank of North Dakota to the State Water Commission to change the rate from 1.75 to 1.5 percent over the 3 month London interbank offered rate, which may not exceed 3 percent, the same as the Senate version.
- Adds a section amending a new section to Chapter 61-03, as created by Section 12 of House Bill No. 1374, as approved by the 65<sup>th</sup> Legislative Assembly, to change the dollar threshold for which a project would require an economic analysis from \$750,000 to \$1,000,000, to be effective on August 1, 2017. Neither the House nor the Senate version included this section.
- Adds a section amending Section 61-29-06 to authorize the State Water Commission to issue temporary use permits within the confines of the Little Missouri Scenic River and all Little Missouri River tributary streams.
- Adds a section, contingent on Industrial Commission certification, that the Western Area Water Supply Authority issue bonds, to amend Section 61-40-05 to provide that for the purpose of issuing revenue bonds, the provisions of Chapters 40-35 and 40-



36 apply to the extent necessary and consistent with Section 12 of this bill. The Senate version did not include the references to Chapters 40-35 and 40-36.

- Amends Section 61-40-11 to authorize the Industrial Commission to allow the Western Area Water Supply Authority to contract at competitive, floating, market rates for industrial water depot and lateral retail sales, the same as the Senate version. The House version directed the Industrial Commission to get the competitive, floating, market rate.
- Removes the section relating to a Legislative Management study of the Western Area Water Supply Authority's industrial infrastructure, the same as the Senate version.
- Adds a section requiring the Legislative Management study the industrial water use of the oil and gas industry. The Senate version included the same study, but at the discretion of the Legislative Management.
- Adds a section directing the State Water Commission to present its 2019-21 biennium agency budget request to include a salaries and wages line item, operating expenses line item, capital assets line item, project carryover line item, and new projects line item. The commission may include additional lines if it determines them to be necessary. The section also directs the commission to present funding for projects in a manner consistent with the funding designations identified in the bill. Neither the House nor the Senate versions included these provisions.
- Adds an emergency clause, the same as the Senate version.

Engrossed HB 1020 was placed on the Seventh order of business on the calendar.

The Senate stood adjourned pursuant to Senator Klein's motion.

**Shanda Morgan, Secretary**

