

1999 SENATE APPROPRIATIONS

SB 2003

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2003

Senate Appropriations Committee

Conference Committee

Hearing Date 1/14/99; 2/15/99 a.m.; 2/15/99 p.m.

| Tape Number | Side A | Side B | Meter # |
|--------------------------------------------------|--------|--------|-----------|
| 1 | x | x | 2812-end |
| 2 | a | | 0-end |
| 2 | | x | 0-128 |
| Committee Clerk Signature <i>Gloria Anderson</i> | | | |
| 2/15/99 a.m. | 1 | x | 370-1670 |
| 2/15/99 p.m. | 1 | x | 4245-4543 |

Minutes:

SENATOR NETHING: Opened the hearing on SB 2003, A BILL for an Act to provide an appropriation for defraying the expenses of the attorney general; to provide statements of legislative intent; and to amend and reenact section 54-12-11 of the North Dakota Century Code, relating to the salary of the attorney general.

HEIDI HEITKAMP: Attorney General, to testify in support of SB 2003. (testimony attached pages 1-3) (tape 2812-2830)

JERALD KEMMET: Bureau of Criminal Investigation, Acting Director, to testify in support of SB 2003. (testimony attached, pages 4-8) (tape 3723-4525). We want to publicly thank the Governor for including some of our important elements in his budget.

SENATOR SOLBERG: The FTE's you're getting from federal funding on this project, is that for two years? And, are you informing them they're being hired for a two-year job?

JERALD KEMMET: Yes, they received letters indicating they are on soft money and that when the federal money goes away, their FTE also goes with that federal money.

CHER THOMAS: Information Technology Division, Director, to speak in support of SB 2003 (testimony attached, pages 9-12) (tape 1, side B, 4780-end plus tape 2, side A 0-560). I will place 5 copies of the IT plan on file with the clerk.

SENATOR BOWMAN: What happens if the computers shut down? Will we be able to solve anything? Is it getting so complicated that all we're doing is fixing technology?

CHER THOMAS: Technology is getting complex. We are very dependent upon technology. Crooks are also getting more complex.

HEIDI HEITKAMP: I share your concern. As we look into the future--2000 if we are not prepared to deal with computer crimes, we will not be prepared to protect the citizens of the state of ND. We have tobacco and alcohol moving on the Internet, crimes being committed on a regular basis, and we need to be prepared. We need to figure out a way to share that information for our remote locations.

In reference to the gaming grants (tape 815). We currently have 10 staff people in the gaming area. They are supported by law enforcement throughout the state. They are our eyes and ears as to what is happening even though they may not deal with it everyday, if we pick up the phone and call, we expect they will run out to that remote site and help us do the investigation on the pull-tab burglaries we've had. I want to personally support reinstatement of the gaming grant dollars. You will notice there has been a decline over the last years, and now we're taking them to nothing. We find that frequently the money gained from gaming grants is put into the city or county general fund and the law enforcement official never sees it. I think we should explore the idea of doing a direct grant to law enforcement so that we know the money is being used to protect our citizens against gaming fraud.

SENATOR BOWMAN: Another problem we have to address is that after we catch a criminal and they go through the court systems, they let them go. That is a major problem.

HEIDI HEITKAMP: You need to address that to the Judicial System and Department of Corrections. We can relate information about how many criminals are apprehended and their crimes from counties, but we can't track them to let you know what has happened to them in the judicial system.

SENATOR GRINDBERG: (tape 1110) In following the numbers in your budget that you talked about previously, ND has the lowest crime rate in the nation. But when we look at your present budget and look at the Governor's proposed budget and compare that to column 10, help me understand that would be an 11 percent increase in funding when you consider all of your sources and a five percent reduction in the general fund. If we look at the agency's request, we would have a \$3.2M general fund increase or 20 percent general fund increase. Help me understand these increases based on a state that has a decreasing population and the lowest crime rate.

HEIDI HEITKAMP: (tape 1265) When you look at what we are asking for in general fund increases, a fair amount of this is program information that the Governor has laid across to all of the agencies, including salary increases, increases in ongoing operating costs, things he has budgeted that are inflation adjustments. So you cannot say all of this is unique to the Office of the Attorney General. A fair portion of this are increases that you are going to see in every budget that comes along. In the very last column, you will note the difference between our budget request and the Governor's budget request is in part funding sources. The information you just heard, the money for the positions that Cher just talked about is in the budget as federal dollars that we do not think will come to fund those positions. The change in FTE's are in the area of methamphetamines and criminal history improvement projects, and to provide quicker information to individuals who want criminal backgrounds. A lot of increases we have and that this body has supported over the years has resulted in continuing to give ND the resources to be

the lowest crime rate state in the nation. I consider BCI's budget a support budget for local law enforcement agencies. The increases we are asking for are in the area of BCI.

KEITH LAUER: Gaming Division, Director (testimony attached pages 12-13) (tape 1540-1965)

DEBORAH K. NESS: Bismarck Police Department, Chief of Police to testify in response to the proposed reduction or elimination of gaming enforcement funds from the 1999-2000 budget. (attachment A) (tape 2075-2450)

DENNIS ROHR: Mandan Police Department, Chief of Police to testify in support of reinstating the gaming funds. For the past six years, I have an investigator assigned to gaming investigations. We receive approximately \$14,500 which would accommodate 50 percent of this investigator's salary. Investigations are becoming very lengthy. I also support the grant application process. (tape 2695-2700)

BEN CLAPP: Plains Art Museum, Fargo. We are well supported by two gaming sites. I am compelled for better enforcement of the gaming laws that you have passed and the regulations that are interpretative to speak for the reinstatement of the grants. We have local agencies that support the laws on gaming. The annual audits bring about a keener awareness of those regulations and laws. Without that annual inspection gaming would stray and without local enforcement I believe gaming would have a tendency to stray. I would encourage you to look at reinstating these grants. (tape 2720-2980)

SENATOR SOLBERG: How many sites do you run, and where are they located?

BEN CLAPP: There are two--both are in Fargo.

SENATOR SOLBERG: How many arrests by local law enforcement officials have been made at your sites for gaming violations?

BEN CLAPP: I believe the local law enforcement has assisted us 3 times when we thought there was employee theft. On an annual basis, the local examining individual comes in and goes through a thorough audit.

RICHARD PECK: National Peace Officers Association, the Chiefs Association, and the Sheriffs Association here to support the Attorney General's budget and the grant application. There are a lot of departments I have talked to that have received money and have no knowledge of it. It all goes to the auditor and into the general fund. I think through the grant application it would be better used and offset some of their budget process. (tape 3169-3230)

SENATOR ANDRIST: The problem with grant money is that the money is reduced because of the amount of time required to make the grant application as well as time needed to review the application. Don't we end up with big cities getting all funds?

HEIDI HEITKAMP: We hope we will be able to incorporate this with a number of the grant programs we run, and do some of it simultaneously. We hope to have the application managed by

local law enforcement. For smaller communities, we would regionalize the dollars and ask smaller communities to form coalitions. The most troublesome part for us in rural communities are the pull-tab sites.

SENATOR NETHING: Recessed the hearing until 2:00 p.m.

SENATOR NETHING: Reconvened the hearing on SB 2003

SENATOR ROBINSON: Regarding section 3 of SB 2003. The attorney general assured me they have solved this problem.

ROSELLAN SAND: I believe Dave from OMB has an amendment to section 3 which resolves the issue. Apparently what happened in the drafting there was some miscommunication about what entities had to be billed and which ones would not. We have worked with Mr. Backman's office and we will bill those entities that pay into the fire and tornado fund; those entities that do not pay into the fire and tornado fund will not be billed. Instead we will write up a memorandum noting cost of services provided. When the federal government does its audit, we will have proper documentation. (tape 3490)

DAVE KRABBENHOFT: (OMB) That is correct. When we drafted the bill, we turned it around and the amendment proposes to switch it back so entities that are covered by the fire and tornado fund will be billed, and the other entities that do not contribute will not be billed. They will have a memorandum billing.

HEIDI HEITKAMP: I want to be more responsive to Senator Grindberg's earlier question. The changes go over to the general fund in our budget. This provides information on the numbers and where they come from. This provides a better explanation of the changes than the sheet we distributed this morning. (attachment B)

SENATOR NETHING: I'm trying to figure out how much money you are asking to be restored? Initially I thought it was \$188,000. (tape 4347)

HEIDI HEITKAMP: No, that is the net change when you net our budget against all funds. If you took all funds and compared the Governor's budget with our budget, that is the net. We're asking for a net change increase in our budget of \$186,000. But, the general fund impact is greater than that. The Governor's changes on the general fund portion are already built into the executive budget.

SENATOR NETHING: You're asking us to restore \$1M?

HEIDI HEITKAMP: No, I'm asking you to restore \$1.8M. You are not going to see that in our salary line item because those IT positions we talked about this morning were funded with federal funds in the executive budget. You see a funding change that we're requesting. Not an appropriation beyond what the Governor gave us, we're simply saying the funding source is wrong. We are not certain the federal funding is there for those positions.

SENATOR NETHING: I understand your problem, I want you to understand my mine. The Governor says we do not appropriate more than \$14,122,905. That doesn't fit too well with \$1,800,000 addition. Part of my other problem you made a selection to reduce this \$792,000 and the Governor did that. Now, you're asking us to put that back. If we do, we have to go in and make the reductions you didn't want to. You made a choice. We've got a bottom line. The subcommittee will have to do something that they don't know much about, but they have a dollar assignment they have to reach. In addition, there is another \$1,075,000 that you want added. We're a long way from home.

HEIDI HEITKAMP: We didn't want to cut any of this. We were forced to make choices. We talk about the 5 percent reduction, it actually was more than that because the bulk of what we do is in salaries, and the Governor did not fund in his executive budget the second year of the budget increases that he gave for this fiscal year. And so for us it actually was a 7 percent reduction. We are willing to work with the subcommittee.

DAVE KRABBEHOFT: (OMB) We have an amendment on SB 2003. When the Executive budget eliminated the arrest and return of fugitives we missed the part in the Century Code where it makes reference that the state will pay for the arrest and return of fugitives. So I have an amendment to the bill to remove the reference to the state for the arrest and return of fugitives.

SENATOR SOLBERG: Is your amendment to restore \$30,000 for the arrest and return?

DAVE KRABBEHOFT: (OMB) Our amendment is to remove from the code the reference that the state will pay for the arrest and return of fugitives that are charged with felonies. So we are holding at zero for that.

HEIDI HEITKAMP: The funding level of this biennium was \$18,900 that was not enough money to get us through this biennium. We went to the emergency commission and got additional dollars. We're saying restore that function, that obligation, and to do it right we are going to need \$30,000.

SENATOR ST. AUBYN: What do other states do in terms of extradition?

BOB BENNETT: Attorney General's Office, Arrest and Return Division: The payment of extradition expense is basically state-by-state. We have in ND for many years the payment of the extradition expenses. It did not apply to misdemeanors or to city ordinance violations. However, we have done that. When I came here about 14 years ago, there was about \$30,000 appropriated. We ran out, and at that point it was run through the Governor's office. Then it came to the Attorney General's Office and the appropriation was cut down to about \$16,000. A couple of other times we ran out and had to go to the emergency commission. This is totally driven by the county's states attorney's law enforcement as to the number of extraditions we have and the costs incurred. The largest increase in our current costs was in airfares. Air fares that used to cost \$2,000 now cost \$4,000. So instead of funding 30-40 extraditions during the year we were funding 12-13. Some counties incur their own costs. Counties located along the borders never send a bill in unless it requires travel a distance into the state. The funding source is determined largely state-by-state.

SENATOR NETHING: Basically all you're paying is the transportation costs?

BOB BENNETT: What we pay is what a state employee would earn, the transportation, and per diem (side B, 5225)

SENATOR BOWMAN: I think it is difficult to predict a budget for arrest and return of felons. You do not know how many cases this will involve. It seems the emergency fund is the best choice for funding these special circumstances.

SENATOR NETHING: Closed the hearing on SB 2003 (side B, 128)

2/15/99 a.m. (tape 1, side B 370-1670)

SENATOR NETHING: Reopened the hearing on SB 2003.

SENATOR NAADEN: Presented amendments to SB 2003.

SENATOR NAADEN: Moved do pass amendments to SB 2003.

SENATOR HOLMBERG: Seconded the motion

MOTION CARRIED TO DO PASS AMENDMENTS TO SB 2003 BY UNANIMOUS VOICE VOTE

CARRIER: SENATOR ST. AUBYN

SENATOR NETHING: Closed the hearing on SB 2003

2/15/99 p.m. Tape 1, Side B 4245-4543

SENATOR NETHING: Reopened the hearing on SB 2003

SENATOR NAADEN: Presented information regarding a new section which includes an emergency measure, page 2, section 12, that needs to be included in the amendments to SB 2003.

SENATOR NETHING: Called for a motion to reconsider our earlier action on SB 2003

SENATOR HOLMBERG: Moved to reconsider earlier action on SB 2003

SENATOR GRINDBERG: Seconded the motion.

SENATOR HOLMBERG: Moved to reconsider earlier action on amendments to SB 2003

SENATOR GRINDBERG: Seconded the motion.

MOTION CARRIED BY unanimous voice vote to approve the motion.

SENATOR NAADEN: Moved to adopt amendment which will put the emergency clause into the bill.

2-15-99

2-15-99

SENATOR TALLACKSON: Seconded the motion.
MOTION CARRIED BY unanimous voice vote to approve the motion.

SENATOR NAADEN: Moved do pass SB 2003 as amended.

SENATOR HOLMBERG: Seconded the motion.

**ROLL CALL #2: 13 AYES; 0 NAYS; 1 ABSENT & NOT VOTING
MOTION CARRIED TO DO PASS SB 2003 AS AMENDED.**

Yeas: Nething; Naaden; Solberg; Lindaas; Tallackson; Robinson; Krauter; St. Aubyn; Grindberg;
Holmberg; Kringstad; Bowman; Andrist
Absent & Not Voting: Tomac

CARRIER: SENATOR NAADEN

SENATOR NETHING: Closed the hearing on SB 2003.

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: SB 2003 Amendment to: _____

Requested by Legislative Council Date of Request: 12/30/98

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. Please provide breakdowns, if appropriate, showing salaries and wages, operating expenses, equipment, or other details to assist in the budget process. In a word processing format, add lines or space as needed or attach a supplemental sheet to adequately address the fiscal impact of the measure.

Narrative: This bill reflects the Office of Attorney General's appropriation and Attorney General salary increase. It provides for a \$792,278 reduction in local gaming enforcement grants, with the remaining \$221,877 to be allocated on a competitive basis. The 1997-99 biennium appropriation for these grants is \$1,104,155. **The effect on cities and counties is not included in this fiscal note.**

The bill requires that the Office of Attorney General bill for the Fire Marshal Division work completed for entities not covered by the state Fire and Tornado fund, and deposit the revenues into the General Fund. Work performed for these types of entities is approximately 62% of the Fire Marshal staff workload. Currently, the Fire and Tornado fund provides all resources (except for federal funds) needed for Fire Marshal operations. The anticipated cost of billing these entities costs is \$10,200 (General Fund) for the 1999-2001 biennium, which is not reflected in the Executive Recommendation. Collection costs can not be determined because there is no precedent for this process.

In addition, the bill requires the Office of Attorney General to provide a detailed memorandum billing to the Insurance Department for Fire Marshal services performed for entities insured by the state Fire and Tornado Fund. The bill includes a \$385,517 transfer from the Fire and Tornado fund for these services. The Fire Marshal staff work performed for these entities is approximately 38% of its total workload.

State fiscal effect in dollar amounts:

| | 1997-99 Biennium | | 1999-2001 Biennium | | 2001-03 Biennium | |
|--------------|---------------------|-------------|-----------------------|-------------|---------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | 0 | 0 | <u>Unknown</u> | \$ | Unknown | \$ |
| Expenditures | 0 | 0 | \$617,030* | \$ | \$650,000* | 0 |

3. What, if any, is the effect of this measure on the budget for your agency or department:
 - a. For rest of 1997-99 biennium: No effect for 1997-99.
 - b. For the 1999-2001 biennium: The 1999-2001 executive budget includes \$606,829 in General Fund moneys and \$385,517 from the Fire & Tornado fund. The executive budget does not address the additional workload caused by this billing change, estimated to cost \$10,200.
*Again, the total collection costs can not be estimated at this time.
 - c. For the 2001-03 biennium:

4. County, city, and school district fiscal effect in dollar amounts:

| 1997-99 Biennium | | | 1999-2001 Biennium | | | 2001-03 Biennium | | |
|---------------------|--------|------------------|-----------------------|--------|------------------|---------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Signed: Kathy Roll
Typed Name: Kathy Roll, Financial Administrator
Department: Office of Attorney General
Phone Number: 328-3622
Date Prepared: 1/9/99

PROPOSED AMENDMENTS TO SENATE BILL NO. 2003

Page 1, line 2, after "section" insert "12-60-16.9, subsection 3 of section 53-06.1-14, and section"

Page 1, line 3, after "to" insert "criminal history background checks, gaming stamp fees, and"

Page 1, line 11, replace "14,181,012" with "14,034,903"

Page 1, line 12, replace "4,753,803" with "4,772,703"

Page 1, after line 15, insert:

"Arrest and return of fugitives 10,000"

Page 1, line 17, replace "244,548" with "222,067"

Page 1, line 18, replace "2,528,385" with "2,344,118"

Page 1, line 19, replace "628,844" with "627,280"

Page 1, line 20, replace "2,745,933" with "1,604,175"

Page 1, line 21, replace "31,402,369" with "29,935,090"

Page 1, line 22, replace "17,279,464" with "15,946,103"

Page 1, line 23, replace "14,122,905" with "13,988,987"

Page 2, line 7, remove "not"

Page 2, line 8, remove "Fees collected for these services must be deposited in the general fund."

Page 2, line 9, after "entities" insert "not"

Page 2, line 10, replace "fire and tornado fund" with "entity receiving the service"

Page 2, line 12, remove "from the fire and tornado fund"

Page 2, after line 26, insert:

"SECTION 8. LEGISLATIVE INTENT - ARREST AND RETURN OF FUGITIVES - EMERGENCY COMMISSION REQUEST. It is the intent of the fifty-sixth legislative assembly that the attorney general submit a request to the emergency commission for additional appropriation authority from the state contingencies appropriation for reimbursing counties for costs relating to the arrest and return of fugitives if the funding provided for this purpose in section 1 of this Act is not adequate for the biennium beginning July 1, 1999, and ending June 30, 2001.

SECTION 9. AMENDMENT. Section 12-60-16.9 of the North Dakota Century Code is amended and reenacted as follows:

12-60-16.9. Criminal history record information - Fee for record check.
 The bureau shall impose a fee of twenty dollars for a record check conducted for a noncriminal justice agency that is not also a court. Funds collected from this fee must be deposited in the attorney general's operating fund.

SECTION 10. AMENDMENT. Subsection 3 of section 53-06.1-14 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

3. A licensed distributor shall affix a North Dakota gaming stamp to each deal of pull tabs and bingo cards, punchboard, sports pool board, calcutta board, and series of paddlewheel ticket cards sold and shall purchase the stamps from the attorney general for ~~twenty-five~~ thirty-five cents each. Ten cents of each stamp sold, up to thirty-six thousand dollars per biennium, must be credited to the attorney general's operating fund to defray the costs of issuing the gaming stamps."

Page 2, line 30, replace "~~sixty-eight~~" with "sixty-five", replace "~~three~~" with "seven", and replace "~~eighty-eight~~" with "fifty-three"

Page 3, line 1, after "2000" insert ", sixty-seven thousand sixty-eight dollars through December 31, 2000", replace "seventy" with "sixty-nine", overstrike "four hundred", and replace "forty" with "two"

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 125 - ATTORNEY GENERAL

SENATE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE CHANGES | SENATE VERSION |
|--------------------------------------|-------------------|--------------------|-------------------|
| Salaries and wages | \$14,181,012 | (\$146,109) | \$14,034,903 |
| Operating expenses | 4,753,803 | 18,900 | 4,772,703 |
| Equipment | 868,710 | | 868,710 |
| Grants | 5,396,025 | | 5,396,025 |
| Litigation fees | 50,000 | | 50,000 |
| Gaming Commission | 5,109 | | 5,109 |
| Racing Commission | 244,548 | (22,481) | 222,067 |
| Nat. criminal history | 2,528,385 | (184,267) | 2,344,118 |
| improve. project | | | |
| Law enforcement programs | 628,844 | (1,564) | 627,280 |
| High-intensity drug trafficking area | 2,745,933 | (1,141,758) | 1,604,175 |
| Arrest and return of fugitives | | 10,000 | 10,000 |
| Total all funds | \$31,402,369 | (\$1,467,279) | \$29,935,090 |
| Less special funds | <u>17,279,464</u> | <u>(1,333,361)</u> | <u>15,946,103</u> |
| General fund | \$14,122,905 | (\$133,918) | \$13,988,987 |
| FTE | 167.50 | (7.00) | 160.50 |

Detail of Senate changes to the executive budget includes:

| | REDUCE COMPENSATION PACKAGE TO 2/2 | ADJUST HEALTH INSURANCE COST | DELAY MARKET SALARY ADJUSTMENTS TO 1/1/2001 | ADD ARREST AND RETURN OF FUGITIVES FUNDING | CHANGE FUNDING SOURCE FOR INFO TECH STAFF 4 | ADD SPECIAL FUND REVENUE 5 |
|-----------------------|------------------------------------|------------------------------|---------------------------------------------|--------------------------------------------|---------------------------------------------|----------------------------|
| Salaries and wages | (\$184,499) | \$41,914 | (\$3,524) 1 | | | |
| Operating expenses | | | | | | |
| Equipment | | | | | | |
| Grants | | | | | | |
| Litigation fees | | | | | | |
| Gaming Commission | | | | | | |
| Racing Commission | (2,629) | 570 | (20,422) 2 | | | |
| Nat. criminal history | (2,791) | 1,140 | | | | |

| | | | | | | |
|--------------------------------------|-----------------|--------------|------------|-----------------------|------------------|----------------|
| improve project | | | | | | |
| Law enforcement programs | (2,134) | 570 | | | | |
| High-intensity drug trafficking area | (12,966) | 3,421 | | | | |
| Arrest and return of fugitives | | | | \$10,000 ³ | | |
| Total all funds | (\$205,019) | \$47,615 | (\$23,946) | \$10,000 | \$0 | \$0 |
| Less special funds | <u>(26,492)</u> | <u>7,360</u> | | | <u>(250,600)</u> | <u>251,200</u> |
| General fund | (\$178,527) | \$40,255 | (\$23,946) | \$10,000 | \$250,600 | (\$251,200) |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

| | REDUCE NATIONAL INSTANT CHECK SYSTEM FUNDING | REDUCE HIGH INTENSITY DRUG TRAFFICKING AREA FUNDING | ADD FUNDING FOR BCI BULLET-PROOF VESTS | TOTAL SENATE CHANGES |
|---------------------------------------|----------------------------------------------|-----------------------------------------------------|----------------------------------------|----------------------|
| Salaries and wages | | | | (\$146,109) |
| Operating expenses | | | \$18,900 | 18,900 |
| Equipment | | | | |
| Grants | | | | |
| Litigation fees | | | | |
| Gaming Commission | | | | |
| Racing Commission | | | | (22,481) |
| Nat. criminal history improve project | (\$182,616) ⁶ | | | (184,267) |
| Law enforcement programs | | | | (1,564) |
| High-intensity drug trafficking area | | (\$1,132,213) ⁷ | | (1,141,758) |
| Arrest and return of fugitives | | | | 10,000 |
| Total all funds | (\$182,616) | (\$1,132,213) | \$18,900 | (\$1,467,279) |
| Less special funds | <u>(182,616)</u> | <u>(1,132,213)</u> | | <u>(1,333,361)</u> |
| General fund | \$0 | \$0 | \$18,900 | (\$133,918) |
| FTE | (3.00) | (4.00) | 0.00 | (7.00) |

Senate changes narrative:

¹ In addition to the two percent annual salary increases, funding is included to provide the Attorney General a market equity salary increase of \$161.17 per month for the final six months of the biennium. The statutory annual salary for the Attorney General will be:

| | |
|-----------------|----------|
| Current salary | \$64,464 |
| July 1, 1999 | \$65,753 |
| July 1, 2000 | \$67,068 |
| January 1, 2001 | \$69,002 |

² In addition to the two percent annual salary increases, funding is include to provide the Racing Commissioner a market equity salary increase of \$934 per month for the final six months of the biennium.

³ Adds funding for reimbursing counties for arrest and return of fugitives which was eliminated in the executive budget. A section is added providing that the Attorney General seek Emergency Commission approval for additional funding from the state contingencies appropriation if the \$10,000 provided is not adequate for the 1999-2001 biennium.

⁴ Adds general fund support to replace a portion of federal funds which will not be available for information technology staff salaries.

⁵ A section is added amending NDCC Section 12-60-16.9 providing that fees charged by the Attorney General's office for conducting background checks for noncriminal justice agencies be deposited in the Attorney General's operating fund rather than the general fund. This change will reduce 1999-2001 estimated general fund revenues by \$248,000.

⁶ Reduces federal funds relating to the National Instant Check System because the funds will not be available.

⁷ Reduces federal funding for the high-intensity drug trafficking area (HIDTA) program to the level anticipated to be received through June 30, 2001. A section is added making this line item an emergency measure, which will allow the Attorney General to begin spending these federal funds prior to July 1, 1999.

A section is added amending NDCC Section 53-06.1-14 increasing the fee for gaming stamps by 10 cents each, from 25 to 35 cents. Revenues from this source of up to \$36,000 per biennium is deposited in the Attorney General's operating fund. Any additional revenue is deposited in the general fund. The revenues and anticipated expenditures were included in the executive recommendation for the Attorney General but the statutory change was not included in the bill.

Section 3 of the bill is changed to provide that the State Fire Marshal bill the entities insured by the fire and tornado fund for fire marshal services and provide a memorandum billing to the entities not insured by the fire and tornado fund. The bill previously provided that entities not insured by the fire and tornado fund be billed for services and the fire and tornado fund be provided a memorandum billing.

Date: 2-15-99
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2003

Senate APPROPRIATIONS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number 98025.0102

Action Taken NO PASS

Motion Made By SENATOR NAADEN Seconded By SENATOR HOLMBERG

| Senators | Yes | No | Senators | Yes | No |
|-------------------------------|-----|----|----------|-----|----|
| Senator Nething, Chairman | | | | | |
| Senator Naaden, Vice Chairman | | | | | |
| Senator Solberg | | | | | |
| Senator Lindaas | | | | | |
| Senator Tallackson | | | | | |
| Senator Tomac | | | | | |
| Senator Robinson | | | | | |
| Senator Krauter | | | | | |
| Senator St. Aubyn | | | | | |
| Senator Grindberg | | | | | |
| Senator Holmberg | | | | | |
| Senator Kringstad | | | | | |
| Senator Bowman | | | | | |
| Senator Andrist | | | | | |

Total (Yes) UNANIMOUS No _____

Absent _____

Floor Assignment _____

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

Date: 2-15-99
 Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 2003

Senate APPROPRIATIONS Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number 98025.0102

Action Taken DO PASS AS AMENDED

Motion Made By SENATOR NAADEN Seconded By SENATOR SOLBERG

| Senators | Yes | No | Senators | Yes | No |
|-------------------------------|-----|----|----------|-----|----|
| Senator Nething, Chairman | ✓ | | | | |
| Senator Naaden, Vice Chairman | ✓ | | | | |
| Senator Solberg | ✓ | | | | |
| Senator Lindaas | ✓ | | | | |
| Senator Tallackson | ✓ | | | | |
| Senator Tomac | ✓ | | | | |
| Senator Robinson | ✓ | | | | |
| Senator Krauter | ✓ | | | | |
| Senator St. Aubyn | ✓ | | | | |
| Senator Grindberg | ✓ | | | | |
| Senator Holmberg | ✓ | | | | |
| Senator Kringstad | ✓ | | | | |
| Senator Bowman | ✓ | | | | |
| Senator Andrist | ✓ | | | | |

Total (Yes) 14 No 0

Absent 0

Floor Assignment SENATOR NAADEN

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

7-3
2/15/99
1 of 4

PROPOSED AMENDMENTS TO SENATE BILL NO. 2003

SENATE AMENDMENTS TO SB 2003

APPROP.

2/15/99

Page 1, line 2, remove the first "and" and after "section" insert "12-60-16.9, subsection 3 of section 53-06.1-14, and section"

Page 1, line 3, after "to" insert "criminal history background checks, gaming stamp fees, and" and after "general" insert "; and to declare an emergency"

Page 1, line 11, replace "14,181,012" with "14,034,903"

Page 1, line 12, replace "4,753,803" with "4,772,703"

Page 1, after line 15, insert:

"Arrest and return of fugitives" 10,000"

Page 1, line 17, replace "244,548" with "222,067"

Page 1, line 18, replace "2,528,385" with "2,344,118"

Page 1, line 19, replace "628,844" with "627,280"

Page 1, line 20, replace "2,745,933" with "1,604,175"

Page 1, line 21, replace "31,402,369" with "29,935,090"

Page 1, line 22, replace "17,279,464" with "15,946,103"

Page 1, line 23, replace "14,122,905" with "13,988,987"

SENATE AMENDMENTS TO SB 2003

APPROP.

2/15/99

Page 2, line 7, remove "not"

Page 2, line 8, remove "Fees collected for these services must be deposited in the general fund."

Page 2, line 9, after "entities" insert "not"

Page 2, line 10, replace "fire and tornado fund" with "entity receiving the service"

Page 2, line 12, remove "from the fire and tornado fund"

Page 2, after line 26, insert:

"SECTION 8. LEGISLATIVE INTENT - ARREST AND RETURN OF FUGITIVES - EMERGENCY COMMISSION REQUEST. It is the intent of the fifty-sixth legislative assembly that the attorney general submit a request to the emergency commission for additional appropriation authority from the state contingencies appropriation for reimbursing counties for costs relating to the arrest and return of fugitives if the funding provided for this purpose in section 1 of this Act is not adequate for the biennium beginning July 1, 1999, and ending June 30, 2001.

2074

SECTION 9. AMENDMENT. Section 12-60-16.9 of the North Dakota Century Code is amended and reenacted as follows:

12-60-16.9. Criminal history record information - Fee for record check.

The bureau shall impose a fee of twenty dollars for a record check conducted for a noncriminal justice agency that is not also a court. Funds collected from this fee must be deposited in the attorney general's operating fund.

SECTION 10. AMENDMENT. Subsection 3 of section 53-06.1-14 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

3. A licensed distributor shall affix a North Dakota gaming stamp to each deal of pull tabs and bingo cards, punchboard, sports pool board, calcutta board, and series of paddlewheel ticket cards sold and shall purchase the stamps from the attorney general for ~~twenty-five~~ thirty-five cents each. Ten cents of each stamp sold, up to thirty-six thousand dollars per biennium, must be credited to the attorney general's operating fund to defray the costs of issuing the gaming stamps.

Page 2, line 30, replace "sixty-eight" with "sixty-five", replace "three" with "seven", and replace "eighty-eight" with "fifty-three"

SENATE AMENDMENTS TO SB 2003

APPROP.

2/15/99

Page 3, line 1, after "2000" insert ", sixty-seven thousand sixty-eight dollars through December 31, 2000", replace "seventy" with "sixty-nine", overstrike "four hundred", and replace "forty" with "two"

Page 3, after line 2, insert:

"SECTION 12. EMERGENCY. The high-intensity drug trafficking area line item in section 1 of this Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 125 - ATTORNEY GENERAL

SENATE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE CHANGES | SENATE VERSION |
|----------------------------------------|---------------------|----------------------|---------------------|
| Salaries and wages | \$14,181,012 | (\$146,109) | \$14,034,903 |
| Operating expenses | 4,753,803 | 18,900 | 4,772,703 |
| Equipment | 868,710 | | 868,710 |
| Grants | 5,396,025 | | 5,396,025 |
| Litigation fees | 50,000 | | 50,000 |
| Gaming Commission | 5,109 | | 5,109 |
| Racing Commission | 244,548 | (22,481) | 222,067 |
| Nat. criminal history improve. project | 2,528,385 | (184,267) | 2,344,118 |
| Law enforcement programs | 628,844 | (1,564) | 627,280 |
| High-intensity drug trafficking area | 2,745,933 | (1,141,758) | 1,604,175 |
| Arrest and return of fugitives | | 10,000 | 10,000 |
| Total all funds | \$31,402,369 | (\$1,467,279) | \$29,935,090 |
| Less special funds | 17,279,464 | (1,333,361) | 15,946,103 |
| General fund | \$14,122,905 | (\$133,918) | \$13,988,987 |
| FTE | 167.50 | (7.00) | 160.50 |

Detail of Senate changes to the executive budget includes:

| | REDUCE COMPENSATION PACKAGE TO 2/2 | ADJUST HEALTH INSURANCE COST | DELAY MARKET SALARY ADJUSTMENTS TO 1/1/2001 | ADD ARREST AND RETURN OF FUGITIVES FUNDING | CHANGE FUNDING SOURCE FOR INFO TECH STAFF 4 | ADD SPECIAL FUND REVENUE 5 |
|--------------------------|---------------------------------------------|---------------------------------------|---------------------------------------------------------|--------------------------------------------------------|---------------------------------------------------------|-------------------------------------|
| Salaries and wages | (\$184,499) | \$41,914 | (\$3,524) 1 | | | |
| Operating expenses | | | | | | |
| Equipment | | | | | | |
| Grants | | | | | | |
| Litigation fees | | | | | | |
| Gaming Commission | | | | | | |
| Racing Commission | (2,629) | 570 | (20,422) 2 | | | |
| Nat. criminal history | (2,791) | 1,140 | | | | |
| improve. project | | | | | | |
| Law enforcement programs | (2,134) | 570 | | | | |
| High-intensity drug | (12,966) | 3,421 | | | | |
| trafficking area | | | | | | |
| Arrest and return of | | | | \$10,000 3 | | |
| fugitives | | | | | | |
| Total all funds | (\$205,019) | \$47,615 | (\$23,946) | \$10,000 | \$0 | \$0 |
| Less special funds | <u>(26,492)</u> | <u>7,360</u> | | | <u>(250,600)</u> | <u>251,200</u> |
| General fund | (\$178,527) | \$40,255 | (\$23,946) | \$10,000 | \$250,600 | (\$251,200) |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

| | REDUCE NATIONAL INSTANT CHECK SYSTEM FUNDING | REDUCE HIGH INTENSITY DRUG TRAFFICKING AREA FUNDING | ADD FUNDING FOR BCI BULLET-PROOF VESTS | TOTAL SENATE CHANGES |
|--------------------------|-------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------|----------------------------|
| Salaries and wages | | | | (\$146,109) |
| Operating expenses | | | \$18,900 | 18,900 |
| Equipment | | | | |
| Grants | | | | |
| Litigation fees | | | | |
| Gaming Commission | | | | |
| Racing Commission | | | | (22,481) |
| Nat. criminal history | (\$182,616) 6 | | | (184,267) |
| improve. project | | | | |
| Law enforcement programs | | | | (1,564) |
| High-intensity drug | | (\$1,132,213) 7 | | (1,141,758) |
| trafficking area | | | | |
| Arrest and return of | | | | 10,000 |
| fugitives | | | | |
| Total all funds | (\$182,616) | (\$1,132,213) | \$18,900 | (\$1,467,279) |
| Less special funds | <u>(182,616)</u> | <u>(1,132,213)</u> | | <u>(1,333,361)</u> |
| General fund | \$0 | \$0 | \$18,900 | (\$133,918) |
| FTE | (3.00) | (4.00) | 0.00 | (7.00) |

Senate changes narrative:

1 In addition to the two percent annual salary increases, funding is included to provide the Attorney General a market equity salary increase of \$161.17 per month for the final six months of the biennium. The statutory annual salary for the Attorney General will be:

| | |
|-----------------|----------|
| Current salary | \$64,464 |
| July 1, 1999 | \$65,753 |
| July 1, 2000 | \$67,068 |
| January 1, 2001 | \$69,002 |

2 In addition to the two percent annual salary increases, funding is include to provide the Racing Commissioner a market equity salary increase of \$934 per month for the final six months of the biennium.

3 Adds funding for reimbursing counties for arrest and return of fugitives which was eliminated in the executive budget. A section is added providing that the Attorney General seek Emergency Commission approval for additional funding from the state contingencies appropriation if the \$10,000 provided is not adequate for the 1999-2001 biennium.

4 Adds general fund support to replace a portion of federal funds which will not be available for information technology staff salaries.

5 A section is added amending NDCC Section 12-60-16.9 providing that fees charged by the Attorney General's office for conducting background checks for noncriminal justice agencies be deposited in the Attorney General's operating fund rather than the general fund. This change will reduce 1999-2001 estimated general fund revenues by \$248,000.

6 Reduces federal funds relating to the National Instant Check System because the funds will not be available.

7 Reduces federal funding for the high-intensity drug trafficking area (HIDTA) program to the level anticipated to be received through June 30, 2001. A section is added making this line item an emergency measure, which will allow the Attorney General to begin spending these federal funds prior to July 1, 1999.

4014

A section is added amending NDCC Section 53-06.1-14 increasing the fee for gaming stamps by 10 cents each, from 25 to 35 cents. Revenues from this source of up to \$36,000 per biennium is deposited in the Attorney General's operating fund. Any additional revenue is deposited in the general fund. The revenues and anticipated expenditures were included in the executive recommendation for the Attorney General but the statutory change was not included in the bill.

Section 3 of the bill is changed to provide that the State Fire Marshal bill the entities insured by the fire and tornado fund for fire marshal services and provide a memorandum billing to the entities not insured by the fire and tornado fund. The bill previously provided that entities not insured by the fire and tornado fund be billed for services and the fire and tornado fund be provided a memorandum billing.

Date: 2/15/99
Roll Call Vote #: 2

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2003

Senate APPROPRIATIONS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number 98025.0103

Action Taken DO PASS AS AMENDER

Motion Made By Sen. Naaden Seconded By Sen. Holmberg

| Senators | Yes | No | Senators | Yes | No |
|-------------------------------|-----|----|----------|-----|----|
| Senator Nething, Chairman | ✓ | | | | |
| Senator Naaden, Vice Chairman | ✓ | | | | |
| Senator Solberg | ✓ | | | | |
| Senator Lindaas | ✓ | | | | |
| Senator Tallackson | ✓ | | | | |
| Senator Tomac | | | | | |
| Senator Robinson | ✓ | | | | |
| Senator Krauter | ✓ | | | | |
| Senator St. Aubyn | ✓ | | | | |
| Senator Grindberg | ✓ | | | | |
| Senator Holmberg | ✓ | | | | |
| Senator Kringstad | ✓ | | | | |
| Senator Bowman | ✓ | | | | |
| Senator Andrist | ✓ | | | | |

Total (Yes) 13 No 0

Absent 1

Floor Assignment Sen. Naaden

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

REPORT OF STANDING COMMITTEE

SB 2003: Appropriations Committee (Sen. Nething, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2003 was placed on the Sixth order on the calendar.

Page 1, line 2, remove the first "and" and after "section" insert "12-60-16.9, subsection 3 of section 53-06.1-14, and section"

Page 1, line 3, after "to" insert "criminal history background checks, gaming stamp fees, and" and after "general" insert "; and to declare an emergency"

Page 1, line 11, replace "14,181,012" with "14,034,903"

Page 1, line 12, replace "4,753,803" with "4,772,703"

Page 1, after line 15, insert:
"Arrest and return of fugitives 10,000"

Page 1, line 17, replace "244,548" with "222,067"

Page 1, line 18, replace "2,528,385" with "2,344,118"

Page 1, line 19, replace "628,844" with "627,280"

Page 1, line 20, replace "2,745,933" with "1,604,175"

Page 1, line 21, replace "31,402,369" with "29,935,090"

Page 1, line 22, replace "17,279,464" with "15,946,103"

Page 1, line 23, replace "14,122,905" with "13,988,987"

Page 2, line 7, remove "not"

Page 2, line 8, remove "Fees collected for these services must be deposited in the general fund."

Page 2, line 9, after "entities" insert "not"

Page 2, line 10, replace "fire and tornado fund" with "entity receiving the service"

Page 2, line 12, remove "from the fire and tornado fund"

Page 2, after line 26, insert:

"SECTION 8. LEGISLATIVE INTENT - ARREST AND RETURN OF FUGITIVES - EMERGENCY COMMISSION REQUEST. It is the intent of the fifty-sixth legislative assembly that the attorney general submit a request to the emergency commission for additional appropriation authority from the state contingencies appropriation for reimbursing counties for costs relating to the arrest and return of fugitives if the funding provided for this purpose in section 1 of this Act is not adequate for the biennium beginning July 1, 1999, and ending June 30, 2001.

SECTION 9. AMENDMENT. Section 12-60-16.9 of the North Dakota Century Code is amended and reenacted as follows:

12-60-16.9. Criminal history record information - Fee for record check.

The bureau shall impose a fee of twenty dollars for a record check conducted for a noncriminal justice agency that is not also a court. Funds collected from this fee must be deposited in the attorney general's operating fund.

SECTION 10. AMENDMENT. Subsection 3 of section 53-06.1-14 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

3. A licensed distributor shall affix a North Dakota gaming stamp to each deal of pull tabs and bingo cards, punchboard, sports pool board, calcutta board, and series of paddlewheel ticket cards sold and shall purchase the stamps from the attorney general for ~~twenty five~~ thirty-five cents each. Ten cents of each stamp sold, up to thirty-six thousand dollars per biennium, must be credited to the attorney general's operating fund to defray the costs of issuing the gaming stamps.

Page 2, line 30, replace "sixty-eight" with "sixty-five", replace "three" with "seven", and replace "eighty-eight" with "fifty-three"

Page 3, line 1, after "2000" insert ", sixty-seven thousand sixty-eight dollars through December 31, 2000", replace "seventy" with "sixty-nine", overstrike "four hundred", and replace "forty" with "two"

Page 3, after line 2, insert:

"SECTION 12. EMERGENCY. The high-intensity drug trafficking area line item in section 1 of this Act is declared to be an emergency measure."

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 125 - ATTORNEY GENERAL

SENATE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE CHANGES | SENATE VERSION |
|-------------------------------------------|---------------------|--------------------|-------------------|
| Salaries and wages | \$14,181,012 | (\$146,109) | \$14,034,903 |
| Operating expenses | 4,753,803 | 18,900 | 4,772,703 |
| Equipment | 868,710 | | 868,710 |
| Grants | 5,396,025 | | 5,396,025 |
| Litigation fees | 50,000 | | 50,000 |
| Gaming Commission | 5,109 | | 5,109 |
| Racing Commission | 244,548 | (22,481) | 222,067 |
| Nat. criminal history improve. project | 2,528,385 | (184,267) | 2,344,118 |
| Law enforcement programs | 628,844 | (1,564) | 627,280 |
| High-intensity drug trafficking area | 2,745,933 | (1,141,758) | 1,604,175 |
| Arrest and return of fugitives | | 10,000 | 10,000 |
| Total all funds | \$31,402,369 | (\$1,467,279) | \$29,935,090 |
| Less special funds | <u>17,279,464</u> | <u>(1,333,361)</u> | <u>15,946,103</u> |
| General fund | \$14,122,905 | (\$133,918) | \$13,988,987 |
| FTE | 167.50 | (7.00) | 160.50 |

Detail of Senate changes to the executive budget includes:

REPORT OF STANDING COMMITTEE (410)
February 16, 1999 8:20 a.m.

Module No: SR-31-3064
Carrier: Naaden
Insert LC: 98025.0103 Title: .0200

| | REDUCE COMPENSATION PACKAGE TO 2/2 | ADJUST HEALTH INSURANCE COST | DELAY MARKET SALARY ADJUSTMENTS TO 1/1/2001 | ADD ARREST AND RETURN OF FUGITIVES FUNDING | CHANGE FUNDING SOURCE FOR INFO TECH STAFF 4 | ADD SPECIAL FUND REVENUE 5 |
|--------------------------|---------------------------------------------|---------------------------------------|---------------------------------------------------------|--------------------------------------------------------|---------------------------------------------------------|-------------------------------------|
| Salaries and wages | (\$184,499) | \$41,914 | (\$3,524) ¹ | | | |
| Operating expenses | | | | | | |
| Equipment | | | | | | |
| Grants | | | | | | |
| Litigation fees | | | | | | |
| Gaming Commission | | | | | | |
| Racing Commission | (2,629) | 570 | (20,422) ² | | | |
| Nat. criminal history | (2,791) | 1,140 | | | | |
| improve. project | | | | | | |
| Law enforcement programs | (2,134) | 570 | | | | |
| High-intensity drug | (12,966) | 3,421 | | | | |
| trafficking area | | | | | | |
| Arrest and return of | | | | \$10,000 ³ | | |
| fugitives | | | | | | |
| Total all funds | (\$205,019) | \$47,615 | (\$23,946) | \$10,000 | \$0 | \$0 |
| Less special funds | <u>(26,492)</u> | <u>7,360</u> | | | <u>(250,600)</u> | <u>251,200</u> |
| General fund | (\$178,527) | \$40,255 | (\$23,946) | \$10,000 | \$250,600 | (\$251,200) |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

| | REDUCE NATIONAL INSTANT CHECK SYSTEM FUNDING | REDUCE HIGH INTENSITY DRUG TRAFFICKING AREA FUNDING | ADD FUNDING FOR BCI BULLE-PROOF VESTS | TOTAL SENATE CHANGES |
|--------------------------|-------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------|----------------------------|
| Salaries and wages | | | | (\$146,109) |
| Operating expenses | | | \$18,900 | 18,900 |
| Equipment | | | | |
| Grants | | | | |
| Litigation fees | | | | |
| Gaming Commission | | | | |
| Racing Commission | | | | (22,481) |
| Nat. criminal history | (\$182,616) ⁶ | | | (184,267) |
| improve. project | | | | |
| Law enforcement programs | | | | (1,564) |
| High-intensity drug | | (\$1,132,213) ⁷ | | (1,141,758) |
| trafficking area | | | | |
| Arrest and return of | | | | 10,000 |
| fugitives | | | | |
| Total all funds | (\$182,616) | (\$1,132,213) | \$18,900 | (\$1,467,279) |
| Less special funds | <u>(182,616)</u> | <u>(1,132,213)</u> | | <u>(1,333,361)</u> |
| General fund | \$0 | \$0 | \$18,900 | (\$133,918) |
| FTE | (3.00) | (4.00) | 0.00 | (7.00) |

Senate changes narrative:

¹ In addition to the two percent annual salary increases, funding is included to provide the Attorney General a market equity salary increase of \$161.17 per month for the final six months of the biennium. The statutory annual salary for the Attorney General will be:

| | |
|-----------------|----------|
| Current salary | \$64,464 |
| July 1, 1999 | \$65,753 |
| July 1, 2000 | \$67,068 |
| January 1, 2001 | \$69,002 |

² In addition to the two percent annual salary increases, funding is include to provide the Racing Commissioner a market equity salary increase of \$934 per month for the final six months of the biennium.

³ Adds funding for reimbursing counties for arrest and return of fugitives which was eliminated in the executive budget. A section is added providing that the Attorney General seek Emergency Commission approval for additional funding from the state contingencies appropriation if the \$10,000 provided is not adequate for the 1999-2001 biennium.

⁴ Adds general fund support to replace a portion of federal funds which will not be available for information technology staff salaries.

⁵ A section is added amending NDCC Section 12-60-16.9 providing that fees charged by the Attorney General's office for conducting background checks for noncriminal justice agencies be deposited in the Attorney General's operating fund rather than the general fund. This change will reduce 1999-2001 estimated general fund revenues by \$248,000.

⁶ Reduces federal funds relating to the National Instant Check System because the funds will not be available.

⁷ Reduces federal funding for the high-intensity drug trafficking area (HIDTA) program to the level anticipated to be received through June 30, 2001. A section is added making this line item an emergency measure, which will allow the Attorney General to begin spending these federal funds prior to July 1, 1999.

A section is added amending NDCC Section 53-06.1-14 increasing the fee for gaming stamps by 10 cents each, from 25 to 35 cents. Revenues from this source of up to \$36,000 per biennium is deposited in the Attorney General's operating fund. Any additional revenue is deposited in the general fund. The revenues and anticipated expenditures were included in the executive recommendation for the Attorney General but the statutory change was not included in the bill.

Section 3 of the bill is changed to provide that the State Fire Marshal bill the entities insured by the fire and tornado fund for fire marshal services and provide a memorandum billing to the entities not insured by the fire and tornado fund. The bill previously provided that entities not insured by the fire and tornado fund be billed for services and the fire and tornado fund be provided a memorandum billing.

1999 HOUSE APPROPRIATIONS

SB 2003

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2003

House Appropriations Government Operations Committee

Conference Committee

Hearing Date March 3, 1999

| Tape Number | Side A | Side B | Meter # |
|-----------------------------------------------|--------|--------|-----------|
| 2 | x | | 43.7-53.5 |
| 2 | | x | 0-55.0 |
| 3 | x | | 0-17.4 |
| Committee Clerk Signature <i>Roxanne Kone</i> | | | |

Minutes:

A Bill for an Act to provide an appropriation for defraying the expenses of the attorney general; to provide statements of legislative intent; to amend and reenact section 12-60-16.9, subsection 3 of section 53-06.1-14, and section 54-12-11 of the North Dakota Century Code, relating to criminal history background checks, gaming stamp fees, and the salary of the attorney general; and to declare an emergency.

2A: 43.7 Heidi Heitkamp, Attorney General testified in favor of bill (See attached written testimony). Asked for restoration of the dollars for local law enforcement gaming grants.

2B: 1.9 Jerald Kemmet, Acting Director Bureau of Criminal Investigation testified in favor of bill (See attached written testimony). Briefly commented on workload increase due to background checks on the rise, asking for one FTE regarding workload. Discussed House Bill 1428 regarding Industrial Hemp growers and the need for two FTEs if the bill passes.

2B: 6.1 Rep. Poolman asked about twelve FTE positions. Jerald Kemmet replied, only 8 FTEs.

2B: 11.6 Cher Thomas, Information Technology Director testified in favor of bill (See attached written testimony).

2B: 24.4 Keith Lauer, Director Gaming Division testified in favor of bill (See attached written testimony). Asked for restoration of the dollars for local law enforcement gaming grants.

2B: 26.0 Rep. Byerly asked if the grants are falling due to gaming being off. Keith Lauer replied partially and budget cuts.

2B: 28.5 Rep. Poolman asked how it is determined that the gaming dollars are being used for gaming enforcement. Replied don't know, done surveys in the past on jurisdictions. Rep. Poolman asked about intent language regarding gaming dollars and it would be more responsible to give the dollars to those that are actually using the money. Replied the amount of \$221,000 has been determined. Rep. Poolman asked if the number is now different due to requests for more money. Replied the dollar amount is now different from what they had initially requested. Rep. Poolman asked when the survey was taken. Replied three different times in the last 5-8 years. Rep. Poolman asked what kind of problems are increasing. Replied a lot of theft, break-ins of cars, and embezzlement.

2B: 35.0 Ralph Mauter, Bismarck Police Dept. testified in favor of bill (See attached written testimony). Asking for reinstatement of funding for availability to cities and counties for gaming enforcement.

2B: 39.7 Benn Klapp, Charitable Gaming Organization opposes reduction in grants for gaming.

2B: 45.6 Rep. Byerly asked about charitable gaming administrative costs. Benn Klapp commented on problems associated with gaming administrative costs.

2B: 51.0 Terri Leier-Sprenger, Gaming Auditor Fargo asked for restoration of gaming grant money (See attached written testimony).

3A: 1.5 Rep. Byerly asked about section 10 and if the cost is per/pull tab. It is per/box not per/play for a pull tab.

3A: 3.1 Rep. Huether asked about excise tax on pull tabs. Heidi Heitkamp referred to testimony regarding excise tax increases.

3A: 5.6 Rep. Poolman asked about general fund vacant FTEs. Heidi Heitkamp commented concern of giving up positions would reduce services and concern for grant gaming money regarding position. Rep. Poolman asked about ISD and IT funding for FTEs and how they will be funded. Each new hire will be funded on federal dollars, when funding ends - position will end.

3A: 13.0 Rep. Poolman asked about \$10,000 added by the Senate. Heidi Heitkamp replied it is resources for certain situations such as fugitive cases. Source of additional resources.

3A: 14.4 Rep. Poolman asked about explanation of Senate reduction of four FTEs. Replied did not get full funding and took out excess of what was needed. It was an asked reduction by Attorney General Office.

Chairman Byerly closed the hearing on Senate Bill 2003.

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

| | | | |
|---------------------------|--------|---------------------|-----------|
| Date March 23, 1999 | | | |
| Tape Number | Side A | B Side | Meter # |
| 1 | x | | 17.7-40.4 |
| Committee Clerk Signature | | <i>Roxanne Kone</i> | |

Minutes:

Chairman Byerly opened the discussion on Senate Bill 2003.

1A: 18.1 Rep. Tollefson Presented amendment 98025.0203 to committee: removal of one vacant FTE position in gaming system, changed funding from general funds to federal funds of \$200,000, statutory change by Senate - reversed that. Rep. Tollefson moved to adopt the amendments. Rep. Huether 2nd the motion. On a Voice Vote the motion carries.

1A: 22.9 Legislative Council commented on general fund reductions: \$1,886 total. Committee discussed Attorney General's budget should also be adjusted with same reductions as other agencies budgets.

1A: 34.8 Rep. Tollefson moved to amend \$200,000 out of operating line item. Rep. Huether 2nd the motion. On a voice vote the motion carried.

On a Roll Call Vote the motion carried for a DO PASS AS AMENDED.

5 Voting Yes

1 Voting No

Rep. Tollefson will carry the bill to the full committee.

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

| | | | |
|------------------------------------------------|--------|--------|----------|
| Date March 24, 1999 | | | |
| Tape Number | Side A | B Side | Meter # |
| 1 | x | | 13.0-END |
| Committee Clerk Signature <i>Roxanne Stone</i> | | | |

Minutes:

Chairman Dalrymple opened the discussion on Senate Bill 2003.

1A: 13.0 Rep. Tollefson presented amendments 98025.0205 to the committee: brief explanation of amendments and overall reductions to the budget. Rep. Tollefson moved to adopt the amendments. Rep. Huether 2nd the motion.

1A: 16.0 Rep. Carlson asked about the large increase of the overall budget compared to the last biennium. Rep. Byerly replied the increase is due to increases in federal grants for drug enforcement programs.

1A: 17.5 Rep. Dalrymple asked about the 14 new FTE positions. Rep. Byerly explained those are federally funded positions under the High Intensity Drug Program.

1A: 18.5 Rep. Monson asked when the federal grant money is diminished or is no longer available will the federally funded FTE positions remain. Rep. Byerly replied the positions will also diminish. Referred to session laws that assure this.

1A: 21.9 Rep. Carlson asked about the gaming enforcement dollars being decreased. Rep. Poolman replied the Attorney General's office has changed method regarding gaming dollars: reduced amount of dollars available and now cities will have to apply for grants to get gaming enforcement dollars. They will have to justify the need for gaming money. This new method was requested through OMB and the governor's office. Rep. Tollefson further commented on Bismarck example.

1A: 25.3 Rep. Carlson asked why the big cities are against this. Commented on phone call he received. Rep. Poolman replied because they will have to show actual merit for the money and justify the need for it.

1A: 27.5 Rep. Monson expressed his concern for rural areas having to compete for gaming grants. Rep. Gulleeson replied she also had the same concern and asked that question during the hearing. Felt more than convinced that rural areas will be okay and can compete for grants.

1A: 29.6 Rep. Delzer asked about equipment line item. Rep. Tollefson replied the sub committee took out \$200,000 in operating but had not looked at the equipment line item.

1A: 37.0 On a Voice Vote the amendments were adopted.

1A: 38.4 Rep. Huether presented amendment 98025.0202 to the full committee: brief explanation of amendment: \$500,000 appropriated to Attorney General for the purpose of investigating and litigating unfair or unlawful practices in agricultural production, processing, and marketing, and possibly addressing issues that involve international trade, industry concentration, the violation of state and federal antitrust laws, and fair market grading and testing standards. Further comments by Rep. Gulleeson and Rep. Byerly.

1A: 39.5 Rep. Monson asked if these dollars would require FTEs. Rep. Huether replied no. Rep. Monson commented he likes the idea of putting in direction language but doesn't see the need for dollars. On a Voice Vote the amendment failed.

1A: Rep. Delzer made a motion to further amend the bill and to reduce the equipment line item by \$57,000. Rep. Carlson 2nd the motion. On a Roll Call Vote the motion carried. 12 voting Yes and 8 voting No.

1A: 47.3 Rep. Kerzman, Rep. Huether commented on frustrations of budget cuts.

1A: 52.3 Rep. Gulleeson asked for a Minority Amendment.

1A: 53.0 Rep. Tollefson moved for a DO PASS AS AMENDED. Rep. Byerly 2nd the motion. On a Roll Call Vote the motion carried. 16 voting Yes and 4 voting No.
Carrier: Rep. Tollefson

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2003

Page 3, after line 3, insert:

"SECTION 9. APPROPRIATION. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the attorney general for the purpose of investigating and litigating unfair or unlawful practices in agricultural production, processing, and marketing, and possibly addressing issues that involve international trade, industry concentration, the violation of state and federal antitrust laws, and fair market grading and testing standards, for the biennium beginning July 1, 1999, and ending June 30, 2001."

Renumber accordingly

March 23, 1999

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2003

Page 1, line 2, remove "section 12-60-16.9,"

Page 1, line 3, remove the first comma

Page 1, line 4, remove "criminal history background checks," and remove the second comma

Page 1, line 13, replace "14,034,903" with "13,981,817"

Page 1, line 14, replace "4,772,703" with "4,572,703"

Page 1, line 24, replace "29,935,090" with "29,682,004"

Page 2, line 1, replace "15,946,103" with "15,894,903"

Page 2, line 2, replace "13,988,987" with "13,787,101"

Page 3, remove lines 4 through 9

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 125 - ATTORNEY GENERAL

HOUSE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|--------------------------------------------------|---------------------|-------------------|------------------|-------------------|
| Salaries and wages | \$14,181,012 | \$14,034,903 | (\$53,086) | \$13,981,817 |
| Operating expenses | 4,753,803 | 4,772,703 | (200,000) | 4,572,703 |
| Equipment | 868,710 | 868,710 | | 868,710 |
| Grants | 5,396,025 | 5,396,025 | | 5,396,025 |
| Litigation fees | 50,000 | 50,000 | | 50,000 |
| Gaming Commission | 5,109 | 5,109 | | 5,109 |
| Racing Commission | 244,548 | 222,067 | | 222,067 |
| National criminal history improvement project | 2,528,385 | 2,344,118 | | 2,344,118 |
| Law enforcement programs | 628,844 | 627,280 | | 627,280 |
| High-intensity drug trafficking area | 2,745,933 | 1,604,175 | | 1,604,175 |
| Arrest and return of fugitives | | 10,000 | | 10,000 |
| Total all funds | \$31,402,369 | \$29,935,090 | (\$253,086) | \$29,682,004 |
| Less special funds | <u>17,279,464</u> | <u>15,946,103</u> | <u>(51,200)</u> | <u>15,894,903</u> |
| General fund | \$14,122,905 | \$13,988,987 | (\$201,886) | \$13,787,101 |
| FTE | 167.50 | 160.50 | (1.00) | 159.50 |

Detail of House changes to the Senate version includes:

| | REMOVE VACANT POSITION | REMOVE SPECIAL FUND REVENUE | CHANGE FUNDING SOURCE | REDUCE OPERATING EXPENSES | TOTAL HOUSE CHANGES |
|--------------------|------------------------------|--------------------------------------|-----------------------------|---------------------------------|---------------------------|
| Salaries and wages | (\$53,086) ¹ | | | | (\$53,086) |

| | | | | | |
|--------------------------------------------------|------------|--------------------------|------------------------|--------------------------|-------------|
| Operating expenses | | | | (\$200,000) ⁴ | (200,000) |
| Equipment | | | | | |
| Grants | | | | | |
| Litigation fees | | | | | |
| Gaming Commission | | | | | |
| Racing Commission | | | | | |
| National criminal history improvement project | | | | | |
| Law enforcement programs | | | | | |
| High-intensity drug trafficking area | | | | | |
| Arrest and return of fugitives | | | | | |
| Total all funds | (\$53,086) | | | (\$200,000) | (\$253,086) |
| Less special funds | | (\$251,200) ² | \$200,000 ³ | | (51,200) |
| General fund | (\$53,086) | \$251,200 | (\$200,000) | (\$200,000) | (\$201,886) |
| FTE | (1.00) | 0.00 | 0.00 | 0.00 | (1.00) |

House changes narrative:

- ¹ Removes one FTE vacant gaming account technician II.
- ² Removes the statutory change made by the Senate which would have provided that fees charged by the Attorney General's office for conducting background checks be deposited in the Attorney General's operating fund rather than the general fund. This House change will result in an additional \$251,200 of general fund revenues compared to the Senate version.
- ³ Increases federal funding for the Attorney General's office by \$200,000 and reduces general fund support for the office by \$200,000.
- ⁴ Reduces operating expenses by \$200,000 from the general fund. The Attorney General may determine the specific areas of reductions within this line item.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2003

Page 1, line 2, remove "section 12-60-16.9,"

Page 1, line 3, remove the first comma

Page 1, line 4, remove "criminal history background checks," and remove the second comma

Page 1, line 13, replace "14,034,903" with "13,981,817"

Page 1, line 14, replace "4,772,703" with "4,572,703"

Page 1, line 15, replace "868,710" with "811,710"

Page 1, line 24, replace "29,935,090" with "29,625,004"

Page 2, line 1, replace "15,946,103" with "15,894,903"

Page 2, line 2, replace "13,988,987" with "13,730,101"

Page 3, remove lines 4 through 9

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 125 - ATTORNEY GENERAL

HOUSE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|--------------------------------------------------|---------------------|-------------------|------------------|-------------------|
| Salaries and wages | \$14,181,012 | \$14,034,903 | (\$53,086) | \$13,981,817 |
| Operating expenses | 4,753,803 | 4,772,703 | (200,000) | 4,572,703 |
| Equipment | 868,710 | 868,710 | (57,000) | 811,710 |
| Grants | 5,396,025 | 5,396,025 | | 5,396,025 |
| Litigation fees | 50,000 | 50,000 | | 50,000 |
| Gaming commission | 5,109 | 5,109 | | 5,109 |
| Racing commission | 244,548 | 222,067 | | 222,067 |
| National criminal history improvement project | 2,528,385 | 2,344,118 | | 2,344,118 |
| Law enforcement programs | 628,844 | 627,280 | | 627,280 |
| High-intensity drug trafficking area | 2,745,933 | 1,604,175 | | 1,604,175 |
| Arrest and return of fugitives | | <u>10,000</u> | | <u>10,000</u> |
| Total all funds | \$31,402,369 | \$29,935,090 | (\$310,086) | \$29,625,004 |
| Less special funds | <u>17,279,464</u> | <u>15,946,103</u> | <u>(51,200)</u> | <u>15,894,903</u> |
| General fund | \$14,122,905 | \$13,988,987 | (\$258,886) | \$13,730,101 |
| FTE | 167.50 | 160.50 | (1.00) | 159.50 |

Detail of House changes to the Senate version includes:

| REMOVE VACANT POSITION | REMOVE SPECIAL FUND REVENUE | CHANGE FUNDING SOURCE | REDUCE OPERATING EXPENSES | REDUCE EQUIPMENT | TOTAL HOUSE CHANGES |
|------------------------------|--------------------------------------|-----------------------------|---------------------------------|---------------------|---------------------------|
|------------------------------|--------------------------------------|-----------------------------|---------------------------------|---------------------|---------------------------|

| | | | | | | |
|-----------------------------------------------|-------------------------|------------------------|----------------------|------------------------|-----------------------|-------------|
| Salaries and wages | (\$53,086) ¹ | | | | | (\$53,086) |
| Operating expenses | | | | (200,000) ⁴ | | (200,000) |
| Equipment | | | | | (57,000) ⁵ | (57,000) |
| Grants | | | | | | |
| Litigation fees | | | | | | |
| Gaming commission | | | | | | |
| Racing commission | | | | | | |
| National criminal history improvement project | | | | | | |
| Law enforcement programs | | | | | | |
| High-intensity drug trafficking area | | | | | | |
| Arrest and return of fugitives | | | | | | |
| Total all funds | (\$53,086) | \$0 | \$0 | (\$200,000) | (\$57,000) | (\$310,086) |
| Less special funds | | (251,200) ² | 200,000 ³ | | | (51,200) |
| General fund | (\$53,086) | \$251,200 | (\$200,000) | (\$200,000) | (\$57,000) | (\$258,886) |
| FTE | (1.00) | 0.00 | 0.00 | 0.00 | 0.00 | (1.00) |

House changes narrative:

- ¹ Removes 1 FTE vacant gaming account technician II.
- ² Removes the statutory change made by the Senate which would have provided that fees charged by the Attorney General's office for conducting background checks be deposited in the Attorney General's operating fund rather than the general fund. This House change will result in an additional \$251,200 of general fund revenues compared to the Senate version.
- ³ Increases federal funding for the Attorney General's office by \$200,000 and reduces general fund support for the office by \$200,000.
- ⁴ Reduces operating expenses by \$200,000 from the general fund. The Attorney General may determine the specific areas of reductions within this line item.
- ⁵ Reduces funding provided for office equipment and furniture.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2003

Page 1, line 2, remove "section 12-60-16.9,"

Page 1, line 3, remove the first comma

Page 1, line 4, remove "criminal history background checks," and remove the second comma

Page 1, line 13, replace "14,034,903" with "13,981,817"

Page 1, line 14, replace "4,772,703" with "4,572,703"

Page 1, line 15, replace "868,710" with "811,710"

Page 1, line 24, replace "29,935,090" with "29,625,004"

Page 2, line 1, replace "15,946,103" with "15,894,903"

Page 2, line 2, replace "13,988,987" with "13,730,101"

Page 2, after line 2, insert:

"SECTION 2. APPROPRIATION. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the attorney general for the purpose of investigating and litigating unfair or unlawful practices in agricultural production, processing, and marketing, and possibly addressing issues that involve international trade, industry concentration, the violation of state and federal antitrust laws, and fair market grading and testing standards, for the biennium beginning July 1, 1999, and ending June 30, 2001."

Page 3, remove lines 4 through 9

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 125 - ATTORNEY GENERAL

HOUSE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|--------------------------------------------------|---------------------|-------------------|------------------|------------------|
| Salaries and wages | \$14,181,012 | \$14,034,903 | (\$53,086) | \$13,981,817 |
| Operating expenses | 4,753,803 | 4,772,703 | (200,000) | 4,572,703 |
| Equipment | 868,710 | 868,710 | (57,000) | 811,710 |
| Grants | 5,396,025 | 5,396,025 | | 5,396,025 |
| Litigation fees | 50,000 | 50,000 | | 50,000 |
| Gaming Commission | 5,109 | 5,109 | | 5,109 |
| Racing Commission | 244,548 | 222,067 | | 222,067 |
| National criminal history improvement project | 2,528,385 | 2,344,118 | | 2,344,118 |
| Law enforcement programs | 628,844 | 627,280 | | 627,280 |
| High-intensity drug | 2,745,933 | 1,604,175 | | 1,604,175 |

| | | | | |
|-----------------------------------------------------|-------------------|-------------------|-----------------|-------------------|
| trafficking area Separate section - Ag issues | | | 500,000 | 500,000 |
| Arrest and return of fugitives | | 10,000 | | 10,000 |
| Total all funds | \$31,402,369 | \$29,935,090 | \$189,914 | \$30,125,004 |
| Less special funds | <u>17,279,464</u> | <u>15,946,103</u> | <u>(51,200)</u> | <u>15,894,903</u> |
| General fund | \$14,122,905 | \$13,988,987 | \$241,114 | \$14,230,101 |
| FTE | 167.50 | 160.50 | (1.00) | 159.50 |

Detail of House changes to the Senate version includes:

| | REMOVE VACANT POSITION | REMOVE SPECIAL FUND REVENUE | CHANGE FUNDING SOURCE | REDUCE OPERATING EXPENSES | REDUCE EQUIPMENT | ADD FUNDING FOR AGRICULTURAL ISSUES |
|--------------------------------------------------|------------------------------|--------------------------------------|-----------------------------|---------------------------------|-------------------------|----------------------------------------------|
| Salaries and wages | (\$53,086) ¹ | | | | | |
| Operating expenses | | | | (\$200,000) ⁴ | | |
| Equipment | | | | | (\$57,000) ⁵ | |
| Grants | | | | | | |
| Litigation fees | | | | | | |
| Gaming Commission | | | | | | |
| Racing Commission | | | | | | |
| National criminal history improvement project | | | | | | |
| Law enforcement programs | | | | | | |
| High-intensity drug trafficking area | | | | | | |
| Separate section - Ag issues | | | | | | \$500,000 ⁶ |
| Arrest and return of fugitives | | | | | | |
| Total all funds | (\$53,086) | \$0 | \$0 | (\$200,000) | (\$57,000) | \$500,000 |
| Less special funds | | <u>(251,200)²</u> | <u>200,000³</u> | | | |
| General fund | (\$53,086) | \$251,200 | (\$200,000) | (\$200,000) | (\$57,000) | \$500,000 |
| FTE | (1.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Detail of House changes to the Senate version includes:

| | TOTAL HOUSE CHANGES |
|--------------------------------------------------|---------------------------|
| Salaries and wages | (\$53,086) |
| Operating expenses | (200,000) |
| Equipment | (57,000) |
| Grants | |
| Litigation fees | |
| Gaming Commission | |
| Racing Commission | |
| National criminal history improvement project | |
| Law enforcement programs | |
| High-intensity drug trafficking area | |
| Separate section - Ag issues | 500,000 |
| Arrest and return of fugitives | |
| Total all funds | \$189,914 |
| Less special funds | <u>(51,200)</u> |
| General fund | \$241,114 |
| FTE | (1.00) |

House changes narrative:

¹ Removes one FTE vacant gaming account technician II.

² Removes the statutory change made by the Senate which would have provided that fees charged by the Attorney General's office for conducting background checks be deposited in the Attorney General's operating fund rather than the general fund. This House change will result in an additional \$251,200 of general fund revenues compared to the Senate version.

- ³ Increases federal funding for the Attorney General's office by \$200,000 and reduces general fund support for the office by \$200,000.
- ⁴ Reduces operating expenses by \$200,000 from the general fund. The Attorney General may determine the specific areas of reductions within this line item.
- ⁵ Reduces funding provided for office equipment and furniture.
- ⁶ A section is added appropriating \$500,000 from the general fund for the Attorney General to use for investigating and litigating unfair or unlawful practices in agricultural production, processing, and marketing and to address issues that involve international trade, industry concentration, the violation of state and federal antitrust laws, and fair market grading and testing standards.

Date: 3-23-99
Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2003

House APPROPRIATIONS - Government Operations Committee

Subcommittee on gov't operations
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS AS AMENDED

Motion Made By TOLLEFSON Seconded By HUETHER

| Representatives | Yes | No | Representatives | Yes | No |
|-----------------|-----|----|-----------------|-----|----|
| Rex R. Byerly | ✓ | | | | |
| Ron Carlisle | ✓ | | | | |
| Ben Tollefson | ✓ | | | | |
| Robert Huether | ✓ | | | | |
| Pam Gulleason | | ✓ | | | |
| Jim Poolman | ✓ | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Total (Yes) 5 No 1

Absent 0

Floor Assignment Rep. Tollefson

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

Date: 3-24-99
 Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2003

House Appropriations Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Amend

Motion Made By Delzer Seconded By Carlson

| Representatives | Yes | No | Representatives | Yes | No |
|----------------------|-----|----|-----------------|-----|----|
| Chairman Dalrymple | ✓ | | Nichols | | ✓ |
| Vice-Chairman Byerly | ✓ | | Poolman | ✓ | |
| Aarsvold | | ✓ | Svedjan | ✓ | |
| Bernstein | ✓ | | Timm | ✓ | |
| Boehm | ✓ | | Tollefson | ✓ | |
| Carlson | ✓ | | Wentz | | ✓ |
| Carlisle | | ✓ | | | |
| Delzer | ✓ | | | | |
| Gulleson | | ✓ | | | |
| Hoffner | | ✓ | | | |
| Huether | | ✓ | | | |
| Kerzman | | ✓ | | | |
| Lloyd | ✓ | | | | |
| Monson | ✓ | | | | |

Total (Yes) 12 No 8

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
57000 Reduce equipment line

Date: 3-24-99

Roll Call Vote #: 2

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2003

House Appropriations Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS AS AMENDED

Motion Made By Tollefson Seconded By Byerly

| Representatives | Yes | No | Representatives | Yes | No |
|----------------------|-----|----|-----------------|-----|----|
| Chairman Dalrymple | ✓ | | Nichols | ✓ | |
| Vice-Chairman Byerly | ✓ | | Poolman | ✓ | |
| Aarsvold | | ✓ | Svedjan | ✓ | |
| Bernstein | ✓ | | Timm | ✓ | |
| Boehm | ✓ | | Tollefson | ✓ | |
| Carlson | ✓ | | Wentz | ✓ | |
| Carlisle | ✓ | | | | |
| Delzer | ✓ | | | | |
| Gulleson | | ✓ | | | |
| Hoffner | | ✓ | | | |
| Huether | ✓ | | | | |
| Kerzman | | ✓ | | | |
| Lloyd | ✓ | | | | |
| Monson | ✓ | | | | |

Total (Yes) 16 No 4

Absent 0

Floor Assignment Rep. Tollefson

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

REPORT OF STANDING COMMITTEE

SB 2003, as engrossed: Appropriations Committee (Rep. Dalrymple, Chairman) A MAJORITY of your committee (Reps. Dalrymple, Byerly, Bernstein, Boehm, Carlson, Carlisle, Delzer, Lloyd, Monson, Poolman, Svedjan, Timm, Tollefson, Wentz) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS**.

Page 1, line 2, remove "section 12-60-16.9,"

Page 1, line 3, remove the first comma

Page 1, line 4, remove "criminal history background checks," and remove the second comma

Page 1, line 13, replace "14,034,903" with "13,981,817"

Page 1, line 14, replace "4,772,703" with "4,572,703"

Page 1, line 15, replace "868,710" with "811,710"

Page 1, line 24, replace "29,935,090" with "29,625,004"

Page 2, line 1, replace "15,946,103" with "15,894,903"

Page 2, line 2, replace "13,988,987" with "13,730,101"

Page 3, remove lines 4 through 9

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 125 - ATTORNEY GENERAL

HOUSE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|--------------------------------------------------|---------------------|-------------------|------------------|------------------|
| Salaries and wages | \$14,181,012 | \$14,034,903 | (\$53,086) | \$13,981,817 |
| Operating expenses | 4,753,803 | 4,772,703 | (200,000) | 4,572,703 |
| Equipment | 868,710 | 868,710 | (57,000) | 811,710 |
| Grants | 5,396,025 | 5,396,025 | | 5,396,025 |
| Litigation fees | 50,000 | 50,000 | | 50,000 |
| Gaming commission | 5,109 | 5,109 | | 5,109 |
| Racing commission | 244,548 | 222,067 | | 222,067 |
| National criminal history improvement project | 2,528,385 | 2,344,118 | | 2,344,118 |
| Law enforcement programs | 628,844 | 627,280 | | 627,280 |
| High-intensity drug trafficking area | 2,745,933 | 1,604,175 | | 1,604,175 |
| Arrest and return of fugitives | | 10,000 | | 10,000 |
| Total all funds | \$31,402,369 | \$29,935,090 | (\$310,086) | \$29,625,004 |
| Less special funds | 17,279,464 | 15,946,103 | (51,200) | 15,894,903 |
| General fund | \$14,122,905 | \$13,988,987 | (\$258,886) | \$13,730,101 |
| FTE | 167.50 | 160.50 | (1.00) | 159.50 |

Detail of House changes to the Senate version includes:

| | REMOVE VACANT POSITION | REMOVE SPECIAL FUND REVENUE | CHANGE FUNDING SOURCE | REDUCE OPERATING EXPENSES | REDUCE EQUIPMENT | TOTAL HOUSE CHANGES |
|--------------------|------------------------------|--------------------------------------|-----------------------------|---------------------------------|---------------------|---------------------------|
| Salaries and wages | | | | (\$53,086) ¹ | | (\$53,086) |
| Operating expenses | | | | (200,000) ⁴ | | (200,000) |

| | | | | | | |
|--------------------------------------------------|------------|------------------------|----------------------|-------------|-----------------------|-------------|
| Equipment | | | | | (57,000) ⁵ | (57,000) |
| Grants | | | | | | |
| Litigation fees | | | | | | |
| Gaming commission | | | | | | |
| Racing commission | | | | | | |
| National criminal history improvement project | | | | | | |
| Law enforcement programs | | | | | | |
| High-intensity drug trafficking area | | | | | | |
| Arrest and return of fugitives | _____ | _____ | _____ | _____ | _____ | _____ |
| Total all funds | (\$53,086) | \$0 | \$0 | (\$200,000) | (\$57,000) | (\$310,086) |
| Less special funds | _____ | (251,200) ² | 200,000 ³ | _____ | _____ | (51,200) |
| General fund | (\$53,086) | \$251,200 | (\$200,000) | (\$200,000) | (\$57,000) | (\$258,886) |
| FTE | (1.00) | 0.00 | 0.00 | 0.00 | 0.00 | (1.00) |

House changes narrative:

- 1 Removes 1 FTE vacant gaming account technician II.
- 2 Removes the statutory change made by the Senate which would have provided that fees charged by the Attorney General's office for conducting background checks be deposited in the Attorney General's operating fund rather than the general fund. This House change will result in an additional \$251,200 of general fund revenues compared to the Senate version.
- 3 Increases federal funding for the Attorney General's office by \$200,000 and reduces general fund support for the office by \$200,000.
- 4 Reduces operating expenses by \$200,000 from the general fund. The Attorney General may determine the specific areas of reductions within this line item.
- 5 Reduces funding provided for office equipment and furniture.

The reports of the majority and the minority were placed on the Seventh order of business on the calendar for the succeeding legislative day.

REPORT OF STANDING COMMITTEE

SB 2003, as engrossed: Appropriations Committee (Rep. Dalrymple, Chairman) A MINORITY of your committee (Reps. Aarsvold, Gulleson, Hoffner, Huether, Kerzman, Nichols) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS**.

Page 1, line 2, remove "section 12-60-16.9,"

Page 1, line 3, remove the first comma

Page 1, line 4, remove "criminal history background checks," and remove the second comma

Page 1, line 13, replace "14,034,903" with "13,981,817"

Page 1, line 14, replace "4,772,703" with "4,572,703"

Page 1, line 15, replace "868,710" with "811,710"

Page 1, line 24, replace "29,935,090" with "29,625,004"

Page 2, line 1, replace "15,946,103" with "15,894,903"

Page 2, line 2, replace "13,988,987" with "13,730,101"

Page 2, after line 2, insert:

"SECTION 2. APPROPRIATION. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the attorney general for the purpose of investigating and litigating unfair or unlawful practices in agricultural production, processing, and marketing, and possibly addressing issues that involve international trade, industry concentration, the violation of state and federal antitrust laws, and fair market grading and testing standards, for the biennium beginning July 1, 1999, and ending June 30, 2001."

Page 3, remove lines 4 through 9

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 125 - ATTORNEY GENERAL

HOUSE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|--------------------------------------------------|---------------------|-------------------|------------------|------------------|
| Salaries and wages | \$14,181,012 | \$14,034,903 | (\$53,086) | \$13,981,817 |
| Operating expenses | 4,753,803 | 4,772,703 | (200,000) | 4,572,703 |
| Equipment | 868,710 | 868,710 | (57,000) | 811,710 |
| Grants | 5,396,025 | 5,396,025 | | 5,396,025 |
| Litigation fees | 50,000 | 50,000 | | 50,000 |
| Gaming Commission | 5,109 | 5,109 | | 5,109 |
| Racing Commission | 244,548 | 222,067 | | 222,067 |
| National criminal history improvement project | 2,528,385 | 2,344,118 | | 2,344,118 |
| Law enforcement programs | 628,844 | 627,280 | | 627,280 |
| High-intensity drug trafficking area | 2,745,933 | 1,604,175 | | 1,604,175 |
| Separate section - Ag issues | | | 500,000 | 500,000 |
| Arrest and return of fugitives | | 10,000 | | 10,000 |

REPORT OF STANDING COMMITTEE-DIVIDED (430)
March 26, 1999 9:47 a.m.

Module No: HR-55-5679
Carrier: Gulleson
Insert LC: 98025.0207 Title: .0400

| | | | | |
|--------------------|-------------------|-------------------|-----------------|-------------------|
| Total all funds | \$31,402,369 | \$29,935,090 | \$189,914 | \$30,125,004 |
| Less special funds | <u>17,279,464</u> | <u>15,946,103</u> | <u>(51,200)</u> | <u>15,894,903</u> |
| General fund | \$14,122,905 | \$13,988,987 | \$241,114 | \$14,230,101 |
| FTE | 167.50 | 160.50 | (1.00) | 159.50 |

Detail of House changes to the Senate version includes:

| | REMOVE VACANT POSITION | REMOVE SPECIAL FUND REVENUE | CHANGE FUNDING SOURCE | REDUCE OPERATING EXPENSES | REDUCE EQUIPMENT | ADD FUNDING FOR AGRICULTURAL ISSUES |
|--------------------------------------------------|------------------------------|--------------------------------------|-----------------------------|---------------------------------|-------------------------|----------------------------------------------|
| Salaries and wages | (\$53,086) ¹ | | | | | |
| Operating expenses | | | | (\$200,000) ⁴ | | |
| Equipment | | | | | (\$57,000) ⁵ | |
| Grants | | | | | | |
| Litigation fees | | | | | | |
| Gaming Commission | | | | | | |
| Racing Commission | | | | | | |
| National criminal history improvement project | | | | | | |
| Law enforcement programs | | | | | | |
| High-intensity drug trafficking area | | | | | | |
| Separate section - Ag issues | | | | | | \$500,000 ⁶ |
| Arrest and return of fugitives | | | | | | |
| Total all funds | (\$53,086) | \$0 | \$0 | (\$200,000) | (\$57,000) | \$500,000 |
| Less special funds | | <u>(251,200)</u> ² | <u>200,000</u> ³ | | | |
| General fund | (\$53,086) | \$251,200 | (\$200,000) | (\$200,000) | (\$57,000) | \$500,000 |
| FTE | (1.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Detail of House changes to the Senate version includes:

| | TOTAL HOUSE CHANGES |
|--------------------------------------------------|---------------------------|
| Salaries and wages | (\$53,086) |
| Operating expenses | (200,000) |
| Equipment | (57,000) |
| Grants | |
| Litigation fees | |
| Gaming Commission | |
| Racing Commission | |
| National criminal history improvement project | |
| Law enforcement programs | |
| High-intensity drug trafficking area | |
| Separate section - Ag issues | 500,000 |
| Arrest and return of fugitives | |
| Total all funds | \$189,914 |
| Less special funds | <u>(51,200)</u> |
| General fund | \$241,114 |
| FTE | (1.00) |

House changes narrative:

¹ Removes one FTE vacant gaming account technician II.

² Removes the statutory change made by the Senate which would have provided that fees charged by the Attorney General's office for conducting background checks be deposited in the Attorney General's operating fund rather than the general fund. This House change will result in an additional \$251,200 of general fund revenues compared to the Senate version.

- ³ Increases federal funding for the Attorney General's office by \$200,000 and reduces general fund support for the office by \$200,000.
- ⁴ Reduces operating expenses by \$200,000 from the general fund. The Attorney General may determine the specific areas of reductions within this line item.
- ⁵ Reduces funding provided for office equipment and furniture.
- ⁶ A section is added appropriating \$500,000 from the general fund for the Attorney General to use for investigating and litigating unfair or unlawful practices in agricultural production, processing, and marketing and to address issues that involve international trade, industry concentration, the violation of state and federal antitrust laws, and fair market grading and testing standards.

The reports of the majority and the minority were placed on the Seventh order of business on the calendar for the succeeding legislative day.

1999 SENATE APPROPRIATIONS

CONFERENCE COMMITTEE

SB 2003

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. ENGROSSED SB 2003C

Senate Appropriations Committee

Conference Committee

Hearing Date 4/5/99; 4/7/99; 4/8/99; 4/9/99

| Tape Number | Side A | Side B | Meter # |
|---------------------------------------------------|-----------|--------|---------|
| 4/5/99 2 | 10-2008 | | |
| 4/7/99 2 | 3780-end | 0-950 | |
| 4/8/99 2 | 2180-3075 | | |
| 4/9/99 3 | 0-100 | | |
| Committee Clerk Signature <i>Glaudia Anderson</i> | | | |

Minutes:

SENATOR NAADEN: Opened the conference committee hearing on engrossed SB 2003.

ROLL CALL: Present: Senators Naaden, Solberg, Lindaas; Representatives Poolman, Tollefson, Huether.

SENATOR NAADEN: Reviewed the Senate amendments, and noted they had received a list of requests from the Attorney General's Office. First, we restored \$10,000 for the return of fugitives. This had been entirely removed from the budget. We also proposed about \$500,000 to enhance projects from the BTI. To reach the \$250,000, we took the money they raised from FBI background checks, and instead of that going into the general fund, we put that into their operating fund.

REP. TOLLEFSON: The House changes to the Senate version included elimination of 1 FTE, the gaming technician II which accounts for \$53,086. Out of operating expenses we took \$200,000 to be handled by the Dept. as they see fit in the reduction of their operation. An additional \$57,000 for furniture and equipment was removed. We removed the statutory change made by the Senate that would have provided that fees charged by the Attorney General's (AG's) Office for conducting background checks be deposited into the AG's operating fund, rather than the general fund. This House change resulted in \$251,200 of general fund revenues as compared to the Senate version. That is not necessarily reflected on the House changes as you see them on the blue sheet. We also reduced equipment and furniture. The total House changes amount to \$258,886 from the Senate budget plus 1 FTE.

SENATOR NAADEN: There was an increase in the AG's budget a fee for the pull tabs.

REP. POOLMAN: I had someone from the AG's office explain that gaming stamp. I'm under the assumption that was included in the OMB budget, the revenue side of that. The language wasn't included. There is some concern that this fee will hurt charitable gaming across the state.

DAVE KRABBENHOFT: When the House appropriation bill was written up, it was accidentally left out of the original budget. But, it was on the amendments. There are no current differences in the gaming issue in the House and Senate versions.

SENATOR NAADEN: The gaming grants to cities and counties. I visited with OMB this morning, and he was under the impression that only about \$220,000 was all that was spent on enforcing the gaming laws by the cities and the counties. Since then I have learned that is not the case. They are off by some \$800,000. He had gotten this information from the Attorney General. We have a letter authored by the Attorney General and dated December 29, asking all those involved in gaming to come to the appropriations committee and to ask for that money back.

REP. TOLLEFSON: We discussed this with the AG's office 2-3 times. They indicated they had taken a survey of the cities, etc. that were concerned with this issue, and arrived at that \$225,000 grant figure. We've stuck with that and the AG's office seems to be happy with that. They will go to a grant-way rather than the old system. That's why we hung onto that \$220,000.

REP. POOLMAN: I commend OMB and the AG's office for coming up with the grant process for doing this. This is no longer a direct subsidy to those not doing enforcement. The competitive grant process will force communities to show they are actually doing what they were supposed to be doing with the money. There were a small number of responses to the program when the survey went out. The AG's office decided that was the figure they were going to use based on the survey. This part had unanimous agreement in our committee.

SENATOR SOLBERG: Clarified the differences in the budget, and questioned the equipment decrease.

REP. TOLLEFSON: Full appropriations committee felt equipment/technology would be less by the time the money is spent.

SENATOR NAADEN: Handed out a letter from Attorney General Heitkamp, and stated that the House essentially took out everything the Senate put in. Did the Attorney General present a list of requests when they presented their budget? Did you receive a list of items that the AG's office wanted, i.e. bullet-proof vests, etc.? That's one specific thing we funded.

REP. POOLMAN: No, we didn't receive that list. The Attorney General presented a list of grants that were formula-based on a county-by-county basis. I can make that available to you (attachment #1). Basically I think the difference in the budgets is this: 1) the FTE of \$57,000; 2) where the dollars go--you put in \$251,000 into the AG's operating fund -- we flipped that to the general fund; 3) the \$200,000 reduction in general fund support of the office where the Attorney General can decide where to take the deductions from; and 4) the reduction in funding for equipment and furniture.

SENATOR NAADEN: Called for a motion to recess.

REP. POOLMAN: Moved to recess.

SENATOR SOLBERG: Seconded the motion.

4-7-99

ROLL CALL: Unanimous voice vote approval to recess.

SENATOR NAADEN: Meeting adjourned until the call of the Chairman. (tape 2, A, 2008)

4/7/99 tape 2, A, 3780-end/ tape 2, B, 0-950)

SENATOR NAADEN: Reopened the conference committee on SB 2003.

ROLL CALL: Present: Naaden, Solberg, Lindaas; Representatives: Poolman, Tollefson, Huether.

SENATOR NAADEN: One of the problems we have is the appropriation for review of gambling around the state. Many cities didn't respond to the survey they received from the Attorney General because they received very little money last biennium, like Braddock which received less than \$50. That's the case for many areas. During the last biennium, Section 5 in the Attorney General's bill called for local gaming enforcement grants. There it set out a provision on how much was to be granted and amounts for each quarter. That is missing in this bill. The \$200,000 we have in the appropriation won't cover costs to the cities in the state. The Chairman will rule that the House didn't specify other than in 1 line item how this money should be reduced so I am considering it could affect all of it. So, that leaves the budget open to discussion in its entirety.

REP. POOLMAN: Do you want to put more money back in the budget?

SENATOR NAADEN: The money from gaming is collected and amounts to about \$22M in revenue from gaming That would fund \$220,000 in the bill. But, that's not enough to fund enforcing gaming within cities. Grand Forks had a problem a couple of years ago and someone was ripping off the gaming sites. The other way we could do this is to turn gaming completely over to the Attorney General and take it away from the cities completely. I don't think that would be successful.

REP. POOLMAN: The Senate had the opportunity to change anything they wanted in this budget--gaming enforcement grants, amount of money in the budget, how it was distributed, etc. and they didn't do it. The House felt the same way. The way the bill came through the House and the Senate in the area of gaming grants was appropriate. I think for us to go back and add money back, and in this case about \$800,000 back, would be completely fiscally irresponsible for us to start adding that kind of money back.

SENATOR NAADEN: I have no intention of adding \$800,000. I think what should be added back is what we can determine is used by the cities for gaming enforcement. I think about 25% was not used for gaming enforcement.

REP. POOLMAN: This figure was determined by the Attorney General. In the 95% budget process, she had to prioritize. We've seen it in appropriations many different times, agency administrators put in their 95% budget and optional adjustments things that are politically sensitive. Because then it is difficult for us keep those things out. We saw it in PSC budget, we see it in the Attorney General's budget, we see it in many different budgets, Human Services-those that are politically sensitive that can put the screws to the Legislature and the Legislature will cave in and add them back. I don't think that's necessarily appropriate. I don't

4-799

think the House will move to add money back. This is something that was not a difference between the House and the Senate, and I don't think it's appropriate for us to consider it at this time.

REP. TOLLEFSON: We met with the Attorney General 4 times. This was always brought up. The \$220,000 seemed to be what they wanted it to do on a grant basis. Something has to be settled to get this budget out of here, but I don't think adding \$800,000 is responsible. (tape 4860)

REP. HUETHER: We did meet with them and that \$220,000 was a figure they did receive. However, they did relate they did not feel they got all the response from everyone.

REP. POOLMAN: I want to clarify - I didn't mean that as a partisan statement against the Attorney General. I would probably do the same thing in a similar position. We both held the line on that \$200,000.

SENATOR NAA DEN: It was never brought up in our Committee. We were told by OMB that is the amount of money being spent or used for enforcement. He got that information from the Attorney General. That information is false. That isn't all the money. In Bismarck alone there was some \$50,000 that was used for enforcement. We've been led down the road with false information.

REP. HUETHER: I believe some of this information came after the budget had already been through the Senate.

SENATOR NAA DEN: That's true. It wasn't discussed in our committee. We were told by both OMB and they got their information from the Attorney General that that's all the money that was spent and that's not true.

SENATOR SOLBERG: I agree to a point with Rep. Poolman about priorities. The Attorney General chose not to make this a priority. At the 95% budget, she was willing to put in \$220,000+, hoping we would add on more, there's no doubt about it. It's tough to do that. I will judge Pierce and McHenry Counties. I will judge Pierce County first and I have a tough time doing this because I felt on the PSC board for quite a few years and we had gaming. We never saw a law enforcement officer at a site. I guess in a small town you won't because everyone knows who the chief, sheriff, deputy, etc. is. Maybe in Minot or Bismarck you don't. But, in a small town, I'm not sure this money does any good. The same is true for McHenry County. Larger cities may need this money. It's unfortunate if this was a priority for the Attorney General's office, they should have put it as a priority. It's going to hit some cities hard. Wherever we go on this budget, I'm not going to take the blame for it. It's going to be pointed back to priority budgeting.

SENATOR NAA DEN: It was a deliberate attempt to save her budget, hoping we'd put it in. I'd be willing to move \$500,000 from her budget and put it here.

4-7-99

SENATOR LINDAAS: I'd have a problem with that I don't think we should hamstring the Attorney General's office by rigorous cutbacks. Prioritizing leaves any agency in an awkward position.

REP. POOLMAN: I agree with Senator Lindaas. The priorities have been set forth. The House made reductions to the budget where they saw it necessary. I don't think it's wise of us to go back into her budget willy-nilly taking out \$500,000 for gaming grants to local political subdivisions. There's another big picture we have to look at--she's the chief law enforcement agency in the state, not just in gaming, but in drug enforcement and other crime areas that I think is very important and higher priority than shifting \$500,000 out of that budget back into gaming grants.

REP. POOLMAN: I move the Senate accede to the House amendments.

REP. TOLLEFSON: Seconded the motion.

DISCUSSION:

SENATOR NAADEN: I'm going to oppose this motion. I think we should take care of this other issue one way or another.

SENATOR SOLBERG: Before we vote, I would like to go over a few items. I understand the \$53,000 is a vacant position; \$200,000 that was removed - is this the \$200,000 that was taken out of the BCI background check that we put into the general fund and then reappropriated?

REP. POOLMAN: The \$255,200 goes back from the operating fund to the general fund. That in my opinion has no bearing on the budget because it is a change that those dollars will run through the general fund back to the Attorney General's budget instead of just flowing right to the Attorney General's operating fund. We changed the funding source of \$200,000 because it was the opinion of the House that those were federal fund dollars that were changed to general fund dollars. We changed them back to federal funds, or special funds. It was our feeling that if the Attorney General collected federal funds, she had the authority to use them. We reduced equipment to \$57,000. The operating expenses of \$200,000, the Attorney General can determine how she wants to allocate them.

SENATOR NAADEN: In other words you took \$251,200 away from her?

SENATOR SOLBERG: No, they took that out of direct appropriation and put it into general funds and then reappropriated general funds.

SENATOR NAADEN: The Senate took that \$250,000 they received from background checks and we put that into their budget. You took that out and put it back into the general fund, and then reduced her budget by \$250,000? (tape 2, A, end)

REP. POOLMAN: Correct.

SENATOR SOLBERG: Where do we come up with \$200,000 in the funding source change?

4-7-99

DAVE KRABBENHOFT: OMB The Senate change the Attorney General requested 3 IT staff funded from a federal grant. Their optional package requested that money be paid with general funds. The House didn't adopt that request. It was the position they could fund those with the federal money. We do have a disagreement though, the Attorney General's doesn't feel they can fund those positions.

REP. POOLMAN: The House felt if those positions could be obtained with federal dollars, she had the authority to fill those positions. It was sort of a compromise, if you can find the money from other sources, federal dollars or special funds, you have the authority to do that.

SENATOR NAADEN: The clerk will call the roll.

ROLL CALL VOTE #1: Yeas: Senator Solberg; Representatives Poolman, Tollefson. Nays: Senators Naaden, Lindaas; Rep. Huether.

3 Yeas; 3 Nays

MOTION FAILED

SENATOR NAADEN: Moved to put \$258,886 that the House removed into gaming enforcement grants, and set up a grant program for those that write the grant specifically for gaming enforcement.

REP. TOLLEFSON: Would that be \$250,000 plus \$220,000 for a total of \$475,000?

SENATOR NAADEN: Yes. And, I think we should have some rules and regulations, but I'm not sure we want to work that out now.

REP. HUETHER: When you said \$250,000, were you referring to the \$258,886.

SENATOR NAADEN: Yes.

REP. HUETHER: Seconded the motion.

SENATOR SOLBERG: Your motion is only dealing with this portion, nothing else as far as the House amendments?

SENATOR NAADEN: Yes.

REP. POOLMAN: Basically it is just an add-back. An add-back that would come off the ending fund balance on our budget sheet.

SENATOR LINDAAS: Doesn't this amount to a diversion away from the Attorney General's Office - you're putting into enforcement in the rural areas, so to speak, but doesn't it deprive the Attorney General's office of that function to a certain degree.

SENATOR NAADEN: No, it would set it up like it was 2 years ago. It was based on a formula. This would have to be set up on a granting basis that would allow cities to use it specifically for gaming enforcement.

4-7-99

REP. HUETHER: Your motion would be about half of what that sheet is showing now?

SENATOR NAADEN: Pretty close.

REP. POOLMAN: What you're doing is you're adding back money to gaming enforcement at the expense of the Attorney General's budget.

SENATOR NAADEN: No, you took it away from them, and we're just giving it back to the cities and the counties.

REP. POOLMAN: When we went through this budget, we look for money and savings. You're just adding it back. But, if that's your priority that's okay.

SENATOR NAADEN: We're not taking it away from them.

REP. POOLMAN: Instead of talking about the actual amendments to the budget, we're just adding money back. But, if that's the Senate's priority, that's okay.

SENATOR NAADEN: We'd have to agree on how these grants are handled. We'd have to have language in there for that. Legislative Council would have to prepare an amendment for that.

ROLL CALL VOTE #2: 2 yeas; 4 nays; 0 absent

Yeas: Senators Naaden, Rep. Huether; Nays: Senators Solberg, Lindaas; Representatives Poolman Tollefson.

MOTION FAILS

REP. POOLMAN: Moved to recess.

SENATOR SOLBERG: Seconded the motion.

SENATOR NAADEN: Recessed the conference committee. (tape 2, B, 950)

4/9/99

tape 2, A, 0-100

4-9-99

SENATOR NAADEN: Reopened the conference committee on engrossed HB 2003.

ROLL CALL: Present: Sens. Naaden, Solberg, Lindaas; Reps. Poolman, Tollefson, Huether)

SENATOR SOLBERG: Moved that the Senate accede to the House amendments.

REP. HUETHER: Seconded the motion.

ROLL CALL: 6 AYES, 0 NAYS, 0 ABSENT & NOT VOTING.

MOTION CARRIED.

SENATOR NAADEN: Adjourned the conference committee on

4/8/99 tape 3, A, 2180-3075

4-8-99

SENATOR NAADEN: Reopened the conference committee on SB 2003.

ROLL CALL: Present: Naaden, Solberg, Lindaas; Representatives: Poolman, Tollefson, Huether.

SENATOR NAADEN: I am presenting amendment #98025.0208 to engrossed HB 2003 with an increased appropriation of \$258,886 for grants for the gaming commission. It leaves the position out that the House eliminated.

REP. POOLMAN: Is this the same motion we voted on yesterday?

SENATOR NAADEN: Yes, but in printed form.

REP. POOLMAN: You know where we stand. Calls from city folk are indicating they are being assured they'll receive funding back. They're not going to get money back - we're not going to settle. There is no difference in this budget item from when the Attorney General presented her budget to you.

SENATOR NAADEN: I rule it is a difference.

REP. POOLMAN: Yesterday we discussed that you didn't talk about this grant during Senate hearings. I obtained a copy of the minutes from those hearings. There are 5 paragraphs where the Attorney General talked about those grants. The Senate did talk about this and you didn't put dollars in. It was discussed.

SENATOR NAADEN: It was discussed that those were false figures.

REP. POOLMAN: The figures are not false. The information was based on the results of a survey.

SENATOR NAADEN: It was a survey that not everyone answered.

SENATOR NAADEN: Moved do pass the amendment.

SENATOR SOLBERG: Seconded the motion.

DISCUSSION:

SENATOR SOLBERG: What bothers me is the Attorney General's office and other agencies as well setting their priorities whereby popular programs are left out of the budget in hopes of having it added back in.

REP. POOLMAN: The League of Cities had a meeting with the majority leaders saying calls are saying \$800,000 is coming back.

4-8-99
SP P. 17

SENATOR NAA DEN: We're not talking \$800,000, we're talking \$280,000+. It my ruling it is a difference.

ROLL CALL #2: Yeas: Senator Naaden, Rep. Huether; Nays: Senator Solberg, Senator Lindaas, Rep. Poolman, Rep. Tollefson.

MOTION WAS DEFEATED.

COMMITTEE ADJOURNED

(Bill Number) SB 2003 (, as (re)engrossed):

Your Conference Committee

| Attendance | | SENATORS | H/S #1 #2 Vote | Attendance | REPRESENTATIVES | #1 #2 Vote |
|------------|-----|----------|----------------------|------------|-----------------|---------------|
| P | P | Naaden | N Y | P P | Poolman | Y N |
| P | P | Solberg | Y N | P P | Tollefson | Y N |
| P | A/P | Lindaas | N N | P P | Huether | N Y |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 5724/H726 8723/H723
 the (Senate/House) amendments on (SJ/HJ) page(s) 906 - 07

and place _____ on the Seventh order.
727

, adopt (further) amendments as follows, and place
 _____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
 and a new committee be appointed. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the
 calendar.

DATE: 4/5/99

CARRIER: Naaden

LC NO. 98025 . 0206 of amendment

LC NO. 98025 . 0200 of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

4/9/99

(Bill Number) SB 2003 (, as (re)engrossed):

Your Conference Committee

| Attendance | SENATORS | Vote | Attendance | REPRESENTATIVES | Vote |
|------------|----------|------|------------|-----------------|------|
| P | Naaden | Y | P | Poolman | Y |
| P | Solberg | Y | P | Tollefson | Y |
| P | Lindaas | Y | P | Huether | Y |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 8724/8726 8723/8725
the (Senate/House) amendments on (SJ/HJ) page(s) 906 - 07

and place SB 2003 on the Seventh order.
727

, adopt (further) amendments as follows, and place
_____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
and a new committee be appointed. 690/315

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4 9 99

CARRIER: Naaden

LC NO. 98025-0206 of amendment

LC NO. 98025-0200 of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

Insert LC: .

REPORT OF CONFERENCE COMMITTEE

SB 2003, as engrossed: Your conference committee (Sens. Naaden, Solberg, Lindaas and Reps. Poolman, Tollefson, Huether) recommends that the **SENATE ACCEDE** to the House amendments on SJ pages 906-907 and place SB 2003 on the Seventh order.

Engrossed SB 2003 was placed on the Seventh order of business on the calendar.

1999 TESTIMONY

SB 2003

11/20/99

Attorney
General

1999-2001 Budget Presentation
to the
Senate Appropriations Committee

Office of Attorney General
State of North Dakota

Heidi Heitkamp
Attorney General

Table of Contents

| | |
|---------------------------------------------------------------------------------------------------------------------|----|
| Statement of Attorney General Heidi Heitkamp..... | 1 |
| Statement of Jerald C. Kemmet, Acting Director Bureau of Criminal Investigation..... | 4 |
| Statement of Cher Thomas, Director Information Technology Division..... | 9 |
| Statement of Keith Lauer, Director Gaming Division..... | 13 |
| Chart – City/County Payback for Fiscal Years 1984 – 2001 | 15 |
| Chart – City/County Payback Comparison to Total Gaming Related Taxes Collected for Fiscal Years 1984 – 2001..... | 16 |
| Budget Analysis..... | 17 |
| Proposed Amendments to Senate Bill No. 2003..... | 18 |
| Chart for Proposed Amendments..... | 19 |
| Requested Changes to the 1999-00 Executive Recommendation..... | 20 |
| Chart for Requested Changes..... | 23 |
| Budget Graphs | 24 |
| Organizational Chart..... | 28 |
| Duties and Responsibilities of the Office of Attorney General | 29 |
| Division Summaries | |
| Legal Services..... | 30 |
| Bureau of Criminal Investigation..... | 34 |
| Fire Marshal | 37 |
| Information Technology | 39 |
| Consumer Protection and Antitrust..... | 41 |
| Gaming..... | 43 |
| Licensing Section..... | 44 |
| Racing Commission..... | 45 |

STATEMENT OF HEIDI HEITKAMP

ATTORNEY GENERAL

For the record, my name is Heidi Heitkamp. I am the Attorney General for the State of North Dakota.

During the last two years, we have continued to provide quality legal services to state agencies and protection to North Dakota's citizens. We have met with considerable success.

Legal Services

- North Dakota court approval of the Tobacco Master Settlement Agreement and a Smokeless Tobacco Master Settlement Agreement, as well as consent decrees against the tobacco companies prohibiting specific conduct and future violations of consumer protection and antitrust laws, including significant measures to protect the public health and reduce youth smoking. Payments by the tobacco companies to the State of North Dakota continuing as long as those companies market tobacco products, amounting to approximately \$717 million just through 2025.
- Successfully represented the state before a Minnesota state agency contemplating applying externality costs associated with electrical power generated with lignite coal.
- Prosecuted or assisted in the prosecution of a wide variety of criminal cases, including death, assault, theft, gaming, obscenity, drug, and adult and child sex offenses.
- After a lengthy trial, obtained favorable district court rulings against a consumer credit counseling service, related organizations, and its principals concerning the operation of the service, its use of funds, and the protection of its clients' funds.
- Conducted an investigation of the Lake Agassiz Regional Council pursuant to a request from the Legislative Audit and Fiscal Review Committee.

Bureau of Criminal Investigation

- Continue to utilize the Automated Fingerprint Identification System (AFIS) in a regional program with Minnesota and South Dakota. The system presently contains fingerprint images on approximately 55,000 persons.
- Increased sex offender registration from 576 registered offenders in December 1996 to 994 sex offenders and offenders against children in July 1998.
- Processed approximately 6,000 requests each year from the general public for criminal history record information.

- Received approval of the Midwest High Intensity Drug Trafficking Area's (HIDTA) Executive Board for inclusion into the Midwest HIDTA to further the fight against methamphetamine.

Consumer Protection and Antitrust Division

- Obtained refunds for consumers and businesses in North Dakota, recovering \$753,790 on behalf of consumers.
- Collected \$101,427 in civil penalties, investigative costs and attorney's fees since the beginning of the biennium.

Gaming Division

- Simplified and clarified standard record keeping system forms, tax returns, and instructions.
- Sends a quarterly newsletter to all gaming distributors, charitable organizations, Gaming Commission members and Gaming Advisory Board members.

Fire Marshal's Office

- Developed and delivered a new arson detection program and a hazardous materials awareness program for local firefighters and law enforcement personnel.
- Developed and distributes a quarterly newsletter to the fire service.
- Developed a detailed and thorough procedure for fire investigations and reports.

In the Division Summaries section of our budget presentation, we provide a brief description of the various functions the Office of Attorney General performs and highlight other significant accomplishments over the past two years.

In our presentation to you today, we will concentrate on the portions of our budget for which we are requesting changes from the Governor's recommended budget. Jerry Kemmet, Acting Director of the Bureau of Criminal Investigation, will discuss the increase in criminal history records checks, along with North Dakota's inclusion into the Midwest High Intensity Drug Trafficking Area. Following Jerry will be Cher Thomas, director of the Information Technology Division, who will discuss our information technology needs. Finally, Keith Lauer, director of the Gaming Division will discuss the gaming enforcement grants.

Before these individuals discuss these issues however I will discuss the need for the restoration of \$50,000 in litigation fees and \$30,000 in funding for the arrest and return of fugitives.

Our 1997-99 budget contains \$139,024 in litigation fees. The Executive recommendation includes \$50,000. We are seeking an additional \$50,000 because we believe that we will see significant use of this fund in the coming biennium. These funds are used for expert witness fees, travel costs for witnesses, deposition costs, exhibits, service fees and other out-of-pocket costs affiliated with litigation. One area in which we expect considerable legal activity concerns

water issues. Presently we are defending an action brought by the Spirit Lake Nation claiming title to the bed of Devils Lake. In that case the expert witness fees alone are expected to cost us about \$40,000 next biennium. In addition we anticipate litigation concerning the flooding in the Devils Lake area. It is difficult to predict litigation, and we doubt that the \$50,000 in the Executive Recommendation will cover our costs in the upcoming biennium. If the agencies we are defending have to pay these costs they will have to reprioritize other expenditures to do so.

We are also seeking restoration of \$30,000 for the arrest and return of fugitives. This money is used to reimburse local jurisdictions for costs incurred in extraditing fugitives who have been charged with a felony and have fled to other jurisdictions.

STATEMENT OF JERALD C. KEMMET, ACTING DIRECTOR BUREAU OF CRIMINAL INVESTIGATION

We want to publicly thank the Governor for including in his budget several key elements that will help us protect North Dakota's citizens. The Executive Recommendation includes funding for our admittance into the Midwest High Intensity Drug Trafficking Area, improving the services of our Criminal History Records Section, and providing assistance to law enforcement, prosecutors, judges, and the citizens of North Dakota. We are seeking increases for agent physicals, postage and printing costs, and bulletproof vests.

Criminal History Records/Automated Fingerprint Information System (AFIS)

Criminal History Records are cumulative records of arrests and prosecutions of individuals. Every state has a criminal record repository. At the national level, the FBI maintains a record system that facilitates the exchange of the information between the states. Each system relies on fingerprint technology for positive identification of persons whose criminal activities are documented in these records. AFIS became fully operational as a regional program with the State of Minnesota in August 1996, and we want to thank this Committee and the Legislature for their support of this system.

Recent Successes of the AFIS System:

- July 8, 1997 - Latent fingerprints were provided to the Bureau of Criminal Investigation on an unsolved theft case. A search of these fingerprints using AFIS resulted in the positive identification of four of the latent fingerprints developed in the case. These fingerprints belonged to an individual who had been previously arrested in North Dakota.
- August 1, 1997 - Stark County Sheriff's Office - Latent fingerprints were developed on an abandoned stolen vehicle, which was linked to a bank robbery in the town of McHenry. The latent prints were delivered to BCI at about 2:30 p.m. and were run against the AFIS database, resulting in a match with fingerprints on file at the BCI. As a result, the identity of the individual was provided to the BCI agent assisting in the investigation by approximately 4 p.m. that day and resulted in the successful arrest of the individual suspected of bank robbery.
- April 7, 1998 - Latent fingerprints developed at a burglary crime scene were submitted to the BCI for a "cold" search. The latent prints were run against the AFIS database and resulted in a match with fingerprints on file at the BCI. Identification of the individual was provided to the Fargo Police Department, and the individual was arrested.
- The AFIS system has also been used to obtain positive identifications of individuals who have been arrested and either gave someone else's name or refused to identify themselves.

Within the next year, the Bureau of Criminal Investigation will connect five major jails in North Dakota with livescan capabilities. This will allow the jails to automatically transmit fingerprints

to the AFIS system. This technology will assist law enforcement by providing an electronic means to capture fingerprint images and allowing local agencies to make identification of arrested subjects through the livescan unit.

Criminal History Records

In 1987 new criminal history record statutes which spelled out the offenses that were to be included as part of individuals' criminal history records were passed. Those statutes also outlined the responsibilities of law enforcement agencies, prosecutors, courts, and correctional facilities in providing the information that goes into those records.

As a result, in the ensuing years, the quality and the amount of information that makes up criminal history records has increased substantially. Fingerprint cards, which are the national standard for positive identification of arrested persons, are the documents which begin the creation of criminal history records. The volume of fingerprint cards received by the BCI has increased approximately 300 percent from 1987 to 1998. We now receive approximately 15,000 criminal history record submissions each year. Although the workload has increased, the number of identification technicians has not.

To have an effective system we must process these cards as quickly as they come in. We must add the disposition data that is subsequently passed along from the prosecuting attorneys as quickly as it is received. This way we can produce a product upon which all North Dakotans can rely. For example, criminal background checks are required for foster care facilities. If the system is not current when a check is made on a foster care worker, crucial information could possibly be missing. This example applies equally to checks that are done for day care services, teachers, or any other purposes for which the people of North Dakota request background checks.

Record requests have increased from 150 in 1987, to 6,280 for non-criminal justice purposes in 1998. There has been no increase in the staff to handle those requests. By statute, the state receives a \$20 fee for each of these checks, which goes to the state general fund. In 1998, \$125,600 was deposited in the general fund from the record checks.

The quantity of fingerprint cards coming into the BCI has increased and the identification technician position requested in our budget is intended to deal with that increased workload. However there are additional mandates for record checks being considered in this legislative session. Those mandates would further increase the workload in the criminal records area. Bills have been introduced or are expected which would require criminal record checks for all foster and adoptive parents, non-profit organizations providing charitable services to youth, and private security personnel. A fiscal note has been attached to these bills which requests an additional staff person to deal with the increased workload.

We urge your support for the position included in the Executive Recommendation. The absence of that position has a very clear, immediate, and potentially harmful impact on the people of North Dakota.

High Intensity Drug Trafficking Area (HIDTA)

North Dakota has a growing and serious problem with methamphetamine. It is quickly becoming a hard drug of choice in North Dakota. Before 1990, methamphetamine was virtually non-existent; however, incidents of usage, distribution, and manufacture of methamphetamine are of great concern today. North Dakota officials have taken a strong stand against dangerous drugs. Local, state, and federal law enforcement agencies are deeply committed to the elimination of methamphetamine and other dangerous drugs from the plains of North Dakota.

The North Dakota Bureau of Criminal Investigation reported no methamphetamine cases in 1993. Since then the caseload has grown from 15 in 1994 to 77 in 1997. BCI has investigated 70 meth cases through November 1998. Information provided from the task forces and DEA indicated 48 methamphetamine cases in 1996 and 104 in 1997, with 46 reported cases through March 1998. Ten methamphetamine labs have been seized in North Dakota in the past 41 months. Prior to that, only one lab was seized in North Dakota, and that was in 1987. In 1992, 691 drug samples were submitted to the lab for analysis, of which 14 were suspected methamphetamine samples. This number has grown to 1,629 samples in 1997, with 450 of those being methamphetamine samples. In addition, methamphetamine cases have grown from 6 percent of the total drug cases in the U.S. Attorney's Office in 1993 to 31 percent of total drug cases in 1997, and 75 percent of the total drug cases through March 1998.

North Dakota's rural nature invokes several misconceptions, including the idea that we are insulated from the problems encountered by more urban states. Too often we assume that the drug activity and availability, as well as violent crime, are non-existent here. It is imperative that we look beyond this misconception and recognize that the explosion of methamphetamine-related activity is a very real threat to our state. Our state now has an opportunity to take an even stronger stand against methamphetamine by becoming associated with the existing Midwest High Intensity Drug Trafficking Area. The Executive Committee of the Midwest HIDTA has recognized that the growing meth problem reaches well into North Dakota and has recently approved our inclusion in the Midwest HIDTA. North Dakota now awaits approval of funding by the Office of National Drug Control Policy in Washington, DC, which could result in over \$609,000 in federal funds flowing into North Dakota for fiscal year 1999.

In December 1996, counties in the states of Iowa, Kansas, Missouri, Nebraska, and South Dakota were designated as the Midwest HIDTA by the Office of National Drug Control Policy, the Executive Office of the President of the United States. These areas were considered to be the Midwest hotspots for methamphetamine importation, distribution, and clandestine manufacturing of methamphetamine. In the last several years, this region, including North Dakota, has experienced a phenomenal increase in importation, distribution, and clandestine manufacturing of methamphetamine. The central location, numerous interstate highway systems, international border, and air and rail hubs enhance the region's popularity as a market for Mexican methamphetamine importation, and distribution from organizations operating out of the southwest border areas. In addition, several of these states are seeing an explosion in the clandestine manufacturing of methamphetamine by small users and dealers primarily utilizing ephedrine or pseudoephedrine reduction processes.

Recently, a joint letter from the Governor, the Attorney General, and the U.S. Attorney requested the designation of eight counties in North Dakota as high intensity drug trafficking areas. These counties are Richland, Cass, Grand Forks, Walsh, Ramsey, Ward, Morton, and Burleigh. Direct

funding for fiscal year 1999 is expected to be approximately \$609,000. The Executive Recommendation includes \$2,745,933 funding and 12 FTEs. Because the amount we expect to receive has been reduced to \$609,000 for fiscal year 1999, we have included amendments removing \$1,141,758 in Federal Funds and 4 FTEs. However, with the potential for an increased funding level of approximately \$800,000 to \$1,000,000 in fiscal year 2000, we want to retain some flexibility to accept additional federal funding and employ additional FTEs.

Incentives to be funded in fiscal year 1999 include:

▪ **Investigation:**

- One NDBCI special agent will augment the DEA Task Force in Fargo, North Dakota, and will serve as the focal point of the HIDTA activities in southeast North Dakota. Efforts will focus on cases that originate in or that are connected to methamphetamine activities in Cass and Richland Counties.
- One NDBCI special agent will augment the Grand Forks County Task Force and will serve as the focal point of the HIDTA activity in northeast North Dakota. Efforts will focus on cases that originate in or that are connected to the methamphetamine activity in Grand Forks, Walsh, and Ramsey counties.
- One NDBCI special agent will co-locate in Bismarck, with two DEA agents recently assigned to western North Dakota, and will serve as the focal point of the HIDTA activity in central and western North Dakota. Efforts will focus on cases that originate in or that are connected to methamphetamine activity in Burleigh, Morton, and Ward counties.
- A field supervisor, who will be responsible for the day-to-day management and operation of this project, will be located in Bismarck and will be responsible for coordination of HIDTA efforts in North Dakota.

▪ **Forensic Analysis:**

- Two forensic scientists will be provided to the North Dakota State Laboratory in Bismarck to enhance its ability to reduce the evidence backlog, respond to requests for evidence analysis and operational support, and ultimately enhance the efforts of law enforcement and prosecutors with timely expert support. The funding authority for the lab is included in our budget; however, the FTEs are not.

▪ **Prosecution:**

- One Special Assistant Attorney General will be hired to respond to the greatly increased caseload that has resulted because of intensified efforts by law enforcement. This individual will help provide a coordinated local, state, and federal prosecution effort aimed at choosing the most efficient and appropriate forum for prosecution of methamphetamine-related cases.

This federal funding requires no state or local matching dollars. It will be used to leverage resources for investigations, prosecutions, and forensic analysts. As a result of North Dakota's participation in this program we will also have access to regional demand reduction resources, and improved intelligence sharing and case management between the Midwest HIDTA and its member states.

We feel the HIDTA funding is extremely important to continuing the fight against dangerous drugs North Dakota. The Executive Recommendation includes the HIDTA funding, and we ask that you maintain this funding in our budget.

Officer Safety

Officer safety and readiness is critical to the BCI's ability to carry out its mission. We request that the funding requested in our budget submission for bulletproof vests in the amount of \$18,900 and agent physicals in the amount of \$7,250 be included in your appropriation.

Providing funding for the physicals will ensure that our agents are able to comply with the legislation enacted in 1995 requiring physicals. In addition, the bulletproof vests currently issued to agents of the Bureau of Criminal Investigation exceed their recommended life, and the manufacturer will not guarantee that the vests will be effective in protecting agents from serious harm or death if fired upon. We feel it is essential for these safety issues to be addressed through this budget process.

Finally we have had a dramatic increase in postage and printing costs in connection with the criminal history requests, sex offender registration requirements and statistical data. These costs are largely attributable to the mandates for provision of information to law enforcement and the public. We are asking for \$44,381 to cover these increased costs.

STATEMENT OF CHER THOMAS, DIRECTOR INFORMATION TECHNOLOGY DIVISION

Information Technology plays a critical role in the success of the Office of Attorney General. Because of its importance the Information Technology Division became a new division this past biennium.

During the past year considerable time and internal resources were used to evaluate our current systems and needs and develop the strategic plan the legislature required last biennium. The plan developed provides a very accurate assessment of our current situation and our future needs.

We are grateful that the Executive Recommendation included funding for the security, Y2K and disaster recovery components of the strategic plan we developed. But we continue to have concerns that many of the needs identified in the strategic plan and the cost increases dictated by ISD were not included. We are requesting additional general funds for the shift of 3.75 FTEs from federal funds to general funds; for software maintenance; for increased costs for ISD charges and compliance with new ISD policies; to complete the remote networking needed to connect outlying offices; and to address rent, hardware and equipment needs of the division.

The Office of Attorney General has several divisions with very different functions. Computer support staff must have a broad range of understanding to support the multiple applications used by the various divisions. In the past we have not had the staff to adequately plan and maintain our systems. As a result many of our systems have deteriorated beyond repair. This problem cannot be corrected entirely in one biennium, but we need to maintain our current system or the problem will only mushroom.

Information Technology Staff Fund Switch

In our strategic plan we identified the hardware, software and personnel needed to support existing systems, as well as new projects. Complete implementation of the strategic plan would require 9.52 FTEs. We understand that an increase in FTEs for new programs is not likely. But maintaining our current staff is an important priority. We are not asking for the additional 2.52 FTEs identified by the strategic plan as necessary for the projects to update the systems that have deteriorated. However, if we cannot retain our current staff our system will continue to deteriorate, and we will move backwards.

In the past federal funds have been available for such projects as the rewrite of the Criminal History system under the National Criminal Records Improvement Program (NCHIP). Like many federal programs, this program does not fund ongoing IT positions past the initial project implementation. Yet the project is vital to law enforcement's ability to function effectively.

The executive budget funded 3.75 of our current FTEs with federal funds dedicated to specific federal projects. Regrettably, though we need the FTEs to maintain our operations, the federal funding does not permit us to use FTEs for that purpose. The adjustment we seek will require an increase in our general fund appropriation of \$379,019. This adjustment will only allow us to retain our current FTE authorization levels and maintain our current information technology resources. The chart below demonstrates the number of hours needed to maintain our current

hardware and software. In addition, the last two columns identify the projects in our strategic plan that cannot be addressed without additional FTEs.

| SYS | System Name | Labor hrs Biennium | FTE | Project | Project labor hrs biennium | FTE |
|-----|--------------------------------|-----------------------|------|-----------------|-------------------------------|------|
| 100 | Financial Systems | 686 | 0.16 | Budgeting | 692 | 0.17 |
| | | | | Fixed Assets | 424 | 0.10 |
| 101 | Legal Systems | 400 | 0.10 | | | |
| 102 | SAMS | 576 | 0.14 | | | |
| 103 | Case Management | 380 | 0.09 | | | |
| 104 | Criminal History | 1552 | 0.37 | | | |
| 105 | BCI Systems | 600 | 0.14 | | | |
| 106 | Gaming | 615 | 0.15 | | | |
| 107 | CPAT | 556 | 0.13 | | | |
| 108 | BCI Intelligence | 644 | 0.15 | | | |
| 109 | Licensing | 461 | 0.11 | | | |
| 110 | Fire Marshal | 144 | 0.03 | New System | 490 | 0.12 |
| 112 | Time tracking | | | Time Tracking | 660 | 0.16 |
| 113 | Uniform Crime Rpt | 384 | 0.09 | UCR Rewrite | 1,500 | 0.36 |
| 400 | Miscellaneous Syst | 73 | 0.02 | | | |
| 401 | IT Administration | | | User Rpt Writer | 452 | 0.11 |
| | Strategic Planning - changes | 800 | 0.19 | Strategic Plan | 1,020 | 0.25 |
| | Year 2000 testing | 300 | 0.07 | User Train Plan | 420 | 0.10 |
| | Policies and Procedures | 400 | 0.10 | Voice Recognit | 710 | 0.17 |
| | Disaster Recovery/contingen | 480 | 0.12 | Year 2000 | 560 | 0.13 |
| | Training | 960 | 0.23 | Develop Enviro | 100 | 0.02 |
| | Training Users | 400 | 0.10 | | | |
| | Annual Leave, sick leave | 1040 | 0.25 | | | |
| | Supervisory | 832 | 0.20 | | | |
| | Employee activities(time, etc) | 2912 | 0.70 | | | |
| | Division Management | 816 | 0.20 | | | |
| 500 | PC Networking | 8500 | 2.04 | Topology migra | 160 | 0.04 |
| | | | | Exchange servr | 839 | 0.20 |
| | | | | Remote Netwrk | 694 | 0.17 |
| | | | | Web server | 1,246 | 0.30 |
| 501 | AS400 | 576 | 0.14 | | | |
| 502 | Security | 800 | 0.19 | | 480 | 0.12 |
| 503 | Help Desk | 3260 | 0.78 | | | |
| | TOTAL | 29147 | 7.01 | | 10,447 | 2.51 |

↓
to maintain
current systems

Software Maintenance and Training

This adjustment is to cover the annual maintenance fees associated with the software we currently are using and to provide ongoing training needs. The software we use for programming, to access the mainframe at ISD, and to access our AS400, are covered in this request. Unless we pay the required fees to maintain our software, our applications will come to a complete standstill. We will not be able to comply with ISD policies on software and our ability to continue to communicate with the law enforcement community will deteriorate.

To provide quality support on our systems, our IT staff must be trained in the current version of our software. With our limited number of staff training will be particularly important. Each staff member will be required to know several different applications to maintain our diverse system. Technology constantly changes. ISD sets new policies that require use of different software or an upgraded version of existing software. Changing from Token ring networks to Ethernet networks requires staff who has been trained in that software. Using the Web to reach our customers will provide better service but also requires training. Unless we can provide our staff with proper training we cannot comply with the standards and procedures being dictated by ISD. Training is also impacted by staff turnover. With the current shortage of Information Technology people, it is extremely difficult to find anyone trained in the varied applications we use. So each time an employee leaves, we must train their replacement.

ISD Increases

This adjustment covers all the increases in ISD charges to this agency. It also covers the charges that we have not had in the past, but are now necessary as a result of policies and procedures adopted by ISD.

Remote Networking

As you can see from the chart above, we support an extensive system. Over time, our network has become more complicated and far-reaching. The BCI and Fire Marshal divisions have 10 remote sites that have computers and need support. One strategic goal is to increase Web use for sharing information. This requires more security and more planning.

The adjustment for remote networking covers the costs to connect all of our BCI and Fire Marshal remote sites directly to our office. It covers the costs that ISD will charge for initial wiring and hookup, plus the monthly communication charges for the biennium. Connections to all our offices is becoming more and more critical as we strive to get information to our agents in a more timely and effective manner. Bringing the new criminal history system online, and transferring information from the livescan units directly into the criminal history system are just two functions that we will be able to perform once these offices are connected. Remote law enforcement locations will also be able to use AFIS for a search. With connections to our Bismarck office, each of these developments will make information available immediately to our staff and other law enforcement agencies.

Rent and Office Equipment

The Information Technology Division has two employees located at the Capitol, the other five employees are located in the Bureau of Criminal Investigation building. The Information Technology Division has been squeezed in space with BCI. That space is not meeting our needs. With the addition of equipment for new programs such as HIDTA and the NIST server for communications with FBI, our computer room must be expanded. Our computer equipment needs to be in a secured environment. Currently, the equipment is located in three different rooms because of space constraints. Additionally, BCI will need to take over the space we are currently using. When this happens IT will have to find and rent space elsewhere. We will need space that provides climate control and security for our computers. The request for rent will cover the cost of that space.

Travel costs of \$7,000 for support of our remote sites is covered in this request as well. Support of our remote sites is extremely important and will be even more critical as we move forward with the sharing of information between many law enforcement agencies.

Costs of \$3,960 for pagers are also requested. The pagers will become critical because the Criminal History system will require IT staff to be on call 24 hours a day for support.

Security Plan and Year 2000 – Disaster Recovery

Components of the strategic plan that are included in the Executive Recommendation are the provisions for security, Y2K and disaster recover. These components are vital to our office operations and they have a huge impact on the entire office, particularly the integrity of the law enforcement data on our system.

Maintaining the security of information and the integrity of our systems is vital. There is a constant battle to keep ahead of the evolving viruses and hackers. Recently, a member of our staff downloaded some programs that are readily available from the Internet. He ran these programs against our network as a test and was able to determine 75 percent of our user passwords in less than five minutes. The ability to keep unauthorized persons from accessing or destroying the information on our systems is critical. Aside from protecting our system and information from damage by third parties, much of the information in our office is either highly sensitive or confidential. In the wrong hands the information we have can place our agents, those they work with and members of the public in life-threatening situations. Aside from these considerations, many federal programs are requiring a high level of security on our network to allow us to connect with their programs and use their resources.

The Executive Recommendation also includes critical funding to address the Y2K issue. This project includes our PC replacement project. This project is crucial to our Agency's ability to meet the challenges of the year 2000 readiness issue and to assure that the information we provide to law enforcement and the public remains available and intact.

STATEMENT OF KEITH LAUER, DIRECTOR GAMING DIVISION

Local Gaming Enforcement Grants

In response to Governor Schafer's budget guideline for the 1999-2001 biennium, the Office of Attorney General had to propose a budget reduction of \$979,000, or 7.7 percent, of the office's present general fund budget of \$12,724,000. We were faced with cutting such things as drug or criminal agents or cutting grant funds that were not clearly providing gaming enforcement. We reviewed the current uses and identified \$221,877 of gaming grant funds that were being used by local agencies for gaming enforcement. We requested restoration of all the gaming grant funds in our optional adjustments. However, the executive recommendation includes only the \$221,877.

We have agreed to ask this committee for the restoration of the additional funds. Distributed with my testimony are several letters supporting this request.

The need for these funds must be viewed in the historical context of gaming in North Dakota. The 1983 Legislature passed a law requiring that a portion of the gaming tax be paid back as grants to cities and counties for gaming enforcement. The amount that each city and county receives is based on the amount of adjusted gross proceeds (AGP) earned within that city and county in relation to the total AGP, multiplied by the total amount to be paid back each quarter. From 1983 through 1989, the amount of the grants each quarter was 40 percent of the taxes collected, and increased each quarter due to the growth of gaming. During 1989, 1993, 1995, and 1997 the grants were reduced and limited as follows:

| <u>Legislature</u> | <u>Biennial</u> <u>Limit</u> | |
|--------------------|---------------------------------|-------------------------|
| 1989 | \$1,360,000 | (\$170,000 per quarter) |
| 1993 | \$1,224,000 | (\$153,000 per quarter) |
| 1995 | \$1,045,520 | (\$130,690 per quarter) |
| 1997 | \$1,014,152 | (\$126,769 per quarter) |

It is difficult for the Office of Attorney General to assess the negative impact on local gaming enforcement from the reduction of the grants. There is no central information system to track the usage or effectiveness of the grants. In the past, the Office of Attorney General has recommended that there be an accounting of the grants; however, this suggestion has not been implemented and the grants have been viewed as revenue sharing. Surveys conducted by the Office of Attorney General have shown that some law enforcement agencies use the grants for gaming enforcement while some do not.

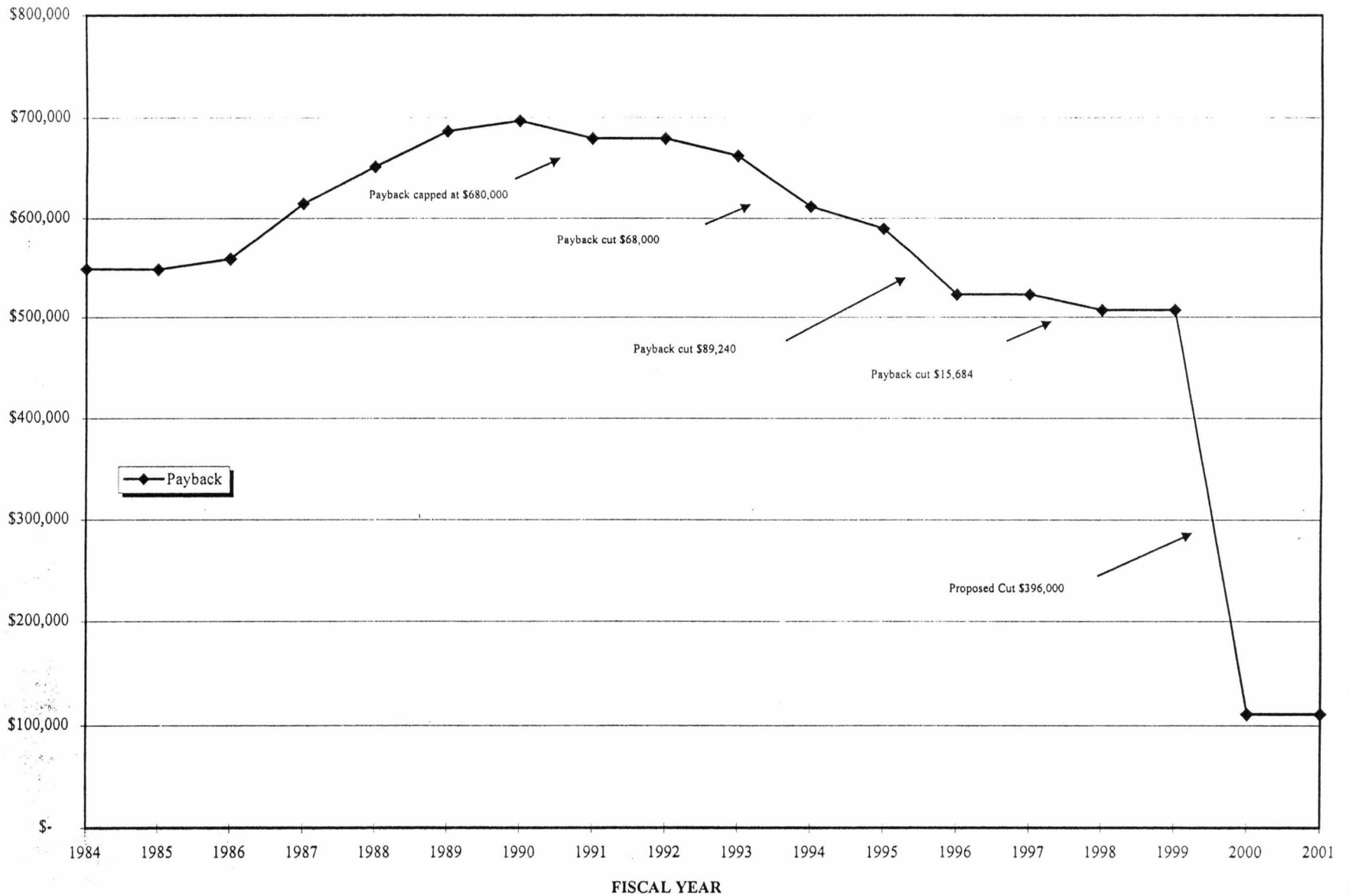
Section 6 of this bill provides that local gaming enforcement grants would be disbursed based on a competitive grant application process administered by the Office of Attorney General. This would ensure that the grants are applied toward gaming enforcement. A local law enforcement agency would be required to apply for, justify, and document the use of the funds. If this provision is enacted, our office is prepared to implement it.

We have been able to identify past uses for some of the local gaming enforcement grants:

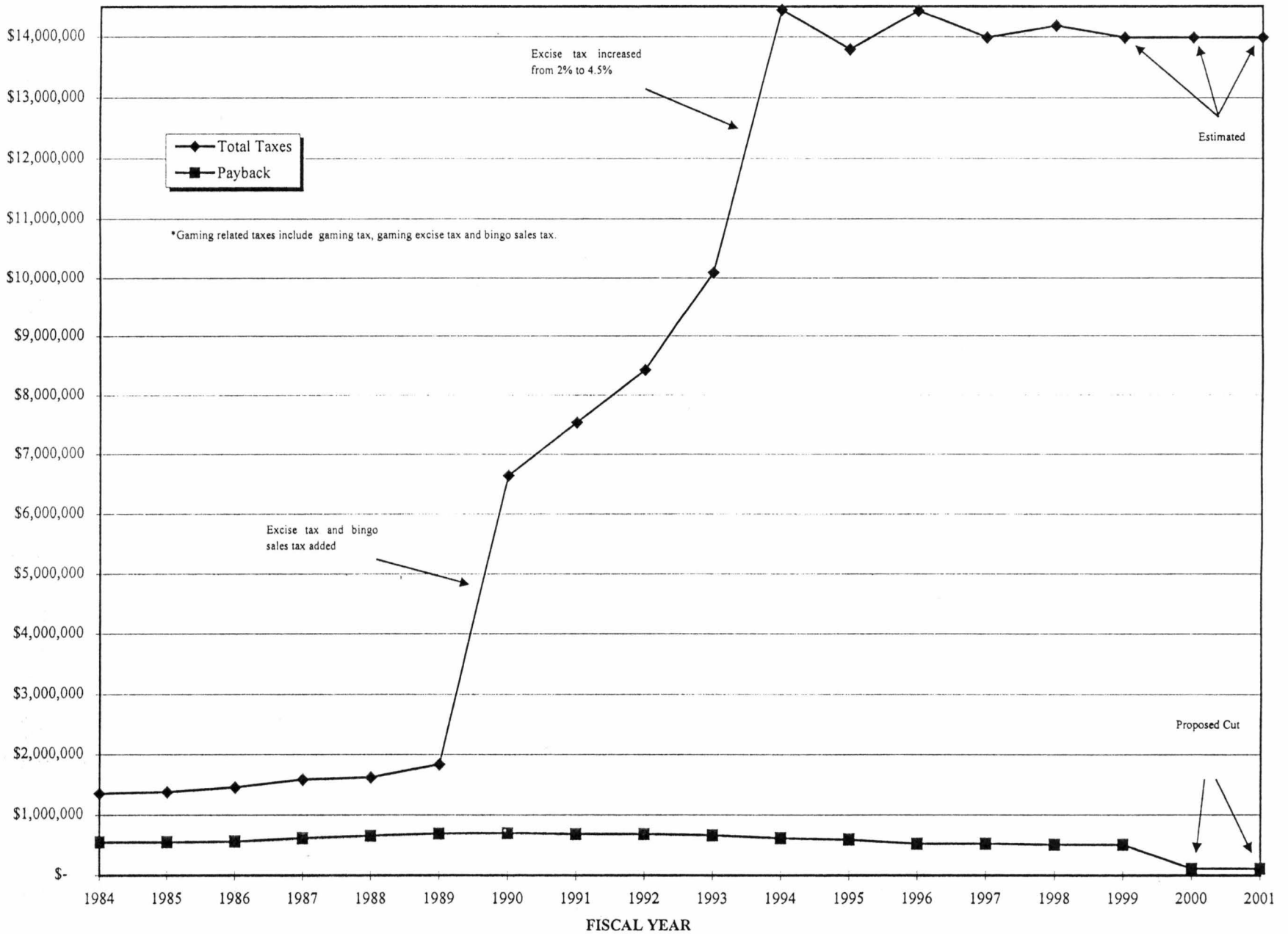
1. Equipment Purchases – Local law enforcement agencies have used grants to purchase video surveillance cameras, VCRs, video monitors, burglar alarms, vehicles, communication equipment, firearms, weigh scales, and computers and software. This equipment provides agencies with the tools necessary to effectively conduct gaming investigations. The equipment is also used for non-gaming investigations. Many agencies have limited financial resources for buying equipment;
2. Training and Membership – Some agencies have used grants to send officers to gaming related training and to fund their membership in regional and national organizations, which focus on training and intelligence gathering. Training has been instrumental in enabling agencies to be more involved and effective in doing gaming investigations;
3. Local Work Permits – Some agencies maintain a very stringent local work permit system to regulate persons who conduct gaming in their jurisdiction. The agencies do a comprehensive background investigation of potential gaming employees and approve, deny, or revoke work permits;
4. Local Gaming Permits – Some agencies have used grants for issuing local permits to organizations that conduct bingo, raffles, or sports pools. They determine the organizations' eligibility and ensure they compliance with the gaming law and rules;
5. Investigations – Local law enforcement agencies are relied on to investigate most gaming cases involving criminal violations. Grants have been used for "buy" money, copying bank records, and paying informants. Most investigations are complex, time consuming, and may involve officers from more than one jurisdiction;
6. Administration – Some agencies have used grants to pay for a proportionate share of office space, storage space, office equipment, vehicle use, and secretarial services for a gaming enforcement officer;
7. Employing Personnel – Some agencies have employed additional personnel. For instance, the city of Fargo hired an auditor who conducts annual limited scope reviews of all organizations that conduct gaming in Fargo to ensure compliance with state and local requirements. Without the grants, several jurisdictions have indicated that they would be forced to eliminate positions or reassign officers to non-gaming cases;
8. Non-gaming investigations – Some agencies have used the grants to investigate illegal uses of drugs, burglaries, thefts, and embezzlements which may have involved gaming; and
9. Gaming activity has increased substantially since the grant concept began. Since 1983, the amount of gross proceeds has nearly tripled to \$274 million and number of sites has doubled to 1,000.

There are several representatives of local law enforcement agencies here today who support restoring the grants. Since they are on the front line, they can provide you with a clear perspective of the value of the grants and the impact to their jurisdictions if the grants are not restored.

CITY/COUNTY PAYBACK FOR FISCAL YEARS 1984 THROUGH 2001



**CITY/COUNTY PAYBACK COMPARISON TO TOTAL GAMING RELATED TAXES
COLLECTED FOR FISCAL YEARS 1984 THROUGH 2001**



OFFICE OF ATTORNEY GENERAL
BUDGET ANALYSIS
FOR THE 1999-2001 BIENNIUM

| LINE ITEM | COLUMN 1 PRESENT BUDGET 1997-99 | COLUMN 2 GOVERNOR 5% BUDGET REDUCTIONS | COLUMN 3 CONTINUED PROGRAM INFLATION/ OTHER | COLUMN 4 RESIDENT. SUBST. ABUSE- STATE PRISONERS/BYRNE GRANTS/LOCAL LAW ENFORCEMENT ASSISTANCE BLOCK GRANTS | COLUMN 5 HIGH INTENSITY DRUG TRAFFICKING ACT | COLUMN 6 NCHIP/NICS LAW ENFORCEMENT PROGRAMS | COLUMN 7 TOTAL 1999-2001 BIENNIUM BASE BUDGET | COLUMN 8 EXECUTIVE BUDGET 1999-2001 BIENNIUM | COLUMN 9 SENATE APPROPRIATIONS- REQUESTED CHANGES THE 1999-2001 EXECUTIVE BUDGET | COLUMN 10 REVISED 1999-2001 BIENNIUM BUDGET WITH REQUESTED SENATE CHANGES |
|--------------------------------------------------|------------------------------------------|-------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| SALARIES AND WAGES | 12,917,894 | | 641,166 | 52,742 | | (170,524) | 13,441,278 | 14,181,012 | 22,167 | 14,203,179 |
| OPERATING EXPENSES | 4,690,014 | | (175,504) | 2,630 | | (58,920) | 4,458,220 | 4,753,803 | 578,606 | 5,332,409 |
| EQUIPMENT | 1,062,233 | | (571,197) | | | | 491,036 | 868,710 | 38,150 | 906,860 |
| GRANTS | 5,790,003 | (792,278) | 68,435 | 329,865 | | 0 | 5,396,025 | 5,396,025 | 792,278 | 6,188,303 |
| LITIGATION FEES | 139,024 | (139,024) | | | | | 0 | 50,000 | 50,000 | 100,000 |
| HIDTA | 0 | | | | 2,696,607 | | 2,696,607 | 2,745,933 | (1,141,758) | 1,604,175 |
| CONTROLLED SUBSTANCES BOARD | 4,000 | (4,000) | | | | | 0 | - | | - |
| RACING COMMISSION | 219,744 | (10,987) | | | | | 208,757 | 244,548 | | 244,548 |
| ARREST & RETURN OF FUGITIVES | 18,795 | (18,795) | | | | | 0 | - | 30,000 | 30,000 |
| GAMING COMMISSION | 19,400 | (14,291) | | | | | 5,109 | 5,109 | | 5,109 |
| NATIONAL CRIMINAL HISTORY IMPROVEMENT PROJECT | 1,135,781 | | | | | 1,427,552 | 2,563,333 | 2,528,385 | (182,616) | 2,345,769 |
| LAW ENFORCEMENT PROGRAMS | 620,701 | | | | | | 620,701 | 628,844 | | 628,844 |
| TOTAL | 26,617,589 | (979,375) | (37,100) | 385,237 | 2,696,607 | 1,198,108 | 29,881,066 | 31,402,369 | 186,827 | 31,589,196 |
| FTE | 153.5 | | | 1.0 | 12.0 | 1.0 | 167.5 | 167.5 | (7.0) | 160.5 |
| GENERAL FUND | 12,723,824 | | | | | | 12,087,832 | 14,122,905 | 1,868,053 | 15,990,958 |
| FEDERAL FUNDS | 10,469,122 | | | | | | 14,163,466 | 14,209,188 | (1,681,226) | 12,527,962 |
| OTHER FUNDS | 3,424,643 | | | | | | 3,629,968 | 3,070,276 | | 3,070,276 |
| TOTAL ALL FUNDS | 26,617,589 | | | | | | 29,881,066 | 31,402,369 | 186,827 | 31,589,196 |

17

PROPOSED AMENDMENTS TO SENATE BILL NO. 2003

Page 1, line 2, after the semicolon, insert:

“to amend and reenact subsection 3 of section 53-06.1-14 of the 1997 Supplement to the North Dakota Century Code, relating to purchases of gaming stamps by licensed distributor;”

Page 1, line 11, replace “\$14,181,012” with “\$14,203,179”

Page 1, line 12, replace “4,753,803” with “5,332,409”

Page 1, line 13, replace “868,710” with “906,860”

Page 1, line 14, replace “5,396,025” with “6,188,303”

Page 1, line 15, replace “50,000” with “100,000”

Page 1, after line 17, insert:

“Arrest and Return of Fugitives \$30,000”

Page 1, line 18, replace “2,528,385” with “2,345,769”

Page 1, line 20, replace “2,745,933” with “1,604,175”

Page 1, line 21, replace “\$31,402,369” with “\$31,589,196”

Page 1, line 22, replace “17,279,464” with “15,598,238”

Page 1, line 23, replace “\$14,122,905” with “\$15,990,958”

Page 2, after line 26, insert:

“**SECTION 8. AMENDMENT.** Subsection 3 of section 53-06.1-14 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follow:

3. A licensed distributor shall affix a North Dakota gaming stamp to each deal of pull tabs and bingo cards, punchboard, sports pool board, calcutta board, and series of paddlewheel ticket cards sold and shall purchase the stamps from the attorney general for ~~twenty-five~~ thirty-five cents each. Ten cents of each stamp sold, up to thirty-six thousand dollars per biennium must be credited to the attorney general’s operating fund to defray the costs of issuing the gaming stamps.”

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 125 - OFFICE OF ATTORNEY GENERAL

This amendment makes the following changes:

OFFICE OF ATTORNEY GENERAL 1999-2001 BIENNIUM BUDGET - REQUESTED SENATE CHANGES
1999 SENATE BILL NO. 2003

| | 1999-2001 EXECUTIVE RECOMMENDATION | LOCAL GAMING ENFORCEMENT GRANTS | ARREST AND RETURN OF FUGITIVES | LITIGATION FEES RESTORATION | INFORMATION TECHNOLOGY STAFF - FUNDING SOURCE CHANGE | INFORMATION TECHNOLOGY RENT, EXPENSES | COMPUTER SOFTWARE MAINTENANCE | ISD REQUIRED INCREASES | COMPUTER HARDWARE | REMOTE NETWORKING | AGENT PHYSICALS | PRINTING, POSTAGE | BULLET PROOF VESTS | NCHIP | HIDTA | TOTAL CHANGES |
|---------------------------------------|------------------------------------------|------------------------------------------|-----------------------------------------|-----------------------------------|---------------------------------------------------------------|---------------------------------------------|-------------------------------------|---------------------------|----------------------|----------------------|--------------------|----------------------|--------------------------|-----------|-------------|------------------|
| Salaries and Wages | 14,181,012 | | | | 22,167 | | | | | | | | | | | 14,203,179 |
| Operating Expenses | 4,753,803 | | | | | | 181,330 | 169,657 | 10,400 | 71,268 | 7,250 | 44,381 | 18,900 | | | 5,256,989 |
| Equipment | 868,710 | | | | | | | | 38,150 | | | | | | | 906,860 |
| Grants | 5,396,025 | 792,278 | | | | | | | | | | | | | | 6,188,303 |
| Litigation Fees | 50,000 | | | 50,000 | | 75,420 | | | | | | | | | | 175,420 |
| Racing Commission | 244,548 | | | | | | | | | | | | | | | 244,548 |
| National Criminal History Improvement | 2,528,385 | | | | | | | | | | | | | (182,616) | | 2,345,769 |
| Arrest and Return of Fugitives | - | | 30,000 | | | | | | | | | | | | | 30,000 |
| Gaming Commission | 5,109 | | | | | | | | | | | | | | | 5,109 |
| Law Enforcement Programs | 628,844 | | | | | | | | | | | | | | | 628,844 |
| High Intensity Drug Trafficking Area | 2,745,933 | | | | | | | | | | | | | | (1,141,758) | 1,604,175 |
| Total | 31,402,369 | 792,278 | 30,000 | 50,000 | 22,167 | 75,420 | 181,330 | 169,657 | 48,550 | 71,268 | 7,250 | 44,381 | 18,900 | (182,616) | (1,141,758) | 31,589,196 |
| General Fund | 14,122,905 | 792,278 | 30,000 | 50,000 | 379,019 | 75,420 | 181,330 | 169,657 | 48,550 | 71,268 | 7,250 | 44,381 | 18,900 | | | 15,990,958 |
| Federal Funds | 14,209,188 | | | | (358,852) | | | | | | | | | (182,616) | (1,141,758) | 12,527,962 |
| Other Funds | 3,070,276 | | | | | | | | | | | | | | | 3,070,276 |
| Total | 31,402,369 | 792,278 | 30,000 | 50,000 | 22,167 | 75,420 | 181,330 | 169,657 | 48,550 | 71,268 | 7,250 | 44,381 | 18,900 | (182,616) | (1,141,758) | 31,589,196 |
| FTE | 167.5 | | | | | | | | | | | | | (3.0) | (4.0) | 160.5 |

**REQUESTED CHANGES TO THE EXECUTIVE RECOMMENDATION
SENATE BILL NO. 2003 – OFFICE OF ATTORNEY GENERAL
SENATE APPROPRIATIONS**

1. Restore Local Gaming Enforcement grants – an increase of \$792,278 from the General Fund

| | |
|--------------|-------------|
| Grants | \$1,014,155 |
| General Fund | \$1,014,155 |

2. Restore Arrest and Return of Fugitives line item, increasing total funding to \$30,000 from the General Fund, the cost anticipated for the 1997-99 biennium

| | |
|--------------------------------|----------|
| Arrest and Return of Fugitives | \$30,000 |
| General Fund | \$30,000 |

3. Restore an additional \$50,000 from the General Fund in Litigation Fees line item – Water Litigation

| | |
|-----------------|-----------|
| Litigation Fees | \$100,000 |
| General Fund | \$100,000 |

4. Funding source switch, from federal funds (-\$356,852) to the General Fund (\$379,019) for 3.75 current Information Technology staff members and salary increases to assist in retaining current staff members – Net total \$22,167

| | |
|--------------------|-----------|
| Salaries and Wages | \$ 22,167 |
| General Fund | \$379,019 |
| Federal Funds | \$356,852 |

5. Rent and operating expenses for Information Technology staff members and equipment - \$75,420 from the General Fund

| | |
|--------------------|----------|
| Operating Expenses | \$75,420 |
| General Fund | \$75,420 |

6. Office Software Maintenance – all current office software - \$181,330 from the General Fund

| | |
|--------------------|-----------|
| Operating Expenses | \$181,330 |
| General Fund | \$181,330 |

7. Information Services Division required increases - \$169,657 from the General Fund

| | |
|--------------------|-----------|
| Operating Expenses | \$169,547 |
| General Fund | \$169,547 |

8. Computer Hardware - Computer hardware and cleaning/repairs - \$48,550 from the General Fund

| | |
|--------------------|----------|
| Operating Expenses | \$10,400 |
| Equipment | \$38,150 |
| General Fund | \$48,550 |

9. Remote Networking – Connecting all Office of Attorney General staff members into the office network. Currently, several outlying Office of Attorney General locations are unable to access the office’s network - \$71,268 from the General Fund

| | |
|--------------------|----------|
| Operating Expenses | \$71,268 |
| General Fund | \$71,268 |

10. Agent Physicals – In order to prevail in claiming that a condition is work-related, (and receive Workers’ Compensation benefits for the claim) an agent must have successfully passed a medical exam which does not reveal any evidence of a condition to which the claim relates - \$7,250 from the General Fund

| | |
|--------------------|---------|
| Operating Expenses | \$7,250 |
| General Fund | \$7,250 |

11. Printing and postage for: Sex Offender registration, Criminal History, Statistical Analysis Center (SAC); and Central Duplicating increases - \$44,381 from the General Fund

| | |
|--------------------|----------|
| Operating Expenses | \$44,381 |
| General Fund | \$44,381 |

11. Bullet Proof vests – protect BCI agents - \$18,900 from the General Fund

| | |
|--------------------|----------|
| Operating Expenses | \$18,900 |
| General Fund | \$18,900 |

12. National Criminal History Improvement Project – the positions and federal funding for the National Instant Check System (NICS) are unneeded at this time since the FBI has taken over this responsibility - \$(-182,616 federal funds). Reduce positions by 3.0 FTE (there were originally 4.0 NICS positions; one of the positions was used for the Identification Technician funded in the Executive Recommendation).

| | |
|-----------------------------------------------|-------------|
| National Criminal History Improvement Project | \$2,345,769 |
| Federal Funds | \$2,345,769 |

13. High Intensity Drug Trafficking Area (HIDTA) – BCI has received information that the Office’s allocation for HIDTA will be less than anticipated in the budget request. The HIDTA line item needs to be reduced by \$1,141,758 from federal funds, and the associated FTE positions should be reduced by 4.0, to provide 8.0 FTE for HIDTA.

| | |
|--------------------------------------|-------------|
| High Intensity Drug Trafficking Area | \$1,604,175 |
| Federal Funds | \$1,604,175 |

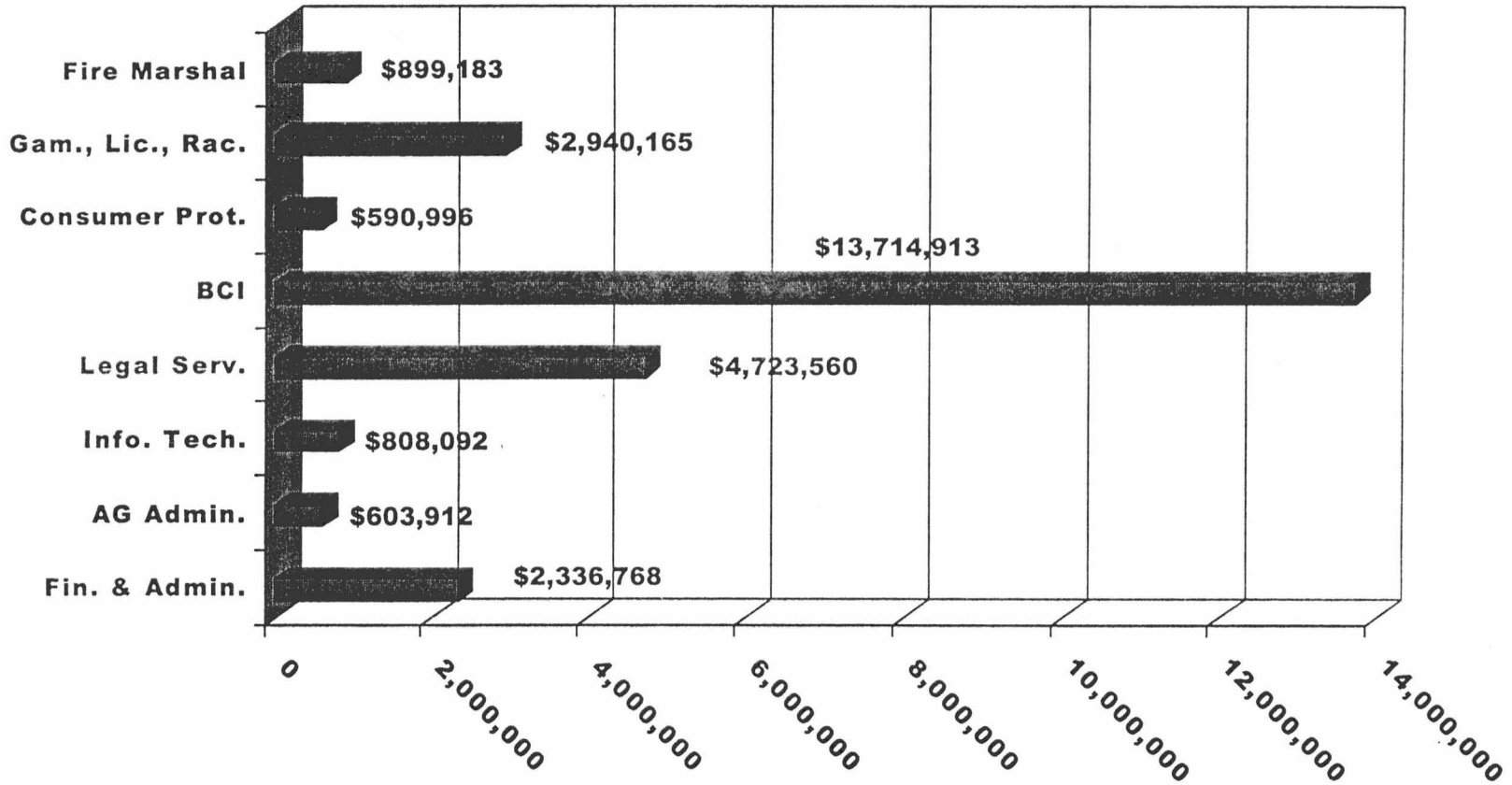
14. Licensed Distributor gaming stamp purchases are proposed to increase by \$.10, from \$.25 to \$.35 per stamp, to pay for bar-coded stamps that will be utilized in the 1999-2001 biennium. The cost of the bar-coded stamps is approximately \$.105 per stamp. The current stamps cost approximately \$.015 per stamp. Additional revenues and related expenses of \$36,000 were included in the Executive Recommendation. Any amount in excess of \$36,000, for the biennium, will be deposited into the General Fund.

**PROPOSED CHANGES TO THE EXECUTIVE RECOMMENDATION - SB NO. 2003
SENATE APPROPRIATIONS**

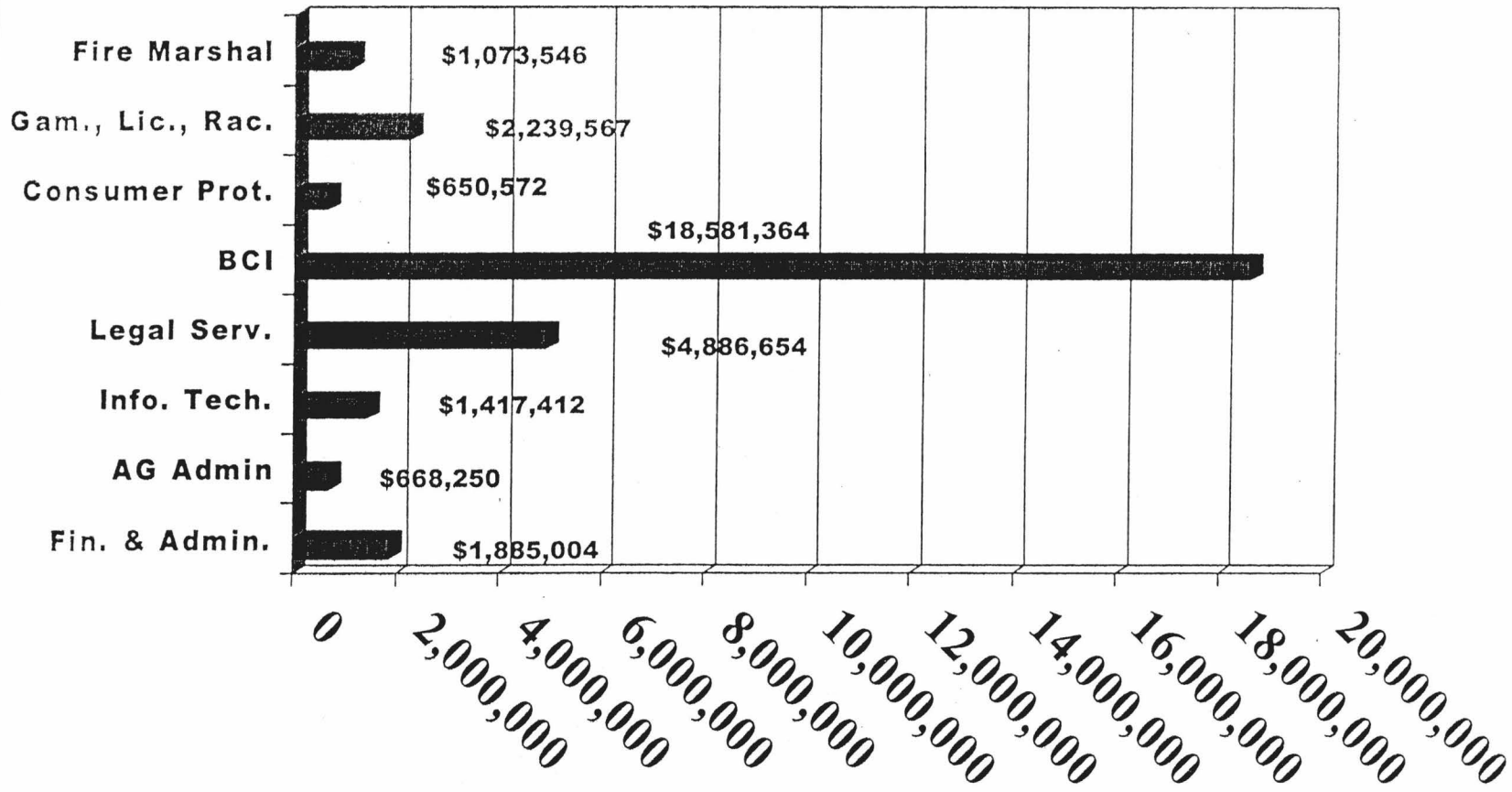
| Senate - Requested Changes | OPTIONAL ADJUSTMENT REQUESTED | GENERAL FUND | FEDERAL FUNDS | TOTAL | FUNDED IN EXEC. REC. Y/N |
|----------------------------------|---------------------------------------------------------------------------------------|------------------|--------------------|----------------|--------------------------------|
| 1 | Restoration of Gaming Enforcement grants | 792,278 | | 792,278 | N |
| 2 | Restore Arrest & Return of Fugitives | 30,000 | | 30,000 | N |
| 3 | Restore portion of Ligitation Fees - Water Lawsuit | 50,000 | | 50,000 | 50,000 |
| 4 | GF all IT staff - 3.75 fte ff funding switch | 379,019 | (356,852) | 22,167 | N |
| 5 | Rent, Office equipment - Information Technology | 75,420 | | 75,420 | N |
| 6 | Software Maintenance | 181,330 | | 181,330 | N |
| 7 | Information Services Division required increases (ISD) | 169,657 | | 169,657 | N |
| 8 | Hardware | 48,550 | | 48,550 | N |
| 9 | Remote Networking | 71,268 | | 71,268 | N |
| 10 | Agent Physicals | 7,250 | | 7,250 | N |
| 11 | Printing & postage for Offend. Regis.,Crim. Hist.& SAC, Central Duplicating Increases | 44,381 | | 44,381 | N |
| 12 | Bullet proof vests | 18,900 | | 18,900 | N |
| 13 | HIDTA - reduce to anticipated level, funding, staff | | (1,141,758) | (1,141,758) | Y |
| 14 | NCHIP - remove NICS fte and funding | | (182,616) | (182,616) | Y |
| | TOTAL REQUEST | 1,868,053 | (1,681,226) | 186,827 | |

23

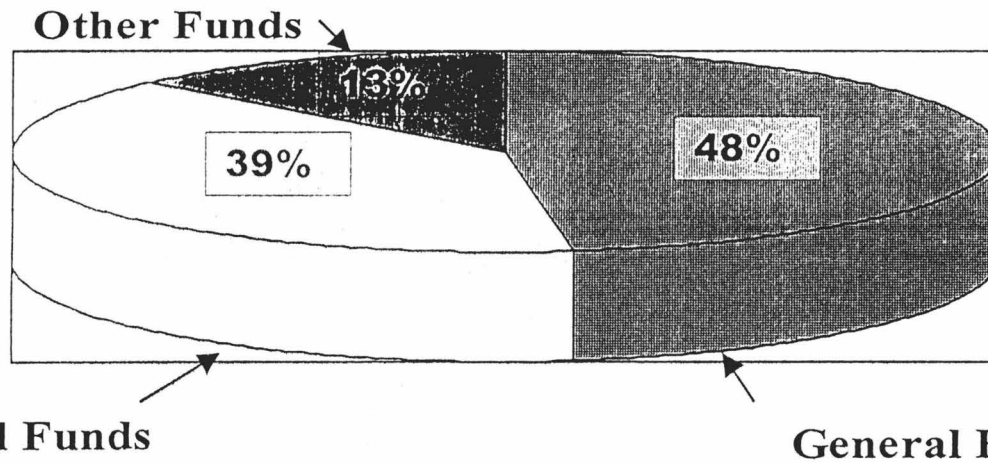
Office of Attorney General
1997-99 Biennium Appropriation By Division
Total Appropriation \$26,617,589



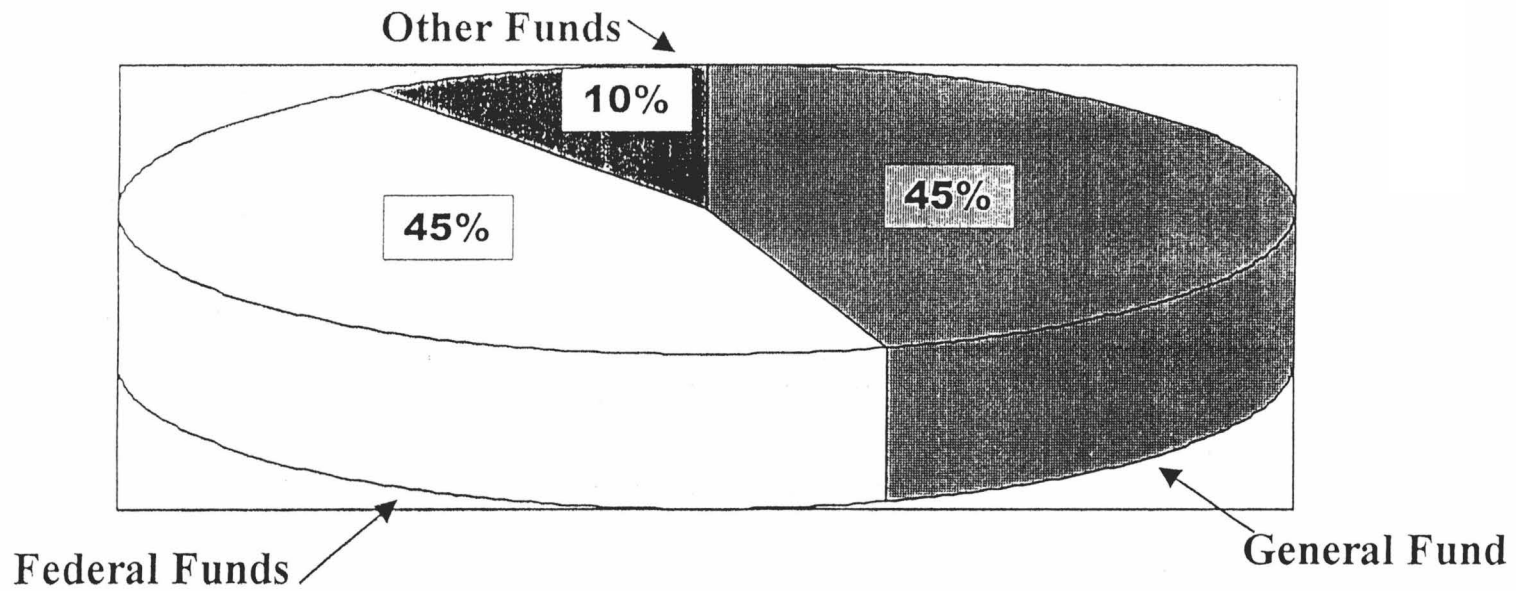
Office of Attorney General Budget
 Executive Recommendation for the
 1999-2001 Biennium by Division
Total Recommendation \$31,402,369



Office of Attorney General
1997-99 Biennium Appropriation
By Funding Source
Total Appropriation \$26,617,589



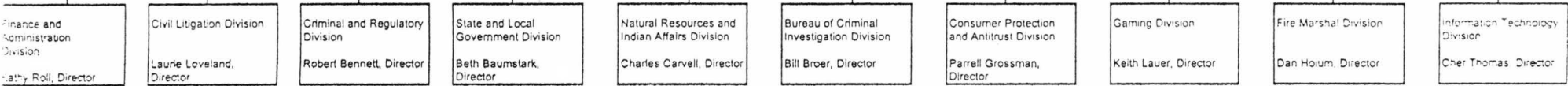
Office of Attorney General Budget
Executive Recommendation for the
1999-2001 Biennium
By Funding Source
Total Recommendation \$31,402,369



ATTORNEY GENERAL
Heidi Heltkamp

Attorney General Administration
Rosey Sand, General Counsel
A. Personnel
B. Public Information

Administrative Assistant
June Veit



- 4. Finance and Budget
- 3. Information Systems
- 2. Administrative Operations
- 1. Payroll

- A. Licensing
- B. Attorneys

- A. Criminal
- B. Narcotics
- C. Training
- D. Grants Management
- E. Information Services
- F. Domestic Violence Prevention

DUTIES AND RESPONSIBILITIES OF THE OFFICE OF ATTORNEY GENERAL

The Attorney General is the chief legal officer of the State of North Dakota with duties outlined by state statutory and common law. The Attorney General represents the state and the interests of North Dakotans in civil and criminal legal actions. He or she may take legal action deemed necessary to protect the rights of North Dakotans, to defend the actions of state officials and to ensure public order.

MAJOR FUNCTIONS:

- Serving as the state's legal adviser in matters concerning the state's law and constitution.
- Issuing opinions to county state's attorneys, city attorneys, and governing boards to interpret state laws that affect cities and counties.
- Proposing new legislation, supporting the passage of public interest bills, and providing legal opinions to legislators.
- Representing the state in civil and criminal lawsuits in which the state is an interested party.
- Defending state employees acting within the scope of their employment.
- Assisting local government in criminal investigations and drug enforcement.
- Protecting the rights of consumers.
- Regulating charitable gambling.
- Preventing and controlling fires and hazardous materials incidents, and inspecting certain buildings for fire safety.
- Training police, sheriffs, firefighters, emergency responders, game wardens, highway patrol troopers, gaming personnel, and county state's attorneys.
- Licensing alcoholic beverage retailers; wholesale and retail tobacco product dealers; transient merchants; coin-operated amusement devices operators, lessors, and distributors; fair boards; polygraph operators; charitable gaming operators; gaming manufacturers and distributors; and wholesale fireworks distributors.

DIVISION SUMMARIES

LEGAL SERVICES DIVISIONS

Beth Baumstark, Director, State and Local Government Division
Douglas Bahr, Acting Director, Civil Litigation
Robert Bennett, Director, Criminal and Regulatory Division
Charles Carvell, Director, Natural Resources and Indian Affairs Division

MAJOR FUNCTIONS AND DUTIES:

- Provide a full range of legal services to over 100 state agencies, boards, and commissions, including assistance in drafting and negotiating contracts, drafting rules, reviewing rules drafted, drafting legislation, giving oral advice over the phone or in person, providing formal written opinions on questions of law, representing clients in administrative hearings and appeals, representing clients in lawsuits in state and federal courts, and negotiating resolution of disputes.
- Provide legal opinions to legislators, county state's attorneys, and city attorneys.
- Assist county state's attorneys and city attorneys in criminal prosecutions.
- Provide legal advice in virtually hundreds of subject areas, including Indian law, gaming, water, municipalities, criminal law, habeas corpus, extradition, contracts, torts, North Dakota and federal constitutional law, environmental law, agricultural law, energy law, real property law, oil and gas law, Medicare, AFDC, eminent domain, hunting, prisoner issues, contract bidding, education, health, game and fish, food stamps, nursing home rate regulation, professional licensure and discipline, bankruptcy, wage claims, implied consent, personnel, GATT and NAFTA, banking, child support, collections, unclaimed property, debtor/creditor, sexual harassment, the Americans with Disabilities Act, administrative law, alcoholic beverage law, consumer protection, anti-trust, public benefits law, and public finance law.
- Provide training on legal matters for state agencies, law enforcement, local government officials, and state's attorneys.
- Give presentations and provide written material to the public on legal matters of general interest including brochures on eminent domain, landlord tenant law, small claims courts, state employee defense and liability, open meetings and open records, and sex offenses.

All of the services mentioned above are provided by 30 attorneys and four legal assistants.

SIGNIFICANT ACCOMPLISHMENTS DURING THE 1997-99 BIENNIUM:

- Investigated and researched possible litigation against the tobacco industry for consumer protection and antitrust violations; participated with other states in negotiating and drafting of a nationwide settlement of tobacco litigation, resulting in a Master Settlement Agreement joined by all states and territories that had not previously settled with the tobacco companies;

and obtained North Dakota court approval of the Master Settlement Agreement and a Smokeless Tobacco Master Settlement Agreement, as well as consent decrees against the tobacco companies prohibiting specific conduct and future violations of consumer protection and antitrust laws, including significant measures to protect the public health and reduce youth smoking and payments by the tobacco companies to the State of North Dakota continuing as long as those companies market tobacco products, amounting to approximately \$717 million just through 2025.

- Successfully defended a challenge to the Attorney General's authority to appoint special assistant attorney Generals retained by state agencies on a contingent fee basis.
- Monitored asbestos litigation brought on behalf of the North Dakota University System, Department of Transportation, Job Service North Dakota, and the Department of Health involving a multi-million dollar claim
- Coordinated and monitored work of special assistant attorney generals providing services on behalf of state agencies.
- Assisted the Office of Management and Budget in administering the State's Risk Management Fund to handle claims and lawsuits against the State.
- As of December 1, 1998, collected approximately \$2,867,600 through farm foreclosures, \$126,800 through residential foreclosures, and \$119,000 through farm bankruptcy proceedings for the Bank of North Dakota.
- Successfully represented numerous State employees who were sued as a result of their job-related actions.
- Continued to reduce legal costs to the State by making greater use of legal assistants to provide legal services.
- Assisted the Department of Transportation in a half million dollars damages suit through mediation. As a result, the State saved millions of dollars and DOT will be changing numerous documents to help avoid similar claims in the future.
- Represented the Department of Labor in a claim against Interstate Business College for unpaid wages.
- Assisted the Office of Management and Budget's Risk Management in a pro-active effort to develop solutions for state agencies to address possible Year 2000 problems.
- Prosecuted, negotiated, and settled a wide variety of professional licensure actions on behalf of numerous state licensing boards.
- Conducted an investigation of the Lake Agassiz Regional Council pursuant to a request from the Legislative Audit and Fiscal Review Committee.

- Issued 201 Attorney General opinions, including 27 opinions in response to allegations of open records or open meetings violations.
- Responded to 105 requests for advice from the Attorney General by state agencies and political subdivisions; reviewed 124 sets of administrative rules; and addressed 1,186 written citizen inquiries for calendar years 1995 and 1996.
- Provided training to local and officials in the application of sex offender registration, open records and meetings law, and the new snowmobile DUI law.
- Assisted the Governor's Office in its negotiations with the Spirit Lake Nation concerning the tribe's claim that Devils Lake is within its reservation.
- Represented the Public Service Commission in its successful litigation with the Spirit Lake Nation over the regulation of electric companies operating on the reservation.
- Represented the State Water Commission in its successful litigation to obtain the right to survey land for an outlet to Devils Lake.
- Brought dozens of administrative enforcement actions on behalf of the Health Department, Oil and Gas Division, Agriculture Department, and other agencies, and recovered significant civil penalties in those actions.
- Filed or joined amicus briefs in approximately 45 federal and state court actions.
- Successfully represented the state before a Minnesota state agency contemplating applying externality costs associated with electrical power generated with lignite coal.
- Negotiated a \$5 million clean up of the Dakota Catalyst site.
- Presided over several hundred oil and gas hearings.
- Assisted the Conference of Western Attorneys General in drafting annual supplements to its The American Indian Law Deskbook and contributed to preparation of the Deskbook's second edition.
- Assisted the State Water Commission in issuing bonds for construction of the Southwest Water Pipeline and the Northwest Area Water Supply projects.
- Assisted in the prosecution of civil forfeitures in drug offense cases.
- Prosecuted or assisted in the prosecution of a wide variety of criminal cases, including death, assault, theft, gaming, obscenity, drug, and adult and child sex offenses.
- Assisted in the defense of the constitutionality of sex offender registration, obscenity, child abuse, initiative and referendum statutes, and other state statutes.

- After a lengthy trial, obtained favorable district court rulings against a consumer credit counseling service, related organizations, and its principals concerning the operation of the service, its use of funds, and the protection of its clients' funds.
- Processed more than 100 extradition requests.

The Legal Services Divisions provided more than 150,000 hours of legal services.

FUTURE DIRECTIONS:

- Improve legal services to state agencies by retaining experienced attorneys and increasing attorney knowledge through training.
- Decrease costly litigation by providing more pro-active advice on issues and encouraging agency staff to recognize and address legal issues at an early point.
- Continue to move our attorneys into the electronic age with increased efficiency through increased use of available electronic resources, such as the Internet and e-mail.

BUREAU OF CRIMINAL INVESTIGATION

William H. Broer, Director

MAJOR FUNCTIONS AND DUTIES:

- Assist local law enforcement agencies in the investigation of major crimes by providing expertise and resources not otherwise immediately available to local agencies.
- Assist local, state, and federal agencies, at their request, in investigating serious crimes or criminal activity that crosses jurisdictional boundaries.
- Participate in seven narcotics task forces, providing supervision for six of the seven, consisting of 37 member agencies in 19 counties.
- Implement a statewide strategy to curb increased usage and shut down the illicit manufacture of methamphetamine.
- Assist the Attorney General-appointed Peace Officers Standards and Training (POST) Board in licensing and training of state and local peace officers, and in maintaining licensing and training records of those peace officers.
- Administer federal grants for state and local criminal justice programs.
- Collect crime data from local agencies through the Uniform Crime Reporting (UCR) program for various state reports and for local, state, and national statistics.
- Maintain the criminal history records of offenders and an Automated Fingerprint Identification System (AFIS).
- Maintain other criminal justice records such as offender registration, concealed weapon permits, Central Warrant Information System, protection orders, law enforcement intelligence network, and official records of criminal and narcotics investigations.
- Assist local and state agencies in designing, developing, and maintaining information systems for criminal justice purposes.
- Assemble data from information systems and other sources, and analyze and disseminate information regarding the state's criminal justice system.
- Provide domestic violence prevention services through technical assistance and training to local law enforcement agencies, prosecutors, judges, and domestic violence prevention programs.

SIGNIFICANT ACCOMPLISHMENTS DURING 1997-99 BIENNIUM:

- Assisted in numerous criminal and drug investigations.

- Continued to expand field training of law enforcement agencies, and provided specialized investigative training on murder, sexual assault, narcotics, interrogation, and other requested courses for law enforcement.
- Continued CounterACT, a drug and alcohol education/prevention program, which targets fourth through sixth graders statewide.
- Continued to promote coordination of multijurisdictional narcotics task forces throughout the state.
- Continued to utilize the Automated Fingerprint Identification System (AFIS) in a regional program with Minnesota and South Dakota. The system presently contains fingerprint images on approximately 55,000 persons.
- Acquired an additional \$849,554 in federal grant funds, under three applications, to improve criminal history records under the National Criminal History Improvement Program (NCHIP).
- Increased sex offender registration from 576 registered offenders in December 1996 to 994 sex offenders and offenders against children in July 1998.
- Processed approximately 6,000 requests each year from the general public for criminal history record information.
- Continued to maintain and administer the North Dakota Law Enforcement Intelligence Network.
- Established narcotics K-9 programs in Bowman and Minot and replaced the K-9 unit in Dickinson.
- Assisted local law enforcement agencies in the Grafton, Devils Lake, Williston, and Wahpeton areas in maintaining a narcotics K-9 program.
- Participated in a study of the State Crime Laboratory and the Medical Examiner Program.
- Developed and implemented methamphetamine Train the Trainer programs for eight regions of the state.
- Received approval of the Midwest High Intensity Drug Trafficking Area's (HIDTA) Executive Board for inclusion into the Midwest HIDTA to further the fight against methamphetamine.

FUTURE DIRECTIONS:

- Continue to implement a statewide strategy to curb increased usage and shut down the illicit manufacture of methamphetamine by becoming associated with the Midwest High Intensity Drug Trafficking Area.

- Continue to improve coordination between multijurisdictional task forces throughout the state.
- Become more proficient in the investigation of computer crimes.
- Establish a Fraud Unit.
- Continue to promote and refine the statewide Law Enforcement Intelligence Network, and create a criminal intelligence bulletin for local, state, and federal criminal justice agencies.
- Provide specialized training on a regional basis to law enforcement agencies.
- Participate in the FBI's national sex offender registry database, which will allow for the transfer of registration data to the FBI, access to a national database of registered offenders, and which will facilitate the movement of hard copy registration information to an on-line system for criminal justice agencies.
- Implement the National Criminal History Records Improvement Program (NCHIP).
- Link with the Integrated Automated Fingerprint Identification System (IAFIS) in order to share information with the Federal Bureau of Investigation to further expand searching capabilities.
- Implement livescan fingerprint units in several of the state's larger correctional facilities to allow for the electronic booking of arrested individuals at the local level.
- Establish connection with Rissnet, a regional criminal intelligence system, through MOCIC, and establish additional connections with other state intelligence agencies.

FIRE MARSHAL

Dan Hoium, Fire Marshal

MAJOR FUNCTIONS AND DUTIES

- Determine cause and origin of fires.
- Compile fire incident reports from across the state and generate statistics to enhance fire prevention efforts.
- Inspect public facilities for means and adequacy of exits in case of fire. The types of facilities inspected include childcare centers, schools, and public assemblies.
- Enforce laws relating to the installation and maintenance of fire extinguishing equipment and the storage and handling of flammable liquids, explosives, and liquefied petroleum gas.
- Provide on-scene emergency assistance for safe mitigation of hazardous materials releases.
- Develop and deliver training programs for arson detection, hazardous materials incident response, fire prevention, and code enforcement.

SIGNIFICANT ACCOMPLISHMENTS DURING 97-99 BIENNIUM

- Developed and delivered new arson detection program for local firefighters and law enforcement personnel.
- Developed and delivered new hazardous materials awareness program for local firefighters, EMS personnel, and law enforcement.
- Improved fire prevention training in terms of delivery and quality and streamlined fire inspection programs for expansion into more public facilities.
- Developed and distributed a quarterly newsletter to the fire service.
- Developed and distributed a Fire Chief's Guide to local fire chiefs.
- Developed a successful and well-accepted school fire inspection program.
- Developed a detailed and thorough procedure for fire investigations and reports.
- Implemented an inspection workload prioritization system.

FUTURE DIRECTIONS

- Develop and deliver new Incident Command System overview to local firefighters, EMS personnel, and law enforcement.

- Implement a new fire data collection system (NFIRS) that will benefit local fire departments, measure the effectiveness of fire prevention programs, and serve as a tool for future fire protection.
- Design and develop a fire prevention program for fire chiefs to deliver to local schools.
- Implement a statewide fire prevention poster contest for school-age children.
- Design and distribute fire prevention awareness material (table tents) to public assembly buildings.
- Work in conjunction with the Insurance Department to show statistics indicating not only fire loss dollar amounts but also property saved dollar amounts.
- Continue to build stronger working relationships with citizens, fire departments, law enforcement, and other state/local agencies.
- Work on further development of fire prevention materials and inspection tools to assist local fire service agencies in promoting fire safety within their communities.

INFORMATION TECHNOLOGY DIVISION

Cher Thomas, Director

MAJOR FUNCTIONS AND DUTIES:

- Provide computer support for three local locations and 10 remote sites.
- Provide and maintain computer applications for the major functions of the agency, allowing for the sharing of information as needed between divisions, other state agencies, and other entities.
- Provide strategic technological planning for the agency.
- Provide training for agency staff.
- Provide tools for agency staff that will make them more effective and efficient in their jobs.
- Provide agency staff with the computer equipment they need to do their jobs.

SIGNIFICANT ACCOMPLISHMENTS DURING THE 1997-99 BIENNIUM:

- Information Technology Division was formed and staff was reorganized to better serve our customers.
- Implemented a help desk function within the division.
- Considerable work was done to ensure our computer systems are Year 2000 compliant.
- Home page for agency was developed.
- Set technology standards for the agency.
- Made major improvements in the hardware/software for agency staff.
- Strategic plan for three biennia was developed.
- Developed a new Criminal History system.
- Rewrote several in-house DOS applications into Windows based applications.
- Purchased and implemented new training software for the training academy.
- Worked with the Supreme Court to integrate their application with the State's Attorneys application. This will in the future be integrated with the Criminal History application.
- Minot BCI office was networked and online.

FUTURE DIRECTION:

- Work with other law enforcement agencies to define and implement upgraded security that will allow us to share information safely between agencies and locations. Some of these agencies, such as the FBI, already have strict security regulations that we must adhere to if we are going to share information.
- Continue to work with ensuring our computer systems are Year 2000 compliant.
- Provide more information over the Internet in order to be responsive to our customers in a more timely and more efficient manner.
- Provide 56K or T1 connectivity for remote BCI and Fire Marshal sites that are not currently connected to increase their ability to share information.
- Continue to rewrite all the outdated, inefficient and deteriorating applications that are necessary.
- Retain and recruit competent and knowledgeable staff.
- Continue to stay current with hardware/software technology to be as efficient and effective as possible in providing information to our customers.

CONSUMER PROTECTION AND ANTITRUST (CPAT) DIVISION

Parrell Grossman, Director

MAJOR FUNCTIONS AND DUTIES:

- Protect North Dakota consumers from misleading, deceptive, fraudulent and unfair business practices by enforcing the state's consumer fraud, false advertising and antitrust laws through the initiation of civil and criminal investigations and legal actions and the implementation of consumer education.
- Mediate consumer complaints between consumers and businesses.
- Educate North Dakota consumers on fraud prevention by conducting consumer fraud training and educational presentations and warning consumers through the media of current consumer fraud, scams and crimes.
- Coordinate criminal and civil investigations with local, state, and national law enforcement.
- Research state and federal consumer fraud and consumer law issues and assist legislators in the development and implementation of legislation.

SIGNIFICANT ACCOMPLISHMENTS DURING THE 1997-99 BIENNIUM:

- Opened 2,290 consumer complaint and investigation files. Closed 2,350 consumer complaint and investigation files. Recovered \$753,790 on behalf of consumers.
- Conducted 26 civil or criminal consumer fraud legal actions.
- Collected \$101,427 in civil penalties, investigative costs and attorney's fees.
- Conducted 107 consumer fraud prevention training and educational presentations to law enforcement, senior, professional, community, student and consumer groups throughout the state.
- Continued participating in training programs called "Senior Antifraud Education" and "Senior Safety Academy" that teach law enforcement officers how to educate senior citizens in common consumer fraud scams and crimes.
- Continued the successful "Hang Up on Fraud" campaign in cooperation with the North Dakota Bankers Association. The program educates bank employees and encourages them to contact the Consumer Protection Division if there are any doubts about the legitimacy of offers being made to bank customers. This program has been adopted by consumer protection divisions of other Attorney General offices throughout the country.
- Conducted a Consumer Focus meeting of state agencies in order to improve communications, and to coordinate, enhance and make more efficient consumer protection and assistance for the general public.

- Sponsored and conducted in coordination with the Attorney General's Consumer Education Advisory Committee the first annual LifeSmarts competition, a game show style team competition testing the knowledge of high school students on consumer and life skills issues ranging from personal finances to health and technology. This competition emphasizes and encourages education in financial management and decision making skills so necessary and critical for our youth.

The Consumer Protection Division hosted the National Association of Consumer Protection Investigators Regional Conference which represented 14 states and one province. The IRS conducted training classes in methods of tracing funds and sources of financial information.

CPAT efficiently and effectively responded to the Flood of '97 in Grand Forks, North Dakota. A "One-Stop Shop" was set up to provide an on-site licensing procedure for contractors and transient merchants. Numerous state agencies joined together at that location to provide information that would enable contractors to meet state requirements in order to do business in the state. Picture identification cards were issued to provide residents of the area an assurance that businesses doing renovation work in their area were properly licensed. This intensive project continued for several months and was an effective method of protecting flood victims from scam artists who flock to disaster areas.

FUTURE DIRECTIONS:

- Continue to educate and warn consumers of current consumer fraud scams and crimes.
- Continue to coordinate consumer education programs and training with private and public associations.
- Implement and continue to develop consumer education curriculum for high school juniors and seniors through the Consumer Education Advisory Committee.
- Continue to target and prevent costly telemarketing fraud upon senior citizens.
- Take enforcement action against out-of-state companies engaged in sophisticated, complex or technological fraudulent and deceptive practices such as Internet fraud.
- Increase North Dakota's presence in cooperative enforcement in multi-state and federal investigations, legal actions with other states and with federal agencies such as the Federal Trade Commission.
- Increase enforcement of consumer fraud violations such as slamming and cramming in the area of telecommunications.
- Address new consumer fraud issues such as identity theft, Y2K and possible unauthorized switching of electrical services upon deregulation of the electric industry.

GAMING DIVISION

Keith Lauer, Director

MAJOR FUNCTIONS AND DUTIES:

- Administers, regulates, and enforces the charitable gaming industry.
- Performs financial and compliance office and field audits, processes tax returns, and conducts background record checks.
- Provides outreach training to peace officers, executive board members, and employees.
- Assists the State Gaming Commission in adopting administrative rules.
- Ensures that Indian tribes comply with Tribal-State gaming compacts.

SIGNIFICANT ACCOMPLISHMENTS DURING THE 1997-99 BIENNIUM:

- Provided assistance to the Grand Forks flood relief and recovery effort.
- Worked with local law enforcement officials on cases of civil and criminal violations of the gaming law and rules. Issued administrative complaints.
- Simplified and clarified standard recordkeeping system forms, tax returns, and instructions.
- Issued a "Gaming Update" quarterly newsletter.
- Inspected manufacturing plants of manufacturers of pull tabs and paper bingo cards.
- Performed financial and compliance office and field audits of organizations, distributors, and manufacturers. Audit programs were developed and updated.
- Processed quarterly gaming tax returns.
- Conducted background record checks on employees of organizations, distributors, and Indian gaming casinos, and on officers and stockholders of manufacturers and Indian casino management companies.
- Provided extensive outreach training to peace officers, executive boards members, and gaming employees.
- Assisted the State Gaming Commission in developing and adopting clear and concise administrative rules.
- Worked with five Indian tribes to ensure compliance with Tribal-State gaming compacts.

FUTURE DIRECTIONS:

- Adopt bar-coded state gaming stamps to efficiently track games of pull tabs.
- Work with organizations and distributors to increase electronic filing of tax returns and sales invoices to improve efficiency and accuracy of reported information.
- Improve the tax return, quarterly report, and licensing computer processing systems.
- Develop guidelines for CPA firms for conducting independent financial and compliance audits of organizations.
- Work with the 1999 Legislative Assembly to simplify and clarify the gaming laws.

LICENSING SECTION

LaVerne Reinbold, Supervisor

MAJOR FUNCTIONS AND DUTIES:

- Issues licenses for alcoholic beverage retailers; wholesale and retail tobacco product dealers; transient merchants; coin-operated amusement device operators, lessors, and distributors; fair boards; polygraph operators; gaming organizations, distributors, and manufacturers; and wholesale fireworks distributors.

SIGNIFICANT ACCOMPLISHMENTS DURING THE 1997-99 BIENNIUM:

- Provided on-site assistance for the Grand Forks flood relief and recovery effort in the "One Stop Shop" established to license contractors and transient merchants.
- Worked on the development and are currently in the testing process of the licensing computer re-write.
- Coordinated and began the process of conducting out-of-state background record checks on state retail alcoholic beverage license applicants.
- Will collect about \$26,300,000 in taxes, license fees, and other revenue.

RACING COMMISSION

Roger Reule, Executive Director

MAJOR FUNCTIONS AND DUTIES:

- License and regulate pari-mutuel racing at live tracks and at simulcast racing sites.
- Investigate and license all race participants and employees of live and simulcast racing.
- Promote live and simulcast racing and the breeding of racehorses within the state.
- Collect pari-mutuel taxes for deposit in the General Fund.
- Collect monies from the industry for deposit in three special funds and administer these funds: Breeders' Fund, Purse Fund, and Promotion Fund.

SIGNIFICANT ACCOMPLISHMENTS DURING THE 1997-99 BIENNIUM:

- Increased the number of North Dakota bred racehorses in the Breeders' Fund program to 1,426.
- Developed the first Nationally Qualified Stakes Race ever in North Dakota.
- Annual level of gross revenues from the simulcast system to the state increased 40 percent.
- Completed an affiliation with the National Racing Database to investigate rulings and status of licensed applicants.

WITH THE EXCEPTION OF THE ATTACHED PAGES THIS TESTIMONY WAS THE
SAME AS GIVEN TO THE SENATE

1999-2001 Budget Presentation
to the
House Government Operations Division
of the Appropriations Committee

Office of Attorney General
State of North Dakota

Heidi Heitkamp
Attorney General

Table of Contents

| | |
|----------------------------------------------------------------------------------------------------------------------|----|
| Statement of Attorney General Heidi Heitkamp..... | 1 |
| Statement of Jerald C. Kemmet, Acting Director Bureau of Criminal Investigation..... | 3 |
| Statement of Cher Thomas, Director Information Technology Division..... | 10 |
| Statement of Keith Lauer, Director Gaming Division..... | 14 |
| Chart – City/County Payback for Fiscal Years 1984 – 2001 | 16 |
| Chart – City/County Payback Comparison to Total Gaming Related Taxes Collected for Fiscal Years 1984 – 2001 | 17 |
| Budget Analysis | 18 |
| Budget Graphs | 19 |
| Organizational Chart..... | 23 |
| Duties and Responsibilities of the Office of Attorney General | 24 |
| Division Summaries | |
| Legal Services..... | 25 |
| Bureau of Criminal Investigation..... | 29 |
| Fire Marshal | 32 |
| Information Technology | 34 |
| Consumer Protection and Antitrust..... | 36 |
| Gaming..... | 38 |
| Licensing Section..... | 39 |
| Racing Commission..... | 40 |

STATEMENT OF HEIDI HEITKAMP ATTORNEY GENERAL

For the record, my name is Heidi Heitkamp. I am the Attorney General for the State of North Dakota. We appear today to request that the House of Representatives approve the budget as it passed over from the North Dakota Senate, with one addition and that is the restoration of the dollars for local law enforcement gaming grants.

During the last two years, we have continued to provide quality legal services to state agencies and protection to North Dakota's citizens. We have met with considerable success.

Legal Services

- North Dakota court approval of the Tobacco Master Settlement Agreement and a Smokeless Tobacco Master Settlement Agreement, as well as consent decrees against the tobacco companies prohibiting specific conduct and future violations of consumer protection and antitrust laws, including significant measures to protect the public health and reduce youth smoking. Payments by the tobacco companies to the State of North Dakota continuing as long as those companies market tobacco products, amounting to approximately \$717 million just through 2025.
- Successfully represented the state before a Minnesota state agency contemplating applying externality costs associated with electrical power generated with lignite coal.
- Prosecuted or assisted in the prosecution of a wide variety of criminal cases, including death, assault, theft, gaming, obscenity, drug, and adult and child sex offenses.
- After a lengthy trial, obtained favorable district court rulings against a consumer credit counseling service, related organizations, and its principals concerning the operation of the service, its use of funds, and the protection of its clients' funds.
- Conducted an investigation of the Lake Agassiz Regional Council pursuant to a request from the Legislative Audit and Fiscal Review Committee.

Bureau of Criminal Investigation

- Continue to utilize the Automated Fingerprint Identification System (AFIS) in a regional program with Minnesota and South Dakota. The system presently contains fingerprint images on approximately 55,000 persons.
- Increased sex offender registration from 576 registered offenders in December 1996 to 994 sex offenders and offenders against children in July 1998.
- Processed approximately 6,000 requests each year from the general public for criminal history record information.

- Received approval of the Midwest High Intensity Drug Trafficking Area's (HIDTA) Executive Board for inclusion into the Midwest HIDTA to further the fight against methamphetamine.

Consumer Protection and Antitrust Division

- Obtained refunds for consumers and businesses in North Dakota, recovering \$753,790 on behalf of consumers.
- Collected \$101,427 in civil penalties, investigative costs and attorney's fees since the beginning of the biennium.

Gaming Division

- Simplified and clarified standard record keeping system forms, tax returns, and instructions.
- Sends a quarterly newsletter to all gaming distributors, charitable organizations, Gaming Commission members and Gaming Advisory Board members.

Fire Marshal's Office

- Developed and delivered a new arson detection program and a hazardous materials awareness program for local firefighters and law enforcement personnel.
- Developed and distributes a quarterly newsletter to the fire service.
- Developed a detailed and thorough procedure for fire investigations and reports.

In the Division Summaries section of our budget presentation, we provide a brief description of the various functions the Office of Attorney General performs and highlight other significant accomplishments over the past two years.

In our presentation to you today, several division directors will provide testimony concerning their budgets. Jerry Kemmet, Acting Director of the Bureau of Criminal Investigation, will discuss the increase in criminal history records checks, along with North Dakota's inclusion into the Midwest High Intensity Drug Trafficking Area. Following Jerry will be Cher Thomas, director of the Information Technology Division, who will discuss our information technology programs and their importance to our operations and law enforcement throughout North Dakota. Finally, Keith Lauer, director of the Gaming Division will discuss the gaming enforcement grants.

Division directors from other divisions are also here to answer any questions you have.

STATEMENT OF JERALD C. KEMMET, ACTING DIRECTOR BUREAU OF CRIMINAL INVESTIGATION

We want to publicly thank the Governor for including several key elements in his budget that will help us protect North Dakota's citizens. As our budget came out of the Senate, it includes funding for our admittance into the Midwest High Intensity Drug Trafficking Area, improving the services of our Criminal History Records Section, providing bullet-proof vests to address officer safety concerns, and providing assistance to law enforcement, prosecutors, judges, and the citizens of North Dakota.

Criminal History Records/Automated Fingerprint Information System (AFIS)

Criminal History Records are cumulative records of arrests and prosecutions of individuals. Every state has a criminal record repository. At the national level, the FBI maintains a record system that facilitates the exchange of the information between the states. Each system relies on fingerprint technology for positive identification of persons whose criminal activities are documented in these records. AFIS became fully operational as a regional program with the State of Minnesota in August 1996, and we want to thank this Committee and the Legislature for their support of this system.

Recent Successes of the AFIS System:

- July 8, 1997 - Latent fingerprints were provided to the Bureau of Criminal Investigation on an unsolved theft case. A search of these fingerprints using AFIS resulted in the positive identification of four of the latent fingerprints developed in the case. These fingerprints belonged to an individual who had been previously arrested in North Dakota.
- August 1, 1997 - Stark County Sheriff's Office - Latent fingerprints were developed on an abandoned stolen vehicle, which was linked to a bank robbery in the town of McHenry. The latent prints were delivered to BCI at about 2:30 p.m. and were run against the AFIS database, resulting in a match with fingerprints on file at the BCI. As a result, the identity of the individual was provided to the BCI agent assisting in the investigation by approximately 4 p.m. that day and resulted in the successful arrest of the individual suspected of bank robbery.
- April 7, 1998 - Latent fingerprints developed at a burglary crime scene were submitted to the BCI for a "cold" search. The latent prints were run against the AFIS database and resulted in a match with fingerprints on file at the BCI. Identification of the individual was provided to the Fargo Police Department, and the individual was arrested.
- The AFIS system has also been used to obtain positive identifications of individuals who have been arrested and either gave someone else's name or refused to identify themselves.

Within the next year, the Bureau of Criminal Investigation will connect five major jails in North Dakota and the North Dakota State Penitentiary with livescan capabilities. This will allow the jails to automatically transmit fingerprints to the AFIS system. This technology will assist law enforcement by providing an electronic means to capture fingerprint images and allowing local agencies to make identification of arrested subjects through the livescan unit.

Criminal History Records

In 1987 new criminal history record statutes which spelled out the offenses that were to be included as part of individuals' criminal history records were passed. Those statutes also outlined the responsibilities of law enforcement agencies, prosecutors, courts, and correctional facilities in providing the information that goes into those records. In the ensuing years, the amount of information that makes up criminal history records has increased substantially.

Fingerprint cards, which are the national standard for positive identification of arrested persons, are the documents which begin the creation of criminal history records. An effective system requires that we process these cards as quickly as they come into our office. We must also add the disposition data that is subsequently passed along from the prosecuting attorneys as quickly as it is received. This way we can produce a product upon which all North Dakotans can rely. For example, criminal background checks are required for foster care facilities. If the system is not current when a check is made on a foster care worker, crucial information could possibly be missing. This example applies equally to checks that are done for day care services, teachers, or any of the other purposes for which the people of North Dakota request background checks.

The volume of fingerprint cards received by the BCI has increased approximately 300 percent from 1987 to 1998. We now receive approximately 15,000 criminal history record submissions each year. Despite the 300 percent increase in the workload, the number of identification technicians has remained the same.

Likewise although non-criminal justice record requests have increased from 150 in 1987, to 6,280 in 1998, there has been no increase in the staff to handle those requests. By statute, the state receives a \$20 fee for each of these checks, this money goes to the state general fund.

The identification technician position that is included in the Executive Recommendation of our budget is intended to deal with the increased workload that has resulted from the quantity of fingerprint cards coming into the BCI. However, that position will only help to address the workload added prior to this legislative session.

There are several bills being considered in this legislative session that would further increase the workload in the criminal records area. These bills requiring criminal record checks have been introduced and passed their house of origin: SB 2171- all foster and adoptive parents; SB 2058 - non-profit organizations providing charitable services to youth; HB 1081 - private security personnel; and HB 1428 - farmers who plan to grow industrial hemp. We have prepared fiscal notes for each of these bills however, although each has passed the house of origin, no additional funding or staff have been included in the bills or in our appropriation.

The following chart identifies the bills and the amount of funding and number of FTEs needed to do the additional work created by these bills:

BILL IMPACT SUMMARY
Bureau of Criminal Investigation - Criminal History Records

| Bill # | What it Does | FTE Required | Cost 1999-2001 |
|--------|-----------------------------------------------------------------------|-------------------------------------|----------------|
| 1081 | Private Security Background Checks | 1/4 FTE - Identification Technician | \$ 29,224 |
| 1274 | Provisional Licensing of Teachers | None | 0 |
| 1428* | Industrial Hemp - Criminal Background Checks | 1/8 FTE - Identification Technician | 14,612 |
| 2058 | Background Checks for Charitable Organizations (and Reduction of Fee) | 1/4 FTE - Identification Technician | 29,224 |
| 2171 | Background Checks for Adoption and Fostercare Parents | 1 FTE - Identification Technician | 116,896 |

** Additional fiscal impact for this bill is discussed with the Industrial Hemp information below.*

It should be noted that the BCI intended to request one FTE for an Identification Technician to handle the work required as a result of the above anticipated bills. The fiscal note written for SB 2171 was written this way and was to be cross-referenced to all other bills requiring additional duties of the Identification Technician staff at BCI. However, the Legislative Council subsequently advised that additional fiscal notes be written for fractions of the FTE required to address the increased Identification Technician work identified in each bill. In effect, one additional identification technician is required in order to provide the combined services required by SB 2171, SB 2058, HB 1081, and HB 1428.

Industrial Hemp

House Bill 1428 allows for planting, manufacturing, possessing, selling, and buying of industrial hemp, or cannabis sativa, which has a tetrahydrocannabinol (THC) content of no more than three-tenths of one percent. At this time, federal law does not allow for the production of industrial hemp; however, HCR 3038 is being considered which will urge the federal government to allow for production of industrial hemp nationwide. Because this could occur at any time, now or in the next biennium, we feel it is imperative that resources be made available to address the additional law enforcement issues involving the production of industrial hemp in North Dakota.

At the present time, cannabis in any form is illegal to manufacture, possess, or distribute in North Dakota. During the course of an investigation or arrest, law enforcement officers field test suspected substances to determine identity, with follow-up analysis performed by the state laboratory to confirm the field results. The fact that the substance is determined to be cannabis all that is required to know that the substance is illegal. No further investigation, testing, or analysis is required to establish this fact. If farmers are allowed to grow industrial hemp, the task

of verifying that the crop is below the three-tenths THC content will be this agency's responsibility because we are required by state law to enforce the Controlled Substances Act.

On the illegal side, defendants will quickly learn to claim that any illegal marijuana they manufacture, sell, or possess qualifies as industrial hemp because it has a THC content of less than three-tenths of one percent, and law enforcement will bear the responsibility to prove otherwise. It will be necessary to broaden the scope of investigations to include quantitative analysis of all marijuana cannabis samples to prove that the marijuana has more than the three-tenths of one-percent THC. Without additional resources, prosecution will be delayed because investigations and analysis will not be completed in a timely manner.

A number of law enforcement activities will be necessary to ensure that the problems associated with industrial hemp do not outweigh the benefits to our citizens. A fiscal note has been prepared to provide for two special agents and a portion of an identification technician position to be assigned to the North Dakota Bureau of Criminal Investigation. The agents will be assigned to eastern and western North Dakota in order to 1) collect samples in the industrial hemp fields at least three times per year and provide a detailed analysis of those samples, and 2) investigate suspected illegal activities when samples are higher than the three-tenths of one percent. This could include seizing equipment and additional court time for prosecution. An identification technician will be necessary to performing state criminal history record checks and the national FBI check for individuals seeking a license to grow industrial hemp. The duties of this position would be combined with the one new position requested in fiscal notes prepared to address the anticipated increased workload resulting from pending legislation.

The following chart identifies the amount of funding and number of FTEs needed to do the additional work created by this bill.

BILL IMPACT SUMMARY
Bureau of Criminal Investigation - Narcotics Section

| Bill # | What it Does | FTE Required | Cost 1999-2001 |
|---------------|--------------------------------------|------------------------|-----------------------|
| 1428* | Industrial Hemp – Enforcement Issues | 2 FTE – Special Agents | 267,868 |

** Additional fiscal impact for this bill is discussed with the Criminal History Records information above.*

High Intensity Drug Trafficking Area (HIDTA)

North Dakota has a growing and serious problem with methamphetamine. It is quickly becoming a hard drug of choice in North Dakota. Before 1990, methamphetamine was virtually non-existent; however, incidents of usage, distribution, and manufacture of methamphetamine are of great concern today. North Dakota officials have taken a strong stand against dangerous drugs. Local, state, and federal law enforcement agencies are deeply committed to the elimination of methamphetamine and other dangerous drugs from the plains of North Dakota.

North Dakota's rural nature invokes several misconceptions, including the idea that we are insulated from the problems encountered by more urban states. Too often we assume that drug

activity and availability, as well as violent crime, are non-existent here. It is imperative that we look beyond this misconception and recognize that the explosion of methamphetamine-related activity is a very real threat to our state.

The North Dakota Bureau of Criminal Investigation reported no methamphetamine cases in 1993. Since then the caseload has grown from 15 in 1994 to 77 in 1997. BCI has investigated 70 methamphetamine cases through November 1998. Information provided from the task forces and DEA indicated 48 methamphetamine cases in 1996 and 104 in 1997, with 46 reported cases through March 1998. Ten methamphetamine labs have been seized in North Dakota in the past 41 months. Prior to that, only one lab was seized in North Dakota, and that was in 1987. In 1992, 691 drug samples were submitted to the lab for analysis, of which 14 were suspected methamphetamine samples. This number has grown to 1,629 samples in 1997, with 450 of those being methamphetamine samples. In addition, methamphetamine cases have grown from 6 percent of the total drug cases in the U.S. Attorney's Office in 1993 to 31 percent of total drug cases in 1997, and 75 percent of the total drug cases through March 1998.

Our state now has an opportunity to take an even stronger stand against methamphetamine by becoming associated with the existing Midwest High Intensity Drug Trafficking Area. The Executive Committee of the Midwest HIDTA and the Office of National Drug Control Policy in Washington, DC, have recognized that the growing meth problem reaches well into North Dakota and have recently approved our inclusion in the Midwest HIDTA. This will result in over \$609,000 in federal funds flowing into North Dakota for fiscal year 1999.

In December 1996, counties in the states of Iowa, Kansas, Missouri, Nebraska, and South Dakota were designated as the Midwest HIDTA by the Office of National Drug Control Policy, the Executive Office of the President of the United States. These areas were considered to be the Midwest hotspots for methamphetamine importation, distribution, and clandestine manufacturing of methamphetamine. In the last several years, this region, including North Dakota, has experienced a phenomenal increase in importation, distribution, and clandestine manufacturing of methamphetamine. The central location, numerous interstate highway systems, international border, and air and rail hubs enhance the region's popularity as a market for Mexican methamphetamine importation, and distribution from organizations operating out of the southwest border areas. In addition, several of these states are seeing an explosion in the clandestine manufacturing of methamphetamine by small users and dealers primarily utilizing ephedrine or pseudoephedrine reduction processes.

Recently, a joint letter from the Governor, the Attorney General, and the U.S. Attorney requested the designation of eight counties in North Dakota as high intensity drug trafficking areas. These counties are Richland, Cass, Grand Forks, Walsh, Ramsey, Ward, Morton, and Burleigh. Direct funding for fiscal year 1999 is expected to be approximately \$609,000. The Executive Recommendation includes \$2,745,933 funding and 12 FTEs. Because the amount we expect to receive has been reduced to \$609,000 for fiscal year 1999, we have included amendments removing \$1,141,758 in Federal Funds and 4 FTEs. However, with the potential for an increased funding level of approximately \$800,000 to \$1,000,000 in fiscal year 2000, we want to retain some flexibility to accept additional federal funding and employ additional FTEs.

Initiatives to be funded in fiscal year 1999 include:

▪ **Investigation:**

- One NDBCI special agent will augment the DEA Task Force in Fargo, North Dakota, and will serve as the focal point of the HIDTA activities in southeast North Dakota. Efforts will focus on cases that originate in or that are connected to methamphetamine activities in Cass and Richland Counties.
- One NDBCI special agent will augment the Grand Forks County Task Force and will serve as the focal point of the HIDTA activity in northeast North Dakota. Efforts will focus on cases that originate in or that are connected to the methamphetamine activity in Grand Forks, Walsh, and Ramsey counties.
- One NDBCI special agent will co-locate in Bismarck, with two DEA agents recently assigned to western North Dakota, and will serve as the focal point of the HIDTA activity in central and western North Dakota. Efforts will focus on cases that originate in or that are connected to methamphetamine activity in Burleigh, Morton, and Ward counties.
- A field supervisor, who will be responsible for the day-to-day management and operation of this project, will be located in Bismarck and will be responsible for coordination of HIDTA efforts in North Dakota.

▪ **Forensic Analysis:**

- Two forensic scientists will be provided to the North Dakota State Laboratory in Bismarck to enhance its ability to reduce the evidence backlog, respond to requests for evidence analysis and operational support, and ultimately enhance the efforts of law enforcement and prosecutors with timely expert support. The funding authority for the lab is included in our budget; however, the FTEs are not.

▪ **Prosecution:**

- One Special Assistant Attorney General will be hired to respond to the greatly increased caseload that has resulted because of intensified efforts by law enforcement. This individual will help provide a coordinated local, state, and federal prosecution effort aimed at choosing the most efficient and appropriate forum for prosecution of methamphetamine-related cases.

This federal funding requires no state or local matching dollars. It will be used to leverage resources for investigations, prosecutions, and forensic analysts. As a result of North Dakota's participation in this program we will also have access to regional demand reduction resources, and improved intelligence sharing and case management between the Midwest HIDTA and its member states.

We feel the HIDTA funding is extremely important to continuing the fight against dangerous drugs North Dakota. The Senate version of our budget includes the HIDTA funding, and we ask that you maintain this funding in our budget.

Officer Safety

The Senate version of our budget included \$18,900 in funding for bulletproof vests. The vests currently issued to agents of the Bureau of Criminal Investigation exceed their recommended life, and the manufacturer will not guarantee that the vests will be effective in protecting agents from serious harm or death if fired upon. We feel it is imperative to maintain this funding to ensure officer safety and address potential liability of the state.

STATEMENT OF CHER THOMAS, DIRECTOR INFORMATION TECHNOLOGY DIVISION

Information Technology plays a critical role in the success of the Office of Attorney General. Because of its importance the Information Technology Division became a new division this past biennium.

From initial investigation to final appeal in the Supreme Court, computers have revolutionized the legal arena. Computers can be used to track criminals, to sort information for trial and to help organize documents. For example in a recent a trust case our computers and ability to use them proved instrumental in helping us to organize the thousands and thousands of pages of documents, including bank records. That case involved hours of depositions and seven weeks of trial spread over several months. Using the computer's to organize and store the information from the discovery, the depositions, and the trial, allowed us to be prepared, to save the Court's time and helped us win the case. Aside from prevailing, we also impressed the Judge with our ability to keep on top of the information and make our point quickly. We are currently requesting \$100,000 in costs and attorney's fees in that case and we believe there is a good likelihood the Court will award them to us. But the most important thing the computers allowed us to do was to save hundreds of thousands of dollars for North Dakota consumers.

Computers also figured in the tobacco settlement. Our computer timekeeping system allowed us to track the time our legal staff put into the tobacco settlement. As a result we can document hundreds of thousands of dollars in legal expenses for reimbursement. Unfortunately, our current system still requires us to run queries that are time consuming and are not 100% accurate. Updates to this system are long overdue and would go a long way to making the timekeeping process more functional, not only for our staff, but also for our client agencies.

We are also able to recover our expenses from the tobacco companies. The new accounting system in our strategic plan would have saved hours and hours of accounting staff time. Unfortunately we have not been able to implement that system because we do not have enough computer staff to do so. So that program waits on a long list to be implemented. As a result our accounting staff had to compile the numbers for expense reimbursement manually in the tobacco settlement manually and they are still in the process of doing so.

Our computers also have the capability to revolutionize the criminal investigation process. Picture a world where, using computers, we can track the progress of a kidnapper from one state to the next by following the criminal's use of the victim's credit card. That very situation happened only a short time ago. Because of computers we were able to bring the kidnappers to justice.

Now, our office has the opportunity to have a system that will simultaneously search six different databases for information about a suspect. That program is called the National Criminal History Records Improvement Program. This system will allow law enforcement to search for social security number, date of birth, and/or name on the criminal history system, the sex offender registration, parole/probation information, warrants, restraining orders, and concealed weapons and find all the systems where there is a matches to the search criteria. On the old system, the requestor had to search each system individually. You can see how much time can be saved if an

agent only has to enter data once and the computer searches six systems and tells the agent there is information in only two of the systems.

Our office also has the opportunity to join with other law enforcement agencies and tap into the information they have. An example is the AFIS program Jerry spoke about. That program relies heavily upon the ability of our computer staff to keep it up and running. This program also provides the means to use live scan machines to submit fingerprint information to BCI for a search of the AFIS database, and to return information back to the local agency. The program also provides for the automatic transmission of fingerprint cards into the criminal history system from the local law enforcement agencies that have LiveScan or CardScan Units. But this is not a system we can build and forget. It will require maintenance, and upgrading. To do that we require computer staff.

Keeping the staff we have is very important because the best computer staff to maintain a project is the computer staff that built it. Keeping our staff is also important because of the diversity of programs we have in the Office of Attorney General.

We have staff who sue people, staff who arrest people, staff who get consumers back their money and staff who help local fire departments solve arsons and train firefighters and police officers. With the broad responsibilities of our office, our computer support staff must have a broad understanding of many subject areas and must be able to support the multiple applications used by the all the different users we have. In the past we have not had the staff to adequately maintain our systems. As a result many of our systems have deteriorated beyond repair or do not operate as well as they should. In part, because of these issues we welcomed the opportunity the Legislature gave us to have a thorough strategic planning effort.

During the past year we spent considerable time and internal resources to develop our strategic plan. Having the plan is one thing, but implementing it is quite another. We cannot implement our plan and maintain our systems without staff adequate staff and software and hardware. If we cannot implement our plan our problems will only grow and we will be at a competitive disadvantage with criminals and in court.

In our plan we addressed security, Y2K and disaster recovery components. We are grateful that the Executive Recommendation included funding for those components and that the Senate recognized the need to maintain our current staff level and provided funding for those positions.

Information Technology Staff Funding

In our strategic plan we identified the hardware, software and personnel needed to support existing systems, and new projects. Complete implementation of the strategic plan requires 9.52 FTEs. We know that an increase in FTEs for new programs is unlikely. However maintaining our current staff is an important priority. If we lose these staff positions we will not be able to maintain our current staff, our system will continue to deteriorate, and we will move backwards.

In the past federal funds have been available for such projects as the rewrite of the Criminal History system under the National Criminal Records Improvement Program (NCHIP). Like many federal programs, this program does not fund ongoing IT positions past the initial project implementation. Yet as I discussed above, the project will make law enforcement more effective

and efficient. The new system has connected many systems and allows the sharing of information where information could not be shared before.

This federal grant also provided the live scan machines that allows submission of fingerprint information directly to BCI so that a search of the AFIS system can be done. What is discovered can be sent back, over the computer lines, to the local law enforcement agency. This grant also allows for direct in put of fingerprint cards in to the criminal history system from local law enforcement agencies. These systems will only be operational because our computer staff created programs and built and will maintain a secure network for the transfer of this information.

The executive budget funded 3.75 of our current FTEs with federal funds dedicated to specific federal projects. The Senate recognized that the federal funds could not be used for these positions and instead funded them with \$250,600 income from non-criminal background checks.

The Senate also recognized that we would realize a cost savings by employing the staff in our office rather than obtaining those services through ISD or private contract services. The chart below illustrates the cost differential.

| Information Services Personnel Costs | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------|----------------------|
| Type | AG Employees | **ISD Services | ***Contract Services |
| Network person - ¾ | | \$112,320 | \$112,320 |
| Network person – 1 | | \$149,760 | \$149,760 |
| Programmer – 1 | | \$149,760 | \$266,240 |
| Analyst – 1 | | \$161,408 | \$332,800 |
| | \$379,019 | *\$573,248 | *\$861,120 |
| *These amounts were calculated using 80% of 4,160 hours, which is a biennium total hours. We did not use 100% because neither ISD nor Contract Services would not include annual leave, sick leave, etc. and administrative tasks such as reading mail, timesheets, etc. | | | |
| **Network person and programmer rate – ISD is \$45/hr analyst is \$48.50/hr (Attorney's rate is \$45.50 now.) | | | |
| ***Network person - contract is \$45/hr programmer is \$80/hr analyst is \$100/hr | | | |

Remote Networking

The seven computer staff we have support an extensive system. Over time, our network has become more complicated and far-reaching. The BCI and Fire Marshal divisions have 10 remote sites – in Williston, Minot, Jamestown, Grand Forks, Grafton, Fargo, Wapeton, Devils Lake, Dickinson and Stanton. Those sites not only have computers and printers that must be maintained and serviced, they also must be connected to our office in Bismarck. One goal in our strategic plan is use the Web use for sharing information. This requires more security and more planning.

Connections to all our offices is becoming more and more critical as we strive to get information to our agents in a more timely and effective manner. Bringing the new criminal history system online, and transferring information from the live scan units directly into the criminal history

system are just two functions that we will be able to perform once these offices are connected. Remote law enforcement locations will also be able to use AFIS for a search. With connections to our Bismarck office, each of these developments will make information available immediately to our staff and other law enforcement agencies.

Security Plan and Year 2000 – Disaster Recovery

The Executive Recommendation also included some very important components of the strategic plan. Those are the provisions for security, Y2K and disaster recover. Aside from the impact on our office overall, a critical function of these components is assuring the integrity of the law enforcement data on our system.

Maintaining the security of information and the integrity of our systems is vital. On one hand, we cannot contract with and share information with other law enforcement agencies unless we can assure them that our data is secure and has not and will not be corrupted. On the other hand, we cannot afford to have our system crash in the middle of a large criminal investigation or an appellate brief.

We have a constant battle to assure the integrity of our system and the data on it. Keeping ahead of the evolving viruses and hackers can be a full-time job. To test our system recently, a member of our staff downloaded some programs off the Internet. He ran these programs against our network and was able to determine 75 percent of our user passwords in less than five minutes.

We must be able to keep unauthorized persons from accessing or destroying the information on our systems. And aside from protecting our system and information from damage by third parties, much of the information in our office is either highly sensitive or confidential. In the wrong hands the information we have can place our agents, those they work with and members of the public in life-threatening situations. To assure our system and our data is safe, we must have a means of providing a high level of security. This means in addition to software, we must be able to scan our system for viruses and we must periodically install and maintain improved software. We must also develop and enforce policies to assure our system is safe hackers using new techniques.

The Executive Recommendation also includes critical funding to address the Y2K issue. This project includes our PC replacement project. This project is crucial to our Agency's ability to meet the challenges of the year 2000 readiness issue and to assure that the information we provide to law enforcement and the public remains available and intact.

GENERAL FUND AMOUNTS ADDED TO THE OFFICE OF ATTORNEY GENERAL'S BUDGET
DUE TO GOVERNOR'S POLICY DECISIONS - 1999-2001 BIENNIUM BUDGET

| | <u>Finance & Admin.</u> | <u>Ag Admin.</u> | <u>IT</u> | <u>Legal Serv.</u> | <u>BCI</u> | <u>CPAT</u> | <u>Gaming</u> | <u>Racing</u> | <u>Fire Marshal</u> | <u>Total</u> |
|----------------------------------------------------------------------------------------------------|-----------------------------|------------------|-----------|--------------------|------------|-------------|---------------|---------------|---------------------|--------------|
| Salary increase - state employee increase | 39,821 | 24,259 | 25,333 | 165,145 | 169,071 | 21,865 | 55,001 | 7,835 | 23,741 | 532,071 |
| Salary Equity Adjustments | | 4,512 | | | | | | 26,175 | | 30,687 |
| Health insurance increase | 13,356 | 4,452 | 6,233 | 31,164 | 42,767 | 6,233 | 13,356 | 1,781 | 6,368 | 125,710 |
| Fire Marshal funding source change | | | | | | | | | 576,720 | 576,720 |
| Governor's Budget Recommendation for areas above | 53,177 | 33,223 | 31,566 | 196,309 | 211,838 | 28,098 | 68,357 | 35,791 | 606,829 | 1,265,188 |
| Restoration of Gaming Enforcement grants | | | | | | | 792,278 | | | 792,278 |
| Subtotal | 53,177 | 33,223 | 31,566 | 196,309 | 211,838 | 28,098 | 860,635 | 35,791 | 606,829 | 2,057,466 |
| Restore Arrest & Return of Fugitives | | | | 30,000 | | | | | | 30,000 |
| Restore portion of Litigation Fees - Water Lawsuit | | | | 50,000 | | | | | | 50,000 |
| GF all IT staff - 3.75 ff funding switch | | | 379,019 | | | | | | | 379,019 |
| Rent, Office equipment - Information Technology | | | 75,420 | | | | | | | 75,420 |
| Software Maintenance | | | 181,330 | | | | | | | 181,330 |
| Information Services Division required increases (ISD) | | | 169,657 | | | | | | | 169,657 |
| Hardware | | | 48,550 | | | | | | | 48,550 |
| Remote Networking | | | 71,268 | | | | | | | 71,268 |
| Agent Physicals | | | | | 7,250 | | | | | 7,250 |
| Printing & postage for Offend. Regis., Crim. Hist. & SAC, | | | | | 44,381 | | | | | 44,381 |
| Central Duplicating Increases | | | | | | | | | | - |
| Bullet proof vests | | | | | 18,900 | | | | | 18,900 |
| Subtotal | - | - | 925,244 | 80,000 | 70,531 | - | - | - | - | 1,075,775 |
| Total Including Attorney General Requests in Addition to the Governor's Recommendation noted above | 53,177 | 33,223 | 956,810 | 276,309 | 282,369 | 28,098 | 860,635 | 35,791 | 606,829 | 3,133,241 |

SB 2003
11/14/99
Attachment B

SB 2003

OFFICE OF ATTORNEY GENERAL
VACANT POSITION LISTING COMPARISON WITH BUDGETED POSITIONS
 As of December 31, 1998

| Position No. | Class Code | Classification | Requested In Budget | Reason for vacancy | General Fund | Funding Source | | Total |
|--------------|------------|-----------------------------------------------------------------------------------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------|-------------|---------|
| | | | | | | Federal Funds | Other Funds | |
| 1502 | 9011 | Assistant Attorney General | Yes | The position was budgeted using federal and local moneys (from States Attorneys). The local money did not materialize, thus the position was left vacant. As provided in the Executive Recommendation, the position will use a different other funds funding source. | | 76,209 | 29,637 | 105,846 |
| 1506 | 9011 | Assistant Attorney General | Yes | Legal Service billing revenues have been lower than anticipated. This position has been left vacant due to the revenue shortfall. | | | 95,020 | 95,020 |
| 1509 | 9011 | Assistant Attorney General | Yes | This position has been provided to assist in state Risk Management legal proceedings. At the current time, the present staff members have been able to absorb the current workload. | | | 113,873 | 113,873 |
| 2110 | 0422 | Grants & Contract Offr II - pending reclassification to a Domestic Violence Coordinator | Yes | This position was vacated due to the uncertainty of federal funding. Reclassification of the position to a Domestic Violence Coordinator is in process. | | 76,744 | | 76,744 |
| 2217 | 9998 | Administrative Clerk-NICS | Yes | Position #'s 2217, 2218, 2219, and 2220 relate to the National Instant Check System (NICS) which was required as a result of the Congressional Brady Act. When we budgeted for these federally funded positions, we were unaware that the FBI would handle this program if the state agreed (this was a recent development, which we utilize in North Dakota). Position #2217, currently federally funded, was funded from the General Fund in the Executive Recommendation to address the workload explosion in the Criminal History (background checks) area. Position #'s 2218, 2219, and 2220 will be temporarily used for the High Intensity Drug Trafficking Act (HIDTA), once this office's appropriation bill is finalized. | 49,476 | | | 49,476 |
| 2218 | 9998 | Budgeted pending classification - Administrative Clerk-NICS | Yes | See explanation for position #2217 - Use for HIDTA | | 49,476 | | 49,476 |
| 2219 | 9998 | Budgeted pending classification - Administrative Clerk-NICS | Yes | See explanation for position #2217 - Use for HIDTA | | 49,476 | | 49,476 |
| 2220 | 9998 | Budgeted pending classification - Administrative Clerk-NICS | Yes | See explanation for position #2217 - Use for HIDTA | | 49,476 | | 49,476 |
| 2222 | 0079 | Information Processing Specialist III | Yes | This position was filled in February 1999. | | 80,902 | | 80,902 |
| 2223 | 9998 | Budgeted pending classification - Law Enforcement Program | Yes | To be reclassified as a Criminal Investigator III for HIDTA | | 80,902 | | 80,902 |
| 5101 | 0142 | Information System Admin. I - pending reclassification to Programmer I | Yes | This position was filled in January 1999. | | 113,757 | | 113,757 |
| 5108 | 0212 | Account Technician | Yes | This position has remained vacant pending the Gaming system rewrite, which is currently in process. | 52,895 | | | 52,895 |
| 5127 | 0911 | Racing - Administrative Officer I | Yes | Currently being handled through temporary assistance | 56,915 | | | 56,915 |

NOTE: This chart reflects the 2/2% salary increases and the additional health insurance increase (in addition to the health insurance increase in the Executive Recommendation).

City of Minot

Office of the Mayor

Bol 7.

November 17, 1998

Rod Backman, Director
Office of Management and Budget
4th Floor, State Capitol Building
Bismarck, North Dakota 58505-0400

Dear Mr. Backman,

I'm writing on behalf of the City of Minot and the Minot Police Department to urge consideration be given to re-instating gaming funds to political subdivisions in 1999 and beyond. As I understand, serious thought is being given to eliminating the distribution of gaming tax revenue back to political subdivisions and instead these revenues would be used to support the budget for the Attorney General.

In 1999, the City of Minot has budgeted \$3,262,451 for law enforcement activities in the City of Minot. This amount does not include budgeted costs for our court system, the purchase of Police equipment, or support activities for the Police Department including data processing and other support functions which take place by employees who are not directly budgeted in the Police Department.

Gaming enforcement is not budgeted for separately nor is enforcement of any other criminal activities identified separately within our budget system with the exception of some funds for a local narcotics task force. Gaming tax revenue is deposited in the General Fund and all law enforcement expenditures, which I have identified above, are paid out of the General Fund. In 1999, general property tax will provide nearly \$2.6 million for law enforcement in the City of Minot.

Most of the gaming enforcement is reactive. If the Police Department receives a complaint, it will be investigated and if a criminal offense has occurred, the ultimate goal is a successful prosecution. In 1998, we anticipate that we will provide up to twenty investigative reports on gaming infractions. By investigative reports, I mean that once a complaint is received, it will be investigated thoroughly. There are many other calls with questions, comments, and concerns which are answered and reports of these items are not initiated.

★ The Magic City ★


Gaming
Enforcement

Funds that the City of Minot receives from the gaming tax revenue are not sufficient for our enforcement purposes. In 1999, we anticipate about \$30,000 in revenue. Gaming violations can be a very complex and difficult crime to investigate. Investigators need training in how to recognize and properly investigate gaming violations. We need to concentrate on being more proactive and not reactive to gaming problems within our community as it should be in all communities in North Dakota. A loss of gaming tax revenue to the City of Minot would hinder that objective.

Once again I urge you to continue with the existing formula for distributing gaming tax revenues back to political subdivisions.

If I can provide any additional information or be of any further assistance in this matter, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Carroll W. Erickson".

Carroll W. Erickson
Mayor

CWW/tr

cc: Governor Ed Schafer
Attorney General Heidi Heitkamp



FINANCE OFFICE

P.O. BOX 2083
200 3RD STREET NORTH
FARGO, NORTH DAKOTA 58107-2083
PHONE: 701-241-1333
FAX: 701-241-1526

November 20, 1998

Mr. Greg Schlosser
Gaming Division—Auditor/Investigator
Office of Attorney General
600 East Boulevard Avenue
Bismarck, ND 58505-0400

Dear Mr. Schlosser:

Attached you will find a detail of "gaming related expenses" for the City of Fargo for the calendar year 1998. Attorney General Heidi Heitkamp requested this information per our conference call on Friday, November 13, 1998. Please advise if more detailed information is necessary.

The City of Fargo is on a calendar year; therefore, the expenses for December were estimated by reviewing current projects and volume of activity from the previous calendar year for the month of December. Time studies have been conducted in the past which provide information on hours spent in certain areas such as approving and processing local permits and site authorizations.

It should be noted that this schedule of expenses includes activity involving major investigations and established programs and processes related to gaming activity. Items that do not involve significant expenditures in terms of time or monies are not included. Average hourly rates were used to provide salary numbers for police, fire, and building inspector employees when a head of department or supervisor rate may have been a more accurate rate in some instances. Also, the salaries for all employees are exclusive of any fringe benefit factors that are a substantial portion of any compensation package.

Again, let me know if further information is needed in regards to this matter.

Sincerely,

A handwritten signature in cursive script that reads "Terri Leier-Sprenger".

Terri Leier-Sprenger
Fargo Gaming Auditor

TLS/lw

C: Mayor Bruce Furness

RECEIVED
ATTY. GENERAL'S LICENSING DEPT.

NOV 23 1998

Check _____
Draft _____
Cash _____ M.O. _____

GAMING RELATED EXPENSES
FOR THE PERIOD JANUARY 1, 1998 through DECEMBER 31, 1998

Gambling Auditor

Consultant Fees: \$46,200

Staff Salaries / Gaming Issues Defined

| | |
|-----------------------------------------------------------------------------------------|-------|
| Accounting Clerks --- Process Local Permits | 4,340 |
| Accounting Clerks --- Process Site Authorizations | 2,700 |
| Fire Dept. / Police Dept. / Building Inspections: Process Certificate of Occupancies | 4,200 |
| City Auditor --- Various Issues | 1,550 |
| Executive Assistant to City Commission --- Various Issues | 2,015 |
| Police Department --- Conduct Investigations | 9,800 |
| Police Department --- Conduct Site Inspections | 1,120 |
| Accounting Clerks --- Communication with Public/Attend Training | 1,125 |

Other

| | |
|----------------------------------------------------|-------|
| Travel | 2,000 |
| Space | 4,800 |
| Telephone | 800 |
| Computer | 1,500 |
| Surveillance Equipment/Supplies | 1,000 |
| Materials: (paper/copies/envelopes/postage/etc.) | |
| Local Permit Program: | 2,000 |
| Site Authorization Program: | 3,000 |
| Other: | 1,000 |

TOTAL GAMING EXPENSES **\$89,150**

RECEIVED
ATTY GENERAL
NOV 23 1998
Check _____
Date _____
\$ _____

TOTAL GAMING ENFORCEMENT GRANTS RECEIVED BY CITY OF FARGO
For Calendar Year 1998

| <u>Quarter</u> | <u>Amount</u> |
|----------------|---------------|
| 12-31-97 | \$ 20,091 |
| 03-31-98 | \$ 22,914 |
| 06-30-98 | \$ 20,806 |
| 09-30-98 | \$ 20,909 |
| | ————— |
| | \$ 84,720 |



Police Department

122 South Fifth Street • P.O. Box 5548 • Grand Forks, ND 58206-5548

John D. Packett
Chief of Police

Phone: (701) 787-8000
Fax: (701) 780-8253

December 7, 1998

Mr. Rod Backman
Director
Office of Management and Budget
State of North Dakota
600 East Boulevard Avenue, 4th Floor
Bismarck, North Dakota 58505-0400

Dear Mr. Backman,

It is our understanding that the budget submitted by the Attorney General's Office includes a large reduction in the amount of funds returned to the cities from gaming proceeds. It is further understood that the remaining funds would be distributed in a manner similar to a grant process.

Presently the City of Grand Forks spends its allocation of gaming funds by covering the salary of an investigator in our department, and the expenses of the City Clerk's office and City Attorney's office incurred in processing of gaming applications.

A summary of our proposed 1999 program budget is attached. As you can see, any major reduction in the funds coming back to the City of Grand Forks would seriously curtail our enforcement efforts. This may be even more critical if the legislature approves new games of chance this next year.

The City of Grand Forks would strongly oppose any change in the formula by which the cities are reimbursed for gaming regulation enforcement.

Sincerely,

John D. Packett
Chief of Police

Grand Forks Police Department
1999 Gaming Budget

| | |
|--------------------------|-------|
| Personnel | |
| Master Police Officer | 38000 |
| Overtime | 500 |
| Holiday Pay | 1973 |
| Fringe Benefits @ 25% | 10118 |
| | |
| Clothing Allowance | 300 |
| Investigative Supplies | 200 |
| Car Expenses | 1000 |
| PC Software | 100 |
| Portable Radio | 500 |
| Pager | 50 |
| Investigative Funds | 400 |
| | |
| Office Space | 10560 |
| Telephone | 500 |
| Computer | 1000 |
| Dues | 150 |
| | |
| Subtotal | 65351 |
| | |
| Processing Permits | |
| Auditors Office Expenses | 4500 |
| City Attorney Review | 3000 |
| | |
| Total | 72851 |



Heidi Heitkamp
ATTORNEY GENERAL

STATE OF NORTH DAKOTA
OFFICE OF ATTORNEY GENERAL

STATE CAPITOL
600 E BOULEVARD AVE
BISMARCK ND 58505-0040
(701) 328-2210 FAX (701) 328-2226

RECEIVED
ATTY. GENERAL'S LICENSING DEPT.

JAN 14 1999

Check _____
Draft _____
Cash _____ M.O. _____

MEMO

TO: Police Chiefs and County Sheriffs
City and County Auditors

FROM: Attorney General Heidi Heitkamp *Heidi Heitkamp*

RE: Status on Local Gaming Enforcement Grants – Request for Assistance

DATE: December 29, 1998

This follows up my September 16, 1998, memorandum to police chiefs and county sheriffs (copy enclosed) on local gaming enforcement grants. I want to inform you on the status of the proposed reduction of the grants and ask for your valued assistance.

As you may recall, for the next biennium the Office of Attorney General had to propose major budget reductions. Rather than substantially reduce vital human resources and operating expenses that are already strained, I proposed reducing local gaming enforcement grants by \$792,000, or 78%, of the present amount of \$1,014,000. During the preliminary budget deliberations, I encouraged the Office of Management and Budget to restore the grants. However, the executive budget released by Governor Schafer includes the proposed reduction of the grants.

To enable the Office of Attorney General to prepare for the budget hearings, I am asking for your assistance in two areas.

First, when the Office of Attorney General's budget is discussed in appropriation committee hearings, would you please provide written or oral testimony in support of restoring the \$792,000 of local gaming enforcement grants in the budget. The first hearing is scheduled to start at 11:00 a.m. on January 14, 1999.

Second, would you please provide the Office of Attorney General with this information by January 8, 1999:

1. Indicate the total amount of local gaming enforcement grants that your city or county received in calendar year 1998. List the specific uses on how the grants were applied and, for each use, indicate the amount applied. Examples of these uses include salaries and fringe benefits, administration, training, special equipment, telephone, investigations,

site inspections, travel, and supplies. If any grants were not used for gaming enforcement, list "non-gaming" and the related amount.

2. On the premise that the proposed reduction in grants would not be restored, describe the expected negative impact to your city or county. Presently, there is no central information system to account for the use of the grants by cities and counties.

Local law enforcement officials must take the primary role of persuading the legislature to restore the local gaming enforcement grants. We urge you to take an active role with regard to this issue. A substantial amount of grants is at risk of being lost to cities and counties. Please plan to provide testimony and lobby your local legislators.

If the proposed reduction in local gaming enforcement grants is not restored, the Office of Attorney General's appropriations bill would set up a grant application process for distributing the remaining \$222,000 of grants next biennium.

If you have any questions, please contact me or Chuck Keller of the Gaming Division at 1-800-326-9240. Thank you.

| | | | |
|------------------------------|----------|---------|-------------------|
| # 1 = Gaming funds received: | 02-13-98 | \$80.07 | |
| | 04-15-98 | 77.28 | |
| | 07-16-98 | 84.46 | |
| | 10-09-98 | 72.53 | == Total \$314.34 |

"None gaming" - no related amount as it is not designated for any special funds other than the General Fund as a whole.

2 = Why have a reduction? As you can see what total funds we received from gaming tax it isn't a large amount but every little bit helps each small Community with the general monthly expenses.



Sharon Thingvold, City Auditor

City of Columbus
PO Box 27
Columbus, ND 58727

RECEIVED
ATTY. GENERAL'S LICENSING DEPT.

JAN 14 1999

Check _____
Draft _____
Cash _____ M.O. _____

Bismarck Police Department

January 5, 1999

Heidi Heitkamp
Attorney General
600 East Boulevard Avenue
Dept #125
Bismarck, North Dakota 58505-0040

Dear Attorney General:

The following information is provided as a response to your memo dated December 28, 1998, regarding local gaming enforcement grants. During the 1998 calendar year, the City of Bismarck, Police Department, received \$50,842.29 in gaming grants. There have been \$54,387.10 in expenditures/encumbrances through November 30, 1998.

The City of Bismarck has had an asset/income and liability/expenditure budgets for gaming funds since 1986.

Attachments A-1 and A-2 are copies of the Department's 1998 gaming budget. You can see that there are proposed expenditures for numerous items to include: salaries, overtime, insurance, workers comp, motor vehicle repair, office supplies, equipment, uniform purchases, and other related items. Attachments B-1 and B-2 are expenditures within each line item through November 30, 1998. It should be noted that there will be additional expenditures for the month of December, 1998.

With respect to the described negative impact with the continued reduction of the gaming tax pay back to local jurisdictions, we feel it will again impact the City of Bismarck. Of importance is that the Police Department at one point in time had two officers hired and assigned to the Investigations Section to conduct gaming investigations and regulate the gaming industry within our City. In 1998, that was cut back to 1.25 FTEs, with one police officer assigned to the Investigations Section as the gaming investigator/officer. This reduction has been the direct result of the decreased revenue coming to the City of Bismarck from gaming taxes.

Deborah K. Ness, Chief of Police

Phone: 701-223-1212 ★ FAX: 701-221-6804 ★ 700 S. Ninth Street ★ Bismarck, ND 58504-5899



Attachments C-1 and C-2 is a memo from the gaming officer regarding some of the activities that have taken place within Bismarck in 1998.

In conclusion, it seems somewhat astonishing that the State of North Dakota receives in excess of \$13 million in gaming tax revenues a year and the pay back to local jurisdictions is approximately \$500,000 per year.

If you have any questions or if I can be of any assistance, please feel free to contact me.

Sincerely,



LIEUTENANT MYRON HEINLE
Investigations Commander

MMH/dot
Enclosure
cc: Chief Ness

GAMING ENFORCEMENT BUDGET - 1998

Fund 211-129

| <u>Account #</u> | <u>Account Description</u> | <u>1998</u> |
|------------------|-----------------------------------------|-------------|
| 510-10-010 | Regular Salaries | \$42,859. |
| 510-10-012 | Merit Pay | 1,714. |
| 510-20-011 | Overtime Salaries | 2,000. |
| 510-10-041 | Health Insurance | 5,356. |
| 511-10-043 | Workers Comp | 462. |
| 521-60-091 | Motor Vehicle Repair/Maintenance | 1,000. |
| 522-10-116 | Office Supplies | 500. |
| 522-20-126 | Expendable Small Equipment | 1,800. |
| | 1 lens | -\$ 200. |
| | Miscellaneous | - 300. |
| | mounting brackets/cable | - 50. |
| | 1 computer upgrade | - 100. |
| | VHS tapes | - 200. |
| | Super VHS tapes | - 250. |
| | Pager | - 100. |
| | Color Camera | - 600. |
| 523-80-192 | Uniform Purchase | 650. |
| | clothing allowance(2) | - 550. |
| | Miscellaneous | - 100. |
| 523-80-193 | Employee Small Equipment | 875. |
| | Batteries | - 100. |
| | Leather Gear | - 100. |
| | Vest | - 475. |
| | Miscellaneous | - 200. |
| 536-10-359 | Electricity | 500. |
| 537-10-371 | Supplies/Repairs | 200. |
| 537-20-382 | Service Contract/Small Equipment Repair | 700. |
| | Computer Repair Fee | - 300. |
| | Equipment Repair/Calibration | -400. |
| 539-10-291 | Telephone Services | 360. |
| | line fees/phone/portable | - 360. |

| | | | |
|------------|--------------------------------|----------|-------------|
| 541-20-529 | Badges/Tags/Public Information | | 1,200. |
| 541-20-532 | Gaming Investigation Fund | | 750. |
| 541-40-547 | Dues/Subscriptions/Books | | 500. |
| | NAGRA | - 250. | |
| | MGIA | - 100. | |
| | NDPOA | - 50. | |
| | Law Books | - 100. | |
| 541-70-601 | Laundry | | 300. |
| 566-10-626 | Training/Conferences | | 5,400. |
| | NAGRA (1 person, 1 mtg) | - 1,400. | |
| | NDPOA (2 people, 3 mtgs) | - 500. | |
| | Midwest Gaming Regulators | - 800. | |
| | NAA | - 400. | |
| | Computer Training | - 200. | |
| | Polygraph Cost Share | - 500. | |
| | UNLV | - 1,200. | |
| | Miscellaneous | - 400. | |
| 566-10-628 | Match for Grant | | 500. |
| 566-10-633 | Gun Maintenance/Ammunition | | 100. |
| 566-10-624 | Instructional Material | | 200. |
| 566-10-637 | In-House Training | | 200. |
| 580-40-560 | Small Equipment | | 11,300. |
| | Computer | - 2,300. | |
| | Car | - 9,000. | |
| 580-98-525 | Operation Transfer (Pension) | | 2,172. |
| Total: | | | \$81,598.00 |

| FUNCTION/ACTIVITY/OBJECT | 1998 APPROPRIATIONS REVISED | NOVEMBER 1998 EXPENDITURES | ENCUMBRANCES OUTSTANDING | EXPENDITURES AND ENCUMBRANCES YEAR-TO-DATE | UNENCUMBERED BALANCE |
|--------------------------------------|-----------------------------------|----------------------------------|-----------------------------|-----------------------------------------------------|-------------------------|
| 211 POLICE DEPT SPECIAL FUNDS | | | | | |
| 129 GAMING LAW ENFORCEMENT | | | | | |
| 510 PERSONAL SERVICES | | | | | |
| 010 REGULAR SALARIES | 42859 | | | 33077.70 | 9781.30 |
| 012 MERIT/RECLASSIFY EMPLOYEE | 2285 | | | | 2285.00 |
| 011 OVERTIME SALARIES | 1804 | | | | 1804.00 |
| TOTAL PERSONAL SERVICES | 46948 | | | 33077.70 | 13870.30 |
| 511 FRINGE BENEFITS | | | | | |
| 041 HEALTH INSURANCE | 4981 | | | 3722.40 | 1258.60 |
| 042 SOCIAL SECURITY | | | | | |
| 043 WORKERS COMPENSATION | 462 | | | 563.53 | 101.53 |
| TOTAL FRINGE BENEFITS | 5443 | | | 4285.93 | 1157.07 |
| 521 REPAIRS & MTCE SUPPLIES | | | | | |
| 091 MOTOR VEHICLE REPAIR MTCE | 1000 | | | | 1000.00 |
| TOTAL REPAIRS & MTCE SUPPLIES | 1000 | | | | 1000.00 |
| 522 OFFICE SUPPLIES | | | | | |
| 116 OFFICE SUPPLIES | 500 | 129.94 | | 334.96 | 165.04 |
| 126 EXPENDABLE SMALL EQUIP | 1800 | 244.95 | 500.00 | 797.72 | 1002.28 |
| TOTAL OFFICE SUPPLIES | 2300 | 374.95 | 500.00 | 1132.68 | 1167.32 |
| 523 OPERATING SUPPLIES | | | | | |
| 192 UNIFORM PURCHASE | 650 | | | 131.85 | 518.15 |
| 193 EMPLOYEE SMALL EQUIPMENT | 875 | | 850.00 | 886.46 | 11.46 |
| TOTAL OPERATING SUPPLIES | 1525 | | 850.00 | 1018.31 | 506.69 |
| 536 PUBLIC UTILITY SERVICE | | | | | |
| 359 ELECTRICITY | 500 | | | | 500.00 |
| TOTAL PUBLIC UTILITY SERVICE | 500 | | | | 500.00 |
| 537 REPAIRS & MAINTENANCE | | | | | |
| 371 JANITORIAL SUPPLIES | 200 | | | | 200.00 |
| 382 SVC CONTRACT-SM.EQPT.REP. | 700 | | 111.00 | 411.00 | 289.00 |
| TOTAL REPAIRS & MAINTENANCE | 900 | | 111.00 | 411.00 | 489.00 |
| 539 COMMUNICATIONS | | | | | |
| 291 TELEPHONE | 360 | | | | 360.00 |
| TOTAL COMMUNICATIONS | 360 | | | | 360.00 |
| 541 MISCELLANEOUS | | | | | |
| 529 BADGES,TAGS,PUBLIC INFO | 1200 | | | 322.24 | 877.76 |
| 532 INVESTIGATIVE FUND | 750 | | | | 750.00 |
| 547 SUBSCRIPTION, DUES, BOOKS | 500 | | | | 500.00 |
| 601 LAUNDRY | 300 | | | | 300.00 |
| TOTAL MISCELLANEOUS | 2750 | | | 322.24 | 2427.76 |
| 546 BASIC ADULT EDUCATION | | | | | |
| 626 TRAINING & CONFERENCES | 5400 | | 335.00 | 3740.18 | 1659.82 |
| 628 MATCH FOR GRANT | 500 | | | | 500.00 |
| 633 GUN MTCE-AMMUNITION | 100 | | | | 100.00 |
| 634 INSTRUCTIONAL MATERIAL | 200 | | | | 200.00 |
| 637 IN-HOUSE ADULT TRAINING | 200 | | | | 200.00 |
| TOTAL BASIC ADULT EDUCATION | 6400 | | 335.00 | 3740.18 | 2659.82 |
| 580 ACQUISITION OF FXD ASSETS | | | | | |
| 560 SMALL EQUIPMENT | 11300 | | | 10399.06 | 900.94 |
| 460 HEAVY EQUIPMENT | | | | | |
| TOTAL ACQUISITION OF FXD ASSETS | 11300 | | | 10399.06 | 900.94 |

MEMO

TO: LT. HEINLE

FROM: DET. STEVE CYSEWSKI

SUBJECT: 1998 GAMING STATISTICS

This memo is to provide information on the department's gaming enforcement activities during the year of 1998.

| | |
|-------------------------------------|-----|
| 1. Site Authorizations Issued | 44 |
| 2. Raffle Permits Issued | 97 |
| 3. Special Temporary Permits Issued | 3 |
| 4. Gaming Employee Work Permits | |
| Permits Issued | 241 |
| Permits Denied | 10 |
| Total Employees On File | 417 |
| 5. Gaming Site Checks | |
| By Patrol Officers | 27 |
| By Gaming Officer | 15 |
| Total | 42 |
| 6. Audits Conducted | 9 |
| 7. Cases Investigated | 11 |
| 8. Dispositions | |
| Arrests | 4 |
| Exceptionally Cleared | 1 |
| Inactive | 2 |
| Unfounded | 0 |
| Active | 2 |

*NOTE: Two of the above cases investigated during 1998, were 1997 cases that carried over to 1998 and involved (5) additional arrests that were made in 1997.

| | |
|--------------------------------|----|
| 9. Total Licensed Gaming Sites | 42 |
|--------------------------------|----|

| | | | | |
|------------------------------------------------------|------------------------------|------------------------------|------------------------------|--|
| 10. Adjusted Gross Proceeds of Bismarck Gaming Sites | | | | |
| 4 th Quarter 1997 | 1 st Quarter 1998 | 2 nd Quarter 1998 | 3 rd Quarter 1998 | |
| \$1,348,905 | \$1,439,241 | \$1,215,985 | \$1,151,020 | |
| 11. Tax to City Of Bismarck | | | | |
| 4 th Quarter 1997 | 1 st Quarter 1998 | 2 nd Quarter 1998 | 3 rd Quarter 1998 | |
| \$12,938 | \$13,685 | \$12,549 | \$12,536 | |

In addition to the above formal cases investigated, the gaming division handled (9) other information reports or inquires concerning gaming organizations or employees informally, without any formal report being filed.

It should also be noted that one employee background investigation revealed an active warrant for the applicant by another jurisdiction. This led to the subject's arrest by the the Burleigh County Sheriff's Department. Another employee background investigation led to an arrest for an out-of-state jurisdiction, and a third background investigation led to the exceptional clearance of a BPD case that had been inactive.

The gaming officer also attended gaming related training seminars in 1998, and two meetings concerning gaming tax paybacks to local jurisdictions.

Sincerely,



Det. Steve Cysewski
Gaming Officer

TO: ATTORNEY GENERAL HEIDI HEITKAMP

FROM: ROLETTE COUNTY SHERIFF TONY SIMS

RE: STATUS ON LOCAL GAMING ENFORCEMENT GRANTS

DATE: JANUARY 05, 1999

WE RECEIVED APPROXIMATELY \$3,000.00 DOLLARS IN THE CALENDER YEAR OF 1998, AND THE MONEY WENT TO PURCHASE 2 VIDEO CAMERAS FOR THE PURPOSE OF INVESTIGATIONS, AND ALSO A TV V.C.R FOR THE REPRODUCTION OF THE INVESTIGATIVE CAMERAS FOR COURT AND TRAINING PURPOSES. THESE ITEMS ARE BEING USED FOR GAMING/DRUG INVESTIGATIONS AT THIS TIME.

IF THE LEGISLATIVE COMMITTEE DECIDES NOT TO RESTORE THE LOCAL GAMING ENFORCEMENT GRANT, THIS WILL BRING OUR DEPARTMENT TO A STAND STILL ON GAMING/DRUG INVESTIGATIONS BECAUSE WE RELY ON THE GRANT MONEY FOR EXTRA PERSONNEL, TRAINING, ALSO WE RELY ON THIS FOR SOME OF OUR EQUIPMENT THAT WE PURCHASE, AND FOR THE PURCHASE OF THE ITEMS WE NEED FOR THE INVESTIGATIONS OF GAMING/DRUGS.

AS YOU KNOW OUR COUNTY HAS A VERY HIGH CRIME RATE FOR THE SIZE OF THE COUNTY AND THE RESERVATION TAKES UP MOST OF THE COUNTY WHICH IS NOT ON THE TAX ROLE AND FOR WHICH WE DON'T SEE REVENUE OFF OF, WHICH MEANS THAT OUR COUNTY BUDGET GET SQUEEZED TO A POINT WHERE WE DON'T HAVE THE FUNDING TO TRAIN PEOPLE IN AREAS SUCH AS GAMING/DRUGS ECT. WHICH IF THEY RESTORE THE GAMING ENFORCEMENT GRANTS BACK TO IT'S ORIGINAL AMOUNT. I BELIEVE THAT OUR DEPARTMENT CAN AND WILL BE ABLE TO KEEP THE DRIVE FOR BETTER TRAINED, BETTER EQUIPPED LAW ENFORCEMENT AGENCY.



TONY E. SIMS
ROLETTE COUNTY SHERIFF



EDDY COUNTY NORTH DAKOTA

524 Central Ave.
New Rockford, ND 58356
Telephone (701) 947-2434
FAX (701) 947-2279

Darlene Haugen, Auditor
Mary Ripplinger, Deputy

Commissioners:
Lorraine Allmaras
Jerry Fleming
Dick Turcotte

January 5, 1999

Office of Attorney General
State Capitol
600 E Boulevard Avenue
Bismarck North Dakota 58505-0040

RE: Status on Local Gaming Enforcement Grants

Total amount received in 1998:

| | |
|-------------|-------|
| Feb ----- | 30.59 |
| April ----- | 30.66 |
| July ----- | 53.86 |
| Oct ----- | 38.61 |

153.72

The monies received were put in the General Fund and used for site inspections.

Sincerely,

Darlene Haugen,
Eddy County Auditor
524 Central Avenue
New Rockford ND 58356-1698

City of Dunseith

GATEWAY TO INTERNATIONAL PEACE GARDEN

Dunseith, North Dakota 58329

January 6, 1999

Office of the Attorney General
State Capitol
600 E. Blvd. Ave.
Bismarck, ND 58505-0040

Dear Ms. Heithkamp:

This letter is in reference to your Memorandum dated December 29, 1998.

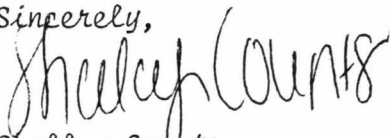
The City of Dunseith is definitely in favor of restoring the \$792,000 of local gaming money into the Budget.

For the 1998 Calender Year, the City of Dunseith received \$876.99 in Gaming Money. To date, we have purchased a Brother Word Processor, Monitor and Printer, along with two Office Chairs.

The City of Dunseith has a very limited Budget, so we rely heavily on the Gaming Money to purchase the necessary equipment needed by our Law Enforcement Agency.

Thank you so much for your time and effort in trying to restore the much needed Gaming Money back into the Budget.

Sincerely,



Shelley Counts
City of Dunseith
City Auditor
PO Box 580
Dunseith, ND 58329
701-244-5596

RICHLAND COUNTY, ND
Administration Office

418 SECOND AVE N
WHAHPETON ND 58075
1.701.642.7700
Fax: 1.701.642.7701

January 6, 1998

Office of Attorney General
State Capitol
600 E Blvd Ave
Bismarck ND 58505-0040

RE: Local Gaming Enforcement Grant Status

This letter is written in response to your letter dated December 29, 1998.

Richland County received \$607.24 of local gaming grants for the 1998 calendar year. This reimbursement was used for continuing education/training of Law Enforcement officials.

As Richland County does not receive substantial revenue from this reimbursement, the impact would be minimal at this time.

Gaming enforcement grants are essential to cities and counties to generate the necessary revenue to enforce the gaming.



Kelly Hornstein
Richland County Director of Finance

KH:ks

pc: Richland County Sheriff

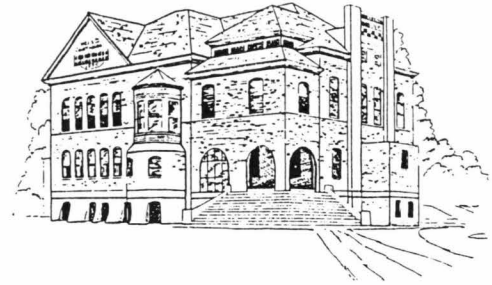
Wells County Sheriff's Department

Box 306 - Courthouse
Fessenden, North Dakota 58438
Phone 701-547-3211 Fax 701-547-3719

Curtis Pellett
Sheriff
4770

Jeffrey Roehrich
Deputy
4771

WELLS COUNTY COURTHOUSE



January 6, 1999

Heidi Heitkamp, Attorney General
Office of Attorney General
600 E Boulevard Avenue
Bismarck ND 58505-0040

Dear Attorney General Heitkamp:

In response to your letter dated December 29, 1998, I would like to inform you that Wells County received \$286.79 in local gaming enforcement grants for the calendar year 1998.

These monies are spent in Wells County entirely on communications equipment (telephone, radio, and tower controls). Wells County Sheriff's Department is staffed by a sheriff and one deputy. We rely on constant communications to cover all corners of our county. Although the amount of money we received in 1998 is less than in previous years, we rely on it to enhance our communications budget. I would not like to see the reduction or elimination of these grants.

Sincerely,

A handwritten signature in black ink, appearing to read 'Curtis D. Pellett'. The signature is stylized and includes a long horizontal line extending to the right.

Curtis D. Pellett
Sheriff

City of Cooperstown

P.O. Box 712
611 9th Street N.E.
Cooperstown, ND 58425
Phone: 701-797-3613 ~ Fax: 701-797-3628
e-mail: cooperch@mlgc.com

January 7, 1999

Office of the Attorney General
State Capitol
600 E. Blvd. Ave.
Bismarck, ND 58505-0040

RE: Gaming enforcement grants

The City of Cooperstown city council and Police Chief Al Howard discussed the gaming enforcement grants at their January meeting. It was the consensus of the council and the Cooperstown Police Chief that a letter should be written to the Attorney General's office in support of restoring the \$792,000 of local gaming enforcement grants in the budget. In 1998, Cooperstown received \$1,202.90 in gaming returns. This money is used in the Cooperstown Police Department budget to help with police radios and repairs and training costs. Small cities are facing many challenges and the dollars we receive from the gaming grants are needed and well used to provide enhanced services within the Cooperstown community.

Sincerely,
City of Cooperstown
Cooperstown Police Department


Diane Cowdrey
City Auditor



Fargo Police Department
222 4th Street North, P.O. BOX 150
Fargo, North Dakota 58107

MEMORANDUM

TO: ATTORNEY GENERAL HEIDI HEITKAMP

FROM: CHIEF RONALD R. RAFTEVOLD *RRR*

DATE: JANUARY 7, 1999

SUBJECT: STATUS ON LOCAL GAMING ENFORCEMENT GRANTS -
REQUEST FOR ASSISTANCE

I will hand carry and introduce written testimony from City of Fargo Mayor Bruce Furness, in support of restoring the \$792,000 of local gaming enforcement grants at the first hearing at 11:00 AM on January 14, 1999.

Please refer to the attached three pages for the information you requested in item #1.

Response to item #2. Should this funding not be restored, the City of Fargo will be forced to consider the elimination of the full-time position we have used to provide the review, permitting, and investigation of gaming sites in our City. Without this control, we firmly believe we are susceptible to an increased criminal element in our City, and to increased crime in the form of theft, graft, and drug usage. If this position were eliminated, we would refer all investigations and review functions to the State of North Dakota, Office of Attorney General Gaming Division. In addition, we would be forced to seek legislation to allow the increase of local permit fees and site fees, placing an additional burden on charitable organizations.

RRR/pgg
attachment

Box 261
Carrington,
North Dakota 58421
1/7/99

Mr. Greg Schlosser, Gaming Auditor
Office of the Attorney General
State Capital Building
600 E. Blvd.
Bismarck, ND 58505

RE: Local Gaming Enforcement Grants

Dear Mr. Schlosser:

In the next biennium, the office of attorney general has proposed a major budget reduction by reducing local gaming enforcement grants by \$792,000.00, or 78% of the present amount of \$1,014,000.00.


Carrington received \$3,200.00 this past year and a like amount from the program going back to 1983. Carrington has used the program funds to purchase a new patrol vehicle for the police department every two or three years.

Carringtons local gaming revenue over the past 5 years has steadily declined from a high of \$5,271.40 in 1995, to a low of \$3,226.05 in 1998. This local reduction has a direct correlation to the development of casinos on native American lands. This in its self has impacted us at the local level. Now to reduce local gaming enforcement grants, would directly and proportionally impact the police departments ability to budget on a 2-3 year rotation basis, their patrol car which is a vital component in Carringtons law enforcement program.

I am asking for the appropriations committee to support restoring the \$792,000.00 of local gaming enforcement grants in the budget.

Should you require additional information, I can be contacted at 701-652-3117.

Sincerely,


Allan Metzger
Mayor of Carrington

AM/cm

cc: Senator Nething
Senator Wanzek
Representative Fairfield
Representative Pollert

RECEIVED
ATTY. GENERAL'S LICENSING DEPT.

JAN 08 1999

Check _____
Draft _____
Cash _____ M.O. _____

CITY OF FINLEY

FINLEY, NORTH DAKOTA 58230

Office of

City Auditor

TO: North Dakota Attorney General

FROM: Finley City Auditor

RE: State Gaming Tax

DATE: January 7, 1999

In 1998 we received \$209.26 gaming money from the state. We do have contract policing with Steele County, for the City of Finley. That amount we receive is used for the contract policing.

Sincerely,


Tyrone Hauge, Auditor

City of Dunn Center

P.O. Box 38

Dunn Center, ND 58626-0038

January 8, 1999

Attorney General Heidi Heitkamp
State Capitol
600 E. Boulevard Ave
Bismarck, ND 58505-0040

Dear Attorney General Heitkamp:

In response to your memo of December 29, 1998 regarding the Status of Local Gaming Enforcement Grants - Request for Assistance, the City of Dunn Center would like to inform you that we no longer have a City Police Department and currently fall under the jurisdiction of our County Sheriff's Department.

We receive (on the average) about \$300.00 per year. During 1998, our County Sheriff's department down-sized from 2 full-time deputies to 1 full-time deputy and 1 part-time deputy. This means that we no longer have a deputy that can put a drive through Dunn Center on his agenda for the day, or sometimes, even the week.

Any amount of funding that we would be able to receive, we would forward to our local Sheriff's Department. And while \$300.00 wouldn't pay for many more hours for our local deputies, hopefully we could add a few for random gaming inspections, and more visits to our town.

If we can assist you in any way in this matter, please let us know.

Sincerely,



Linda Kittilson
City Auditor

JAMESTOWN POLICE DEPARTMENT

205 Sixth Street Southeast
Jamestown, North Dakota 58401
Phone 701-252-2414
FAX 701-252-7087



DAVID DONEGAN
Chief of Police

MEMO

DATE: JANUARY 8, 1999
TO: GREG SCHLOSSER, STATE GAMING DIVISION
FROM: LT. JOHN GLETNE, JAMESTOWN POLICE DEPARTMENT *Jy*
REF: LOCAL GAMING ENFORCEMENT GRANTS

THANK YOU FOR THE INFORMATION ON THE POTENTIAL LOSS TO THE CITY OF JAMESTOWN OF THEIR GAMING ENFORCEMENT FUNDS. THE USE OF THESE FUNDS HAVE ALLOWED THE JAMESTOWN POLICE DEPARTMENT TO MAINTAIN AN ACTIVE ROLL BY ENFORCING THE GAMING LAWS WITHIN THE CITY OF JAMESTOWN. THE JAMESTOWN POLICE DEPARTMENT HAS DEVELOPED A POSITIVE RELATIONSHIP WITH OUR LOCAL GAMING MANAGERS AND THEIR EMPLOYEES. WE ALSO HAVE DEVELOPED CONFIDENCE WITH THE CUSTOMERS OF OUR GAMING SITES BY INSURING THAT EACH GAME OF CHANCE THAT THEY PARTICIPATE IN ARE CONDUCTED UNDER THE STATE GAMING LAWS. I FEEL THAT HAVING THE LOCAL LAW ENFORCEMENT AGENCIES WORKING WITH THE LOCAL GAMING PERSONNEL BRINGS AWARENESS AND SUCCESS TO A GAMING ENFORCEMENT PROGRAM. I AM CONCERNED THAT THE LOSS OF THESE FUNDS WILL DIMINISH THE CONFIDENCE AND RESPECT THAT WE HAVE WORKED SO HARD FOR MANY YEARS TO BUILD WITH OUR GAMING SITES AND OUR CITIZENS WHO PARTICIPATE IN THE GAMES OF CHANCE AT THESE SITES.

IF I CAN BE OF ANY FURTHER ASSISTANCE PLEASE FEEL FREE TO CONTACT ME AT THE JAMESTOWN POLICE DEPARTMENT.

RECEIVED
ATTY. GENERAL'S LICENSING DEPT.

JAN 12 1999

Check _____
Draft _____
Cash _____ M.O. _____



POST OFFICE BOX 1306
WILLISTON, NORTH DAKOTA 58802-1306
PHONE (701) 572-8161
FAX (701) 572-8880
TDD (800) 366-6888
(State Relay)

CITY OF *Williston* NORTH DAKOTA

January 11, 1999

Attorney General Heidi Heitkamp
Office of the Attorney General
600 East Boulevard Avenue
Bismarck ND 58505-0040

FAX (701) 328-2226

RE: Proposed Reduction of Local Gaming Enforcement Grants

Dear Ms. Heitkamp:

This letter is written in opposition to any reduction of the City of Williston's share of local gaming funds. We received \$16,764 in 1998 and used this to help defray the cost of policing the local gaming operations. The detective unit of our police department estimated that they spent 104 hours directly in gaming enforcement areas, and this would exclude the fact that most gaming related activity is also operating in and around a liquor consumption environment which requires added enforcement demands.

The City of Williston believes the best way to have an effect on the citizens of this state is letting the local governmental unit handle local matters. We believe these funds are a necessary source of funding for us in providing appropriate gaming law enforcement services.

Sincerely,

E. Ward Koeser
President
Board of City Commissioners

EWK:jk



OFFICE OF THE MAYOR
Bruce W. Furness

January 11, 1999

The Honorable David Nething
North Dakota Senate
State Capitol Building
600 East Boulevard Avenue
Bismarck, ND 58505-0400

Dear Senator Nething:

I am sorry I am unable to personally be at your hearing but ask that this letter be part of the record. I am writing to encourage you and the Senate Appropriations Committee to reinstate the funding available to cities and counties for gaming enforcement. While I recognize and appreciate the difficulty of making the 5% cuts, this particular reduction seems extremely short-sighted. It will create potentially devastating effects in our community and society, particularly with our young people.

This funding is critical to the City of Fargo. We use it to employ a full-time person to assure proper auditing and control of the gaming operations located in our City. These dollars have continually been decreasing over the years and are now being proposed to be eliminated. A more appropriate action would be to actually increase this funding level.

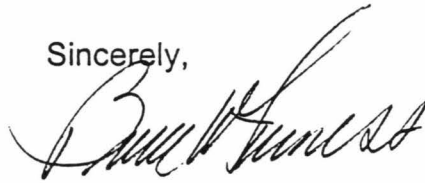
The original idea behind this distribution of dollars back to the cities was to aid in controlling the problems associated with the gaming industry. That approach seems eminently reasonable. Without this control, we firmly believe we are susceptible to an increased criminal element in our City and to increased crime in the form of theft, graft and drug usage.

The person we employ in this position has been extremely helpful in providing the kind of control and auditing that is needed. She works closely with police officials to investigate and assist in the prosecution of criminal cases. Our City has greatly benefited from this type of proactive effort. We have been able to minimize the negative impact of gaming on our community.

The Honorable David Nething
Page 2
January 11, 1999

I strongly urge the reinstatement of this funding as part of the Governor's Budget as presented to the Legislature. If this is not achieved we are faced with the possibility of eliminating the control of gaming or of pursuing increases in permit and site fees, placing an additional burden on charitable organizations. Thank you for your positive consideration of this request.

Sincerely,



Bruce W. Furness
Mayor

BWF:jl
Ffdnething

cc: Attorney General Heidi Heitkamp
Gaming Auditor Terri Leier-Sprenger

SB 2003
1/14/99

Attachment A

Testimony on Senate Bill 2003

January 14, 1999

Please accept this written and oral testimony in response to the proposed reduction or elimination of gaming enforcement funds from the 1999-2001 budget of Attorney General Heidi Heitkamp. This reduction was made by the Attorney General in response to a request from Governor Ed Schafer for a 5% reduction in all budgets offered to the Legislative Assembly.

The City and those serving in law enforcement feel it is essential to local government that the State continues to pass through gaming funds to those in local communities who regulate this industry.

When gaming was first introduced in North Dakota, it was quite clear monies for gaming enforcement was necessary; however it was not clear as to how funding would be provided. In 1983, the legislature passed a law, which required a percentage of the gaming taxes collected be paid back to local jurisdictions for enforcement purposes. The payback was 2/5 of the 5% and 1/10 of the 20% gaming tax collected.

As the State of North Dakota watched the gaming industry grow, we also witnessed an alarming decrease in the funding provided for enforcement action. This decrease

began in 1989 when the legislature passed a bill putting a \$170,000.00 cap on the quarterly amount paid back to local jurisdictions. In 1993 the total payback amount was reduced to \$153,000. 00 per quarter. The payback was again reduced in 1995 to \$130,690.00 and in 1997 still another reduction which brought the maximum quarterly payback amounts to \$126,769.00. Now comes a proposal to reduce the remaining gaming enforcement funds by 78% leaving a mere \$222,000.00 for gaming enforcement for all local cities and counties to operate on for two (2) years.

The City of Bismarck is requesting these funds be reinstated, so law enforcement may continue a proactive stance in guarding against criminal activity in the gaming industry. We also agree the State needs to hold cities and counties accountable as to how gaming enforcement funds are being expended. It is our recommendation that some mechanism be put in place by which municipalities and counties receiving gaming funds are required to file a report with the Attorney General's Office showing a record of how the gaming payback money was used.

Since 1986 the City of Bismarck has had a special account set up in the City's budgeting structure for the gaming tax payback funds. These payback monies have been used to pay the salaries of individuals assigned to gaming enforcement, as well as provide equipment, technology, and other related items to support their activities.

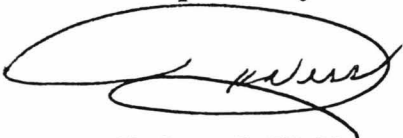
Maintaining a healthy atmosphere in the gaming industry requires a commitment by the State to provide funding for gaming enforcement; the assurance from local government that allocated dollars will go toward enforcement; and dedication by law enforcement to fairly enforce the rules and regulations of the gaming industry.

If we are truly committed to proactively addressing criminal problems related to the gaming industry, the State of North Dakota needs to continue to provide monetary support to local jurisdictions charged with enforcing the rules and regulations of this very lucrative industry.

We support Attorney General Heidi Heitkamp's recommendation that all monies dedicated as payback funds for local gaming enforcement activities be reinstated.

We also agree with Attorney General Heitkamp's recommendation that a grant process be put in place by which local jurisdictions, receiving gaming payback funds, must file a report with the Attorney General's Office accounting for the use of the payback funds.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Deborah K. Ness", is written over a large, loopy oval scribble.

**Deborah K. Ness
Chief of Police
Bismarck, Police Department**



JAMESTOWN POLICE DEPARTMENT

205 Sixth Street Southeast
Jamestown, North Dakota 58401
Phone 701-252-2414
FAX 701-252-7087

RECEIVED
ATTY. GENERAL'S LICENSING DEPT.

JAN 27 1999

DAVID DONEGAN
Chief of Police

Check _____
Draft _____
Cash _____ M.O. _____

MEMO

DATE: January 26, 1999
TO: GREG SCHLOSSER, STATE GAMING DIVISION
FROM: LT. JOHN GLETNE, JAMESTOWN POLICE DEPARTMENT *JG*
REF: GAMING FUND REDUCTION

THE JAMESTOWN POLICE DEPARTMENT ALONG WITH THE CITY OF JAMESTOWN IS CONCERNED ABOUT THE POTENTIAL REDUCTION IN FUNDS THE CITY RECEIVES TO ADDRESS GAMING ISSUES. THE JAMESTOWN POLICE DEPARTMENT WORKS CLOSELY WITH THE CITIES GAMING ORGANIZATIONS AND THE CITIZENS WHO PARTICIPATE IN GAMING WITHIN THE CITY OF JAMESTOWN. THE COST OF ENFORCING THE GAMING LAWS AND THE AFFECTS OF GAMING ARE CURRENTLY ADDRESSED BY A REASONABLE AND APPROPRIATE FORMULA DEVELOPED BY THE STATE. TO REDUCE THESE FUNDS WOULD AFFECT THE CITIES ABILITY TO ADDRESS THE NEEDS OF OUR COMMUNITY.

THE GAMING ISSUES IN OUR CITY WHICH THESE FUNDS ARE USED NOT ONLY ENFORCE THE GAMING LAWS BUT ALSO ADDRESS THE SOCIAL WELFARE OF OUR COMMUNITY. GAMING HAS FAR REACHING EFFECTS ON THE COMMUNITY THAT REQUIRES THE JAMESTOWN POLICE DEPARTMENT AND THE CITY TO ADDRESS. TO EXAMINE THIS ISSUE WE MUST NOT FORGET THE NUMBER OF DOMESTIC VIOLENCE INCIDENCES THAT HAVE A COMPONENT OF GAMING ADDICTION OR ABUSE TIED TO THESE TYPES OF REPORTS. WE ALSO MUST EXAMINE THE NUMBER OF EMBEZZLEMENT, FORGERY, ILLEGAL USE OF CREDIT CARDS AND NON-SUFFICIENT FUNDS IN CHECKING ACCOUNTS THAT AFFECT OUR COMMUNITY AND REQUIRE LAW ENFORCEMENT INVOLVEMENT. UNFORTUNATELY BURGLARY AND THEFTS ALSO OCCUR IN OUR COMMUNITY AND HAVE TIES TO GAMING ADDICTION OR ABUSE. SOME OF THESE THEFTS AND BURGLARIES OCCUR AT OUR CITIES GAMING SITES AND MUST NOT BE FORGOTTEN WHEN ADDRESSING THE ISSUES OF REDUCING GAMING FUNDS. CHILD NEGLECT AS IT RELATES TO GAMING ABUSE HAS ALSO AFFECTED THE LIVES OF THE CHILDREN IN OUR COMMUNITY.

THE CITY OF JAMESTOWN IS ALSO THE HOME OF THE NORTH DAKOTA STATE HOSPITAL, JAMES RIVER CORRECTIONAL CENTER, THE SOUTH CENTRAL REGIONAL HUMAN SERVICE CENTER AND THE STUTSMAN COUNTY CORRECTIONAL CENTER WHICH HOUSES STATE PENITENTIARY INMATES AND A NEW PROGRAM WHICH WILL HOUSE PAROLE VIOLATORS FROM AROUND THE STATE. THESE FACILITIES AND PROGRAMS BRING TO OUR CITY INDIVIDUALS AND THEIR FAMILIES WHO ARE EXPERIENCING

DIFFICULTIES IN THEIR LIVES. IN MANY CASES GAMING ADDICTION OR ABUSE IS A COMPONENT TO THEIR PERSONAL DIFFICULTIES.

THE CITY OF JAMESTOWN ALONG WITH THE JAMESTOWN POLICE DEPARTMENT IS CONCERNED AND OPPOSED TO ANY REDUCTION IN GAMING FUNDS TO THE CITY OF JAMESTOWN. WE ARE CONSIDERING BRINGING THIS ISSUE TO THE CITIZENS OF JAMESTOWN IN THE HOPE OF GATHERING AWARENESS AND SUPPORT OF THE GAMING FUND ISSUE. WE HOPE TO GAIN SUPPORT FROM CITY, COUNTY, AND STATE AGENCIES IN OUR COMMUNITY THAT WORK WITH THOSE INDIVIDUALS WHO ARE AFFECTED BY GAMING. WE ALSO HOPE TO GAIN SUPPORT FROM PRIVATE AGENCIES, THE CHURCH AND SCHOOLS THAT HAVE TO DEAL WITH THE EFFECTS OF GAMING IN OUR COMMUNITY.

PLEASE KEEP ME INFORMED ON THE POSSIBILITY OF REDUCED GAMING FUNDS TO THE CITY OF JAMESTOWN SO THAT WE CAN EXPRESS OUR OPPOSITION TO ANY REDUCTION IN GAMING FUNDS.

Chairman Byerly, Members of this subcommittee:
(House Appropriation/Government Operations Division)

My name is Terri Leier-Sprenger and I currently hold the position of Gaming Auditor for the City of Fargo. I am representing Fargo on behalf of our Mayor Bruce Furness and our Chief of Police , Ron Rafevold. They cannot be here today due to prior scheduled commitments.

Mayor Furness has E-mailed each of you regarding this bill; however, I will provide each of you with a copy of his memo at this time.

The City of Fargo supports the AGO recommendation to reinstate local gaming enforcement grants. We would like to see the gaming grant money be reinstated to **“at least the current level”**.

Without this restoration, Fargo will be forced to review (for budget cut purposes) all areas of gaming enforcement including **“reactive” and “proactive”** programs currently in place. This will include consideration to eliminate a full-time position, which provides oversight in many areas including **annual reviews** for all licensed organizations and **assistance** to our Police Department for all gaming investigations.

The original idea behind the current distribution of gaming dollars back to cities and counties was to aid in the active enforcement of the gaming rules and law. We feel the City of Fargo has **utilized** the gaming dollars received throughout the years in a responsible manner through our various programming efforts and the **information base** we have provided to the public. We **“can”** account for the **“proper”** expenditure of monies received for gaming enforcement purposes and have done so when requested by the AGO.

If these funds are no longer received, we will have no choice but to eliminate the majority of the established programs currently in place. In addition, we would be forced to refer many investigations and future review functions to the AGO Gaming Division.

This funding is critical to the City of Fargo. The grant dollars have continually been decreasing over the years and are now being proposed to be reduced substantially. **“All”** cities and counties are affected by this bill's reduction of funds for enforcement efforts and **“each”** city will have to make **difficult decisions and choices** as to where cuts will be made. We again ask that you consider reinstating these funds so each city and county can make an effort to enforce the gaming rules and law within their jurisdiction.

Fargo would also ask that this committee consider reinstating the method of allocation of grant monies to cities and counties **“if the dollars are reinstated to their current level”**. The current method which is based on each city's **quarterly** AGP to the total AGP for the state appears fair. At this time, the **“criteria”** (as noted in this bill --- relating to the disbursement of the enforcement money on a competitive grant basis) has not yet been defined **“or”** what impact this would have on any specific city or county. To preface, there is no guarantee that Fargo or any city for that matter would receive any monies for their enforcement efforts.

Thank you for hearing Fargo's concerns on Senate bill 2003. If there are any questions I would be happy to address them with you at this time.

Bismarck *City Administration*

House Appropriations/Government Operations Division Sub-Committee
Representative Ben Tollefson
Representative Robert Huether

Information Concerning Senate Bill 2003:

Dear Representatives,

Currently in the 1997/1998 biennium \$1,014,152 is paid back to local jurisdictions for gaming enforcement. This is money directly collected from gaming taxes paid to the State by charitable gaming organizations. Currently this tax amounts to over 13 million dollars per year. Senate Bill 2003 proposes to cut this amount paid back for gaming enforcement to only \$221,877 for the next two-year biennium. This is a 78% cut in money paid back for gaming enforcement, or a cut of \$792,275.

In the attached letter from the Attorney General to local jurisdictions, dated December 29, 1998, she stated that her proposal to cut the gaming enforcement grants by \$792,000 was in response to major budget reductions their office had to propose. The \$792,275 that the Attorney General cut from the gaming enforcement grants was the approximately 5% their office needed to cut from their total budget to comply with the 5% budget cuts requested by the Governor of all State agencies. We believe the \$221,877 left in the budget for gaming enforcement grants is just what was left over after the Attorney General's office took their 5% cut out of the gaming enforcement grant monies.

No way is \$221,000 an adequate amount to fund the local jurisdictions currently are active in conducting gaming enforcement. During the past two fiscal years, Bismarck alone has received \$105,750; and Fargo has received \$170,277. Both Fargo and Bismarck have had long-standing gaming enforcement programs.

We also believe the MAJORITY of the money now paid back to local jurisdictions does go to jurisdictions who actively investigate gaming cases, and do gaming enforcement. The attached chart shows the local jurisdictions that receive \$1000 or more per quarter in gaming tax payback. These fourteen cities and counties receive 70% of the total gaming enforcement money now paid back to local jurisdictions. All of these cities and counties have done gaming enforcement or participated in gaming investigations in the past.

The top four cities receiving gaming tax paybacks for enforcement are Fargo, Grand Forks, Bismarck and Minot. All of these cities have gaming enforcement programs in place and all have personnel assigned to do gaming investigation and enforcement. These four cities alone receive 45% of the money currently paid back for enforcement, a total of \$465,192 during the last two fiscal years. Clearly, the proposed amount of \$221,000 is not enough to cover the jurisdictions presently doing gaming investigations and enforcement.

It should also be pointed out that the latest study by the North American Gaming Regulator's Association (NAGRA) shows that North Dakota has the highest per capita spending in the Country on charitable gaming. North Dakota also is one of the only states with legalized gambling that has no state enforcement division to investigate and regulate gambling activities. The burden for enforcement in our state is on the local law enforcement agencies. We do not believe it was ever the intent of the Legislature to allow gambling without any enforcement or regulation. Senate Bill 2003 would virtually eliminate the tax money collected directly from gaming taxes that are now used for enforcement and regulation.

REASONS FOR REINSTATEMENT OF LAW ENFORCEMENT GRANTS

1. **Equipment Purchases** – Agencies have used the funds to purchase equipment such as surveillance cameras, video recorders, video monitors, burglar alarms, communications equipment, vehicles, firearms, weigh scales, computers and software, and administrative costs. The equipment provides law enforcement with the tools to effectively investigate gaming violations. Most jurisdictions have very limited resources for equipment purchases and the law enforcement grants provide them with the necessary funds. The equipment has also been used for other areas of investigation which would not otherwise be available.
2. **Training and Membership** – Some agencies have used the funds to send officers to gaming related training and become members in organizations that are made up of gaming investigators/regulators. Training has been instrumental in agencies becoming more involved and more effective in gaming investigations. Membership in organizations such as NDPOA Gaming Committee and Midwest Gaming Investigators and Regulators has provided valuable information about gaming in other areas of the state and country. These organizations also provided contacts for information and assistance that would not otherwise be available.
3. **Local Gaming Personnel Permits** – Some agencies have established a local permit system that allows them to regulate the persons and organizations conducting gaming in the jurisdiction. Through a local permit process, a thorough background investigation of gaming personnel is conducted which is generally more extensive than the background investigations completed by the Gaming Division. Criteria have been established that allows local law enforcement to approve, deny, or revoke work permits.
4. **Local Gaming Permits** – Some agencies have used the law enforcement grants to establish a process for issuing local gaming permits for bingo, raffles, and sports pools. They determine the eligibility of the organization applying by making sure they comply with the gaming administrative rule and law requirements. They also track and monitor activity conducted under local permits to make sure it complies with both their local ordinances and state rules and laws.
5. **Gaming Investigations** – Local law enforcement is relied upon to investigate most gaming cases involving criminal violations. The law enforcement grants have been used to cover the costs associated with these investigations such as for buy money in covert investigations, paying for bank records or copying other necessary records, and paying informants, etc. Most gaming investigations are complex and time consuming sometimes involving several officers from more than one jurisdiction.
6. **Hiring Personnel** – Some agencies have been able to hire or retain existing officers with the use of the payback grants. The city of Fargo has used a portion of the funds they receive to hire an auditor who conducts limited scope reviews of the licensed gaming operations conducting gaming in Fargo on an annual basis to ensure compliance with state and local requirements. Without these funds, several jurisdictions have indicated that they would be forced to eliminate positions or reassign officers to non-gaming cases.
7. **Administrative Costs** – Some agencies have used some of the law enforcement grants to pay for a proportionate share of office space, storage space, office equipment, vehicle use, secretarial services, etc. for the gaming enforcement officer.

Gaming investigations do not always result from matters directly related to a gaming operation. Many gaming cases evolved from other criminal investigations such as drugs, burglaries, thefts, embezzlements, etc. Agencies have justified the use of the law enforcement grants even though it has been used for other investigative purposes.

Information from City Year

**Payback for Enforcement of Gaming
For Two Fiscal Years Beginning 7/1/96 to 6/30/98**

| Total Payback | Quarter | Payback Amount | | | | | | |
|---------------|------------|----------------|-------------|-------------|-------------|-------------|-------------|------------|
| | | Bismarck | Fargo | Minot | Grand Forks | Mandan | Jamestown | Grafton |
| \$130,635.35 | 9/30/96 | \$12,691.12 | \$21,844.26 | \$7,141.24 | \$14,729.70 | \$3,564.10 | \$4,146.62 | \$1,572.23 |
| \$130,625.80 | 12/31/96 | \$13,703.69 | \$20,919.56 | \$8,313.68 | \$14,389.22 | \$3,876.26 | \$4,324.20 | \$1,424.60 |
| \$130,606.37 | 3/31/97 | \$15,316.66 | \$21,866.16 | \$10,148.42 | \$14,867.42 | \$3,703.80 | \$4,503.83 | \$1,453.23 |
| \$126,731.53 | 6/30/97 | \$13,206.96 | \$21,905.05 | \$8,690.45 | \$12,041.76 | \$3,279.40 | \$4,496.32 | \$1,663.41 |
| \$518,599.05 | Sum | \$54,918.43 | \$86,535.03 | \$34,302.79 | \$56,028.10 | \$14,423.56 | \$17,471.05 | \$6,113.47 |
| | % of Total | 10.59% | 16.69% | 6.61% | 10.80% | 2.70% | 3.37% | 1.18% |
| \$126,729.43 | 9/30/97 | \$11,670.26 | \$19,931.11 | \$8,720.04 | \$17,930.43 | \$3,031.15 | \$4,060.89 | \$1,781.61 |
| \$126,714.38 | 12/31/97 | \$12,937.90 | \$20,091.32 | \$8,888.48 | \$15,480.63 | \$3,351.50 | \$4,522.63 | \$1,551.74 |
| \$126,698.02 | 3/31/98 | \$13,605.31 | \$22,913.52 | \$9,528.39 | \$15,009.09 | \$3,263.73 | \$4,698.20 | \$1,592.53 |
| \$126,732.02 | 6/30/98 | \$12,540.74 | \$20,886.42 | \$8,722.94 | \$14,542.09 | \$3,257.12 | \$4,504.66 | \$1,963.08 |
| \$506,873.85 | Sum | \$50,842.29 | \$83,742.37 | \$35,860.65 | \$62,963.04 | \$12,903.50 | \$17,786.46 | \$6,800.96 |
| | % of Total | 9.84 | 16.52 | 7.00 | 12.42 | 2.55 | 3.51 | 1.36 |

| Total Payback | Quarter | Payback Amount | | | | | | |
|---------------|------------|----------------|-------------|-------------|-------------|------------|-------------|-------------|
| | | West Fargo | Dickinson | Valley City | Devils Lake | Wahpeton | Williston | Ward County |
| \$130,635.35 | 9/30/96 | \$3,345.82 | \$5,253.26 | \$1,863.53 | \$3,395.20 | \$2,122.22 | \$3,755.52 | \$4,838.98 |
| \$130,625.80 | 12/31/96 | \$3,395.75 | \$4,914.00 | \$2,006.00 | \$3,406.44 | \$1,922.33 | \$4,606.65 | \$3,327.13 |
| \$130,606.37 | 3/31/97 | \$3,891.22 | \$5,191.13 | \$1,893.63 | \$4,061.04 | \$1,454.86 | \$4,163.31 | \$3,570.75 |
| \$126,731.53 | 6/30/97 | \$3,727.49 | \$4,494.69 | \$2,241.40 | \$3,461.87 | \$1,462.50 | \$4,350.65 | \$4,214.78 |
| \$518,599.05 | Sum | \$14,360.28 | \$19,853.00 | \$8,005.36 | \$14,324.63 | \$6,961.09 | \$18,884.13 | \$15,959.64 |
| | % of Total | 2.77% | 3.83% | 1.54% | 2.76% | 1.34% | 3.26% | 3.08% |
| \$126,729.43 | 9/30/97 | \$3,055.19 | \$4,130.86 | \$1,855.49 | \$3,515.39 | \$1,320.53 | \$4,002.71 | \$3,222.46 |
| \$126,714.38 | 12/31/97 | \$3,654.35 | \$4,446.36 | \$2,265.27 | \$3,369.20 | \$1,450.38 | \$4,231.94 | \$3,143.22 |
| \$126,698.02 | 3/31/98 | \$3,753.80 | \$4,454.93 | \$1,934.75 | \$4,386.27 | \$1,349.28 | \$4,089.37 | \$2,908.40 |
| \$126,732.02 | 6/30/98 | \$3,456.31 | \$4,409.92 | \$2,188.77 | \$4,196.10 | \$1,413.93 | \$4,360.91 | \$3,048.48 |
| \$506,873.85 | Sum | \$14,719.73 | \$17,442.07 | \$8,164.20 | \$15,468.96 | \$5,542.12 | \$16,764.93 | \$12,322.56 |
| | % of Total | 2.90% | 3.44% | 1.61% | 3.05% | 1.09% | 3.31% | 2.43% |

* This chart represents jurisdictions that receive \$1,000.⁰⁰ or more per quarter.
 * These 14 cities/counties receive 70% of the total gaming enforcement costs

John Packett
Chief of Police
(701) 787-8000
FAX (701) 780-8253

Grand Forks Police Department

122 South Fifth Street, Box 5548, Grand Forks, ND 58206-5548

March 1, 1999

Government Operations Division
ATTN: Mr. Rex Byerly

Dear Sir,

I am providing this information to your committee as I may not be able to appear before you on 3 March, 1999. In regards to the reduction of the current gaming fund amounts and the proposed grant system I would like to make the following points:

- 1.) During the past ten years I have been involved in many gaming investigations, some small and some very large. One thing that I have learned is that, with the exception of the small internal thefts, they are very difficult undertakings and use time and resources accordingly. Perhaps the best analogy would be to compare a gaming and narcotics investigation as the public perhaps has a better perception of a drug case due to more media coverage of actual events and the exposure given by TV and movies. Drug cases are difficult because of the amount of time involved in surveillance, trying to work an undercover officer or informant into the picture and then the controlled buys from the dealer. As hard as this is, they are easier than a gaming investigation. They are easier because the amount of money that a drug dealer can make is infinite, the only limits being on how much of his product he can sell. With this in mind the dealer looks to expanding his client list so that he can sell more and subsequently reduce his cost due to his ability to purchase larger volumes. With a dealer trying actively to expand it becomes relatively easy to work an informant or undercover officer into the organization. All that is required is a connection to someone already involved in the activity. The key concept in this is that the money that can be realized is infinite and greed becomes a motivator for expansion. A gaming scheme is different in that the money, at least on a daily basis, is finite. There is only so much money in the till drawers, on the blackjack table or in redeemed pulltabs. It makes no sense to bring anyone else into the picture if it is a one or two person scheme. More people would only lessen the amount of money that each individual person may earn. With this criteria it makes the step of bringing in an undercover officer impossible and people involved in this quickly learn that if they keep their mouth's shut they have an excellent chance of never being charged. This means that the entire investigation has to rely on surveillance and paper trails, both of which are more time consuming methods of investigation than an undercover officer.

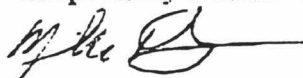
An example of this was the pulltab investigation we did in Grand Forks several years ago. We had no one undercover and we relied mostly on paper trails to lead us to suspects in the case. Officers from our department, the State Crime Bureau, the Sheriff's Office and the IRS worked in conjunction to identify and prosecute persons that were involved in schemes to cheat at the game of pulltabs. The personnel varied in strength but an average would have

been nine people. This investigation took those people, working 40-hour weeks, three months to complete. The amount of time expended was due to the actual seizure of games played, the finding of the tickets and records of the win that we were concerned with and the input of this data into computer records. Every winning ticket had to be examined to see if it substantiated the records of win that we pulled from the games. We were lucky enough to have had the interest of the IRS in this investigation because of the tax implications. Without their people and laptop computers it would have taken much longer. To put this in perspective, one person working by themselves, and doing what the group did, would have taken two years to finish the investigation.

Examples like this fortunately don't happen very often but large investigations do occur, both in this jurisdiction and across the state. Current funding has been strained at times and a reduction in funding means that they either won't be done or shortcuts will have to be taken. Either will jeopardize the integrity of the investigation and subsequent prosecution. With the proposed expansion of gaming in the state with poker games and at the same time cutting investigative funds seems to me to be working at cross-purposes. The system is working now and losing funding will only impair investigative resources and jeopardize prosecutions.

- 2.) I have attempted to find the quote that I read several years ago when charitable gaming was first proposed in the state. If you will recall, there was a lot of negative publicity regarding the issue and sides were clearly drawn. It was the official position from the state that if someone did not gamble they would not be paying for any part of this enterprise. This made a lot of people more comfortable with the question and the legislation was subsequently passed. I must confess that I do not recall who stated this position but I assume that it was the governor or the attorney general at the time. The Grand Forks Herald records that I was going to search through were destroyed in their fire so I cannot present to you who said it or when but the statement was made. Even if the statement came from a source other than an official state spokesperson the concept is a good one. Gaming should be self-sufficient and those that don't gamble should not have to pay for any part of it. Unfortunately, they have paid for it to some degree already although those costs are hidden. I have had several internal theft cases and forgeries in which the people involved stated that they had stolen to get back the money they lost gambling. Although not a gaming investigation per se these are surely gaming related investigations. Reducing funding for law enforcement will see that more and more of the funds needed for these investigations taken from the regular budget of those agencies that have gaming cases. I say this because the proposed cuts will leave many jurisdictions underfunded. If these cases are going to be pursued then the funds will have to be taken from other programs or the investigations not done. The promise of not having to pay if you don't gamble will have been broken. If that is to be the case then the matter should be once again referred to the people to see if they are willing to pay for something that they oppose.

Respectfully submitted,



Mike Flannery

Criminal Investigations Bureau

DISTRIBUTIONS CALENDAR YEAR 1998

| POLITICAL SUBDIVISION | GAMING TAX |
|-----------------------|------------|
| Adams Co. | 0.00 |
| Bucyrus | 0.00 |
| Haynes | 0.00 |
| Hettinger | 857.25 |
| Reeder | 291.08 |
| City Total | 1,148.33 |
| County Total | 1,148.33 |
| Barnes Co. | 1,104.54 |
| Dazey | 140.89 |
| Fingal | 0.00 |
| Kathryn | 299.14 |
| Leal | 0.00 |
| Litchville | 111.73 |
| Nome | 0.00 |
| Oriska | 239.13 |
| Pillsbury | 0.00 |
| Rogers | 99.14 |
| Sanborn | 61.72 |
| Sibley | 452.77 |
| Tower City | 0.00 |
| Valley City | 8,164.28 |
| Wimbledon | 96.04 |
| City Total | 9,664.84 |
| County Total | 10,769.38 |
| Benson Co. | 126.93 |
| Brinsmade | 0.00 |
| Esmond | 381.36 |
| Knox | 0.00 |
| Leeds | 840.62 |
| Maddock | 194.47 |
| Minnewaukan | 72.81 |
| Oberon | 147.00 |
| Warwick | 0.00 |
| York | 0.00 |
| City Total | 1,636.26 |
| County Total | 1,763.19 |

| POLITICAL SUBDIVISION | GAMING TAX |
|-----------------------|------------|
| Billings Co. | 0.00 |
| Medora | 532.69 |
| City Total | 532.69 |
| County Total | 532.69 |
| Bottineau Co. | 0.00 |
| Antler | 163.90 |
| Bottineau | 1,840.92 |
| Gardena | 0.00 |
| Kramer | 116.50 |
| Landa | 0.00 |
| Lansford | 148.43 |
| Maxbass | 0.00 |
| Newburg | 153.69 |
| Overly | 0.00 |
| Russell | 0.00 |
| Souris | 107.54 |
| Westhope | 269.16 |
| Willow City | 230.09 |
| City Total | 3,030.23 |
| County Total | 3,030.23 |
| Bowman Co. | 39.15 |
| Bowman | 1,314.73 |
| Gascoyne | 0.00 |
| Rhame | 1,085.26 |
| Scranton | 373.75 |
| City Total | 2,773.74 |
| County Total | 2,812.89 |

| POLITICAL SUBDIVISION | GAMING TAX |
|-----------------------|------------|
| Burke Co. | 279.23 |
| Bowbells | 702.31 |
| Columbus | 314.34 |
| Flaxton | 0.00 |
| Larson | 10.05 |
| Lignite | 509.62 |
| Portal | 372.87 |
| Powers Lake | 308.22 |
| City Total | 2,217.41 |
| County Total | 2,496.64 |
| Burleigh Co. | 1,641.83 |
| Bismarck | 50,842.29 |
| Lincoln | 240.17 |
| Regan | 0.00 |
| Wilton | 0.00 |
| Wing | 133.37 |
| City Total | 51,215.83 |
| County Total | 52,857.66 |

| POLITICAL SUBDIVISION | GAMING TAX |
|-----------------------|------------|
| Cass Co. | 1,390.66 |
| Alice | 69.67 |
| Amenia | 162.27 |
| Argusville | 0.00 |
| Arthur | 117.60 |
| Ayr | 0.00 |
| Brlarwood | 0.00 |
| Buffalo | 245.56 |
| Casselton | 1,335.54 |
| Davenport | 0.00 |
| Enderlin | 0.00 |
| Fargo | 83,742.37 |
| Frontier | 0.00 |
| Gardner | 0.00 |
| Grandin | 0.00 |
| Harwood | 768.73 |
| Horace | 432.33 |
| Hunter | 0.00 |
| Kindred | 198.11 |
| Leonard | 177.46 |
| Mapleton | 0.00 |
| North River | 0.00 |
| Oxbow | 0.00 |
| Page | 305.92 |
| Prairie Rose | 0.00 |
| Relle's Acres | 0.00 |
| Tower City | 163.85 |
| West Fargo | 14,719.73 |
| City Total | 102,439.14 |
| County Total | 103,829.80 |

| POLITICAL SUBDIVISION | GAMING TAX |
|-----------------------|------------|
| Cavaller Co. | 384.10 |
| Alsen | 0.00 |
| Callo | 0.00 |
| Calvin | 0.00 |
| Hannah | 229.11 |
| Hove Mobile Park | 0.00 |
| Langdon | 3,024.42 |
| Loma | 0.00 |
| Milton | 392.32 |
| Munich | 179.08 |
| Nekoma | 80.23 |
| Osnabrock | 232.44 |
| Sarles | 141.65 |
| Wales | 277.47 |
| City Total | 4,556.72 |
| County Total | 4,940.82 |
| Dickey Co. | 0.00 |
| Ellendale | 766.74 |
| Forbes | 0.00 |
| Fullerton | 53.79 |
| Ludden | 0.00 |
| Monango | 0.00 |
| Oakes | 1,827.31 |
| City Total | 2,647.84 |
| County Total | 2,647.84 |
| Divide Co. | 232.43 |
| Ambrose | 0.00 |
| Crosby | 1,479.33 |
| Fortuna | 0.00 |
| Noonan | 313.32 |
| City Total | 1,792.65 |
| County Total | 2,025.08 |

| POLITICAL SUBDIVISION | GAMING TAX |
|-----------------------|------------|
| Dunn Co. | 418.10 |
| Dodge | 313.00 |
| Dunn Center | 151.31 |
| Halliday | 98.89 |
| Killdeer | 514.22 |
| City Total | 1,077.42 |
| County Total | 1,495.52 |
| Eddy Co. | 153.72 |
| New Rockford | 1,472.15 |
| Sheyenne | 27.64 |
| City Total | 1,499.79 |
| County Total | 1,653.51 |
| Emmons Co. | 30.31 |
| Braddock | 159.24 |
| Hague | 12.76 |
| Hazelton | 571.26 |
| Linton | 1,048.43 |
| Strasburg | 564.17 |
| City Total | 2,355.86 |
| County Total | 2,386.17 |
| Foster Co. | 109.65 |
| Carrington | 3,226.05 |
| Glenfield | 158.37 |
| Grace City | 0.00 |
| McHenry | 41.58 |
| City Total | 3,426.00 |
| County Total | 3,535.65 |
| Golden Valley Co. | 0.00 |
| Beach | 986.55 |
| Golva | 0.00 |
| Sentinel Butte | 0.00 |
| City Total | 986.55 |
| County Total | 986.55 |

| POLITICAL SUBDIVISION | GAMING TAX |
|------------------------|---------------|
| Grand Forks Co. | 885.19 |
| Emerado | 1,812.94 |
| Gilby | 37.84 |
| Grand Forks | 62,963.04 |
| Inkster | 102.51 |
| Larimore | 1,880.30 |
| Manvel | 269.73 |
| Niagara | 0.00 |
| Northwood | 698.09 |
| Reynolds | 0.00 |
| Thompson | 547.91 |
| City Total | 68,312.36 |
| County Total | 69,197.55 |
| Grant Co. | 15.52 |
| Carson | 218.27 |
| Elgin | 579.79 |
| Leith | 0.00 |
| New Leipzig | 100.45 |
| City Total | 898.51 |
| County Total | 914.03 |
| Griggs Co. | 0.00 |
| Binford | 121.85 |
| Cooperstown | 1,202.90 |
| Hannaford | 189.35 |
| City Total | 1,514.10 |
| County Total | 1,514.10 |
| Hettinger Co. | 384.80 |
| Mott | 246.48 |
| New England | 533.52 |
| Regent | 331.91 |
| City Total | 1,111.91 |
| County Total | 1,496.71 |

| POLITICAL SUBDIVISION | GAMING TAX |
|-----------------------|-------------|
| Kidder Co. | 0.00 |
| Dawson | 87.33 |
| Pettibone | 330.62 |
| Robinson | 604.70 |
| Steele | 1,187.28 |
| Tappen | 425.79 |
| Tuttle | 125.80 |
| City Total | 2,761.52 |
| County Total | 2,761.52 |
| Lamoure Co. | 0.00 |
| Berlin | 0.00 |
| Dickey | 59.22 |
| Edgeley | 990.48 |
| Jud | 157.49 |
| Kulm | 269.35 |
| Lamoure | 1,066.87 |
| Marion | 348.55 |
| Verona | 55.99 |
| City Total | 2,947.95 |
| County Total | 2,947.95 |
| Logan Co. | 0.00 |
| Fredonia | 106.48 |
| Gackle | 170.24 |
| Lehr | 0.00 |
| Napoleon | 1,330.99 |
| City Total | 1,607.71 |
| County Total | 1,607.71 |

| POLITICAL SUBDIVISION | GAMING TAX |
|-----------------------|---------------|
| McHenry Co. | 0.00 |
| Anamoose | 729.21 |
| Balfour | 0.00 |
| Bantry | 0.00 |
| Bergen | 0.00 |
| Deering | 307.39 |
| Drake | 397.57 |
| Granville | 357.13 |
| Karlsruhe | 272.64 |
| Kief | 0.00 |
| Towner | 585.77 |
| Upham | 298.03 |
| Velva | 1,775.96 |
| Voltaire | 0.00 |
| City Total | 4,723.70 |
| County Total | 4,723.70 |
| McIntosh Co. | 0.00 |
| Ashley | 502.79 |
| Lehr | 207.96 |
| Venturia | 0.00 |
| Wishek | 1,313.23 |
| Zeeland | 104.84 |
| City Total | 2,128.82 |
| County Total | 2,128.82 |
| Mckenzie Co. | 417.67 |
| Alexander | 170.57 |
| Arnegard | 212.35 |
| Rawson | 0.00 |
| Watford City | 595.37 |
| City Total | 978.29 |
| County Total | 1,395.96 |

| POLITICAL SUBDIVISION | GAMING TAX |
|-----------------------|-----------------|
| McLean Co. | 764.08 |
| Benedict | 131.50 |
| Butte | 84.89 |
| Coleharbor | 201.24 |
| Garrison | 1,081.20 |
| Max | 153.68 |
| Mercer | 123.69 |
| Riverdale | 0.00 |
| Ruso | 0.00 |
| Turtle Lake | 870.30 |
| Underwood | 345.13 |
| Washburn | 735.68 |
| Wilton | 736.64 |
| City Total | 4,463.95 |
| County Total | 5,228.03 |
| Mercer Co. | 1,209.97 |
| Beulah | 875.73 |
| Golden Valley | 198.66 |
| Hazen | 1,157.42 |
| Pick City | 461.28 |
| Stanton | 216.65 |
| Zap | 199.52 |
| City Total | 3,109.26 |
| County Total | 4,319.23 |
| Morton Co. | 217.98 |
| Almont | 74.37 |
| Flasher | 84.51 |
| Glen Ullin | 1,102.51 |
| Hebron | 305.44 |
| Mandan | 12,903.50 |
| New Salem | 1,107.49 |
| City Total | 15,577.82 |
| County Total | 15,795.80 |

| POLITICAL SUBDIVISION | GAMING TAX |
|-----------------------|---------------|
| Mountrail Co. | 156.89 |
| New Town | 0.00 |
| Palermo | 233.16 |
| Parshall | 0.00 |
| Plaza | 79.08 |
| Ross | 230.26 |
| Stanley | 420.28 |
| White Earth | 0.00 |
| City Total | 962.76 |
| County Total | 1,119.65 |
| Nelson Co. | 0.00 |
| Aneta | 150.82 |
| Lakota | 892.20 |
| Mcville | 311.68 |
| Michigan | 112.06 |
| Pekin | 116.16 |
| Petersburg | 48.19 |
| Toina | 323.32 |
| City Total | 1,954.43 |
| County Total | 1,954.43 |
| Oliver Co. | 0.00 |
| Center | 917.07 |
| City Total | 917.07 |
| County Total | 917.07 |

| POLITICAL SUBDIVISION | GAMING TAX |
|-----------------------|-----------------|
| Pembina Co. | 375.41 |
| Bathgate | 88.35 |
| Canton | 0.00 |
| Cavaller | 1,550.15 |
| Crystal | 0.00 |
| Drayton | 1,903.25 |
| Hamilton | 0.00 |
| Mountain | 408.25 |
| Neché | 131.72 |
| Pembina | 535.93 |
| St Thomas | 590.45 |
| Walhalla | 1,395.14 |
| City Total | 6,603.24 |
| County Total | 6,859.90 |
| Pierce Co. | 1,666.14 |
| Balta | 0.00 |
| Barton | 0.00 |
| Rugby | 2,180.03 |
| Wolford | 47.21 |
| City Total | 2,227.24 |
| County Total | 3,893.38 |
| Ramsey Co. | 1,054.13 |
| Brocket | 0.00 |
| Churchs Ferry | 291.86 |
| Crary | 0.00 |
| Devils Lake | 15,466.96 |
| Edmore | 176.46 |
| Hampden | 221.60 |
| Lawton | 0.00 |
| Starkweather | 172.14 |
| City Total | 16,329.02 |
| County Total | 17,383.15 |

| POLITICAL SUBDIVISION | GAMING TAX |
|-----------------------|---------------|
| Ransom Co. | 705.73 |
| Elliot | 0.00 |
| Enderlin | 1,917.80 |
| Fort Ransom | 274.07 |
| Lisbon | 1,841.48 |
| Sheldon | 198.06 |
| City Total | 4,231.41 |
| County Total | 4,937.14 |
| Renville Co. | 785.49 |
| Glenburn | 39.03 |
| Grano | 0.00 |
| Lorraine | 0.00 |
| Mohall | 157.34 |
| Sherwood | 393.66 |
| Tolley | 185.14 |
| City Total | 775.17 |
| County Total | 1,560.66 |
| Richland Co. | 607.24 |
| Abercromble | 104.10 |
| Barney | 68.53 |
| Christine | 386.72 |
| Coffax | 52.72 |
| Dwight | 0.00 |
| Fairmount | 596.22 |
| Great Bend | 109.67 |
| Hankinson | 658.63 |
| Lidgerwood | 1,029.75 |
| Mantador | 187.93 |
| Mooreton | 192.22 |
| Wahpeton | 5,542.12 |
| Walcott | 19.24 |
| Wyndmere | 464.77 |
| City Total | 9,412.62 |
| County Total | 10,019.86 |

| POLITICAL SUBDIVISION | GAMING TAX |
|-----------------------|-----------------|
| Rolette Co. | 2,646.52 |
| Dunseith | 876.99 |
| Mylo | 0.00 |
| Rolette | 861.16 |
| Rolla | 185.48 |
| St John | 104.33 |
| City Total | 2,027.96 |
| County Total | 4,674.48 |
| Sargent Co. | 296.51 |
| Cayuga | 0.00 |
| Cogswell | 0.00 |
| Forman | 532.61 |
| Gwinner | 960.12 |
| Havana | 0.00 |
| Milnor | 571.48 |
| Rutland | 0.00 |
| City Total | 2,064.21 |
| County Total | 2,360.72 |
| Sheridan Co. | 0.00 |
| Goodrich | 207.39 |
| Martin | 32.07 |
| Mcclusky | 489.83 |
| City Total | 729.29 |
| County Total | 729.29 |
| Sloux Co. | 0.00 |
| Fort Yates | 0.00 |
| Selfridge | 0.00 |
| Solen | 0.00 |
| City Total | 0.00 |
| County Total | 0.00 |
| Slope Co. | 0.00 |
| Amidon | 33.31 |
| Marmarth | 183.30 |
| City Total | 216.61 |
| County Total | 216.61 |

| POLITICAL SUBDIVISION | GAMING TAX |
|-----------------------|-----------------|
| Stark Co. | 0.00 |
| Belfield | 570.63 |
| Dickinson | 17,442.07 |
| Gladstone | 130.79 |
| Richardton | 139.36 |
| South Heart | 153.59 |
| Taylor | 0.00 |
| City Total | 18,436.44 |
| County Total | 18,436.44 |
| Steele Co. | 0.00 |
| Finley | 306.12 |
| Hope | 273.05 |
| Luverne | 0.00 |
| Sharon | 0.00 |
| City Total | 579.17 |
| County Total | 579.17 |
| Stutsman Co. | 1,953.50 |
| Buchanan | 0.00 |
| Cleveland | 0.00 |
| Courtenay | 107.17 |
| Jamestown | 17,786.46 |
| Kensel | 0.00 |
| Medina | 405.66 |
| Montpeller | 86.46 |
| Pingree | 0.00 |
| Spiritwood Lake | 71.73 |
| Streeter | 500.37 |
| Woodworth | 164.10 |
| City Total | 19,121.95 |
| County Total | 21,075.45 |

| POLITICAL SUBDIVISION | GAMING TAX |
|-----------------------|------------|
| Towner Co. | 0.00 |
| Blisbee | 295.02 |
| Cando | 1,286.86 |
| Egeland | 177.81 |
| Hansboro | 0.00 |
| Maza | 0.00 |
| Perth | 0.00 |
| Rock Lake | 96.35 |
| Saries | 0.00 |
| City Total | 1,856.04 |
| County Total | 1,856.04 |
| Trall Co. | 225.09 |
| Buxton | 799.35 |
| Clifford | 0.00 |
| Galesburg | 235.89 |
| Grandin | 210.57 |
| Hatton | 893.59 |
| Hillsboro | 3,032.06 |
| Mayville | 1,200.57 |
| Portland | 690.75 |
| Reynolds | 192.31 |
| City Total | 7,255.09 |
| County Total | 7,480.18 |

| POLITICAL SUBDIVISION | GAMING TAX |
|-----------------------|------------|
| Walsh Co. | 549.13 |
| Adams | 0.00 |
| Ardoch | 0.00 |
| Conway | 0.00 |
| Edinburg | 289.82 |
| Fairdale | 88.75 |
| Fordville | 33.48 |
| Forest River | 185.80 |
| Grafton | 6,888.96 |
| Hoople | 300.73 |
| Lankin | 106.25 |
| Minto | 878.69 |
| Park River | 1,201.50 |
| Plsek | 0.00 |
| City Total | 9,973.98 |
| County Total | 10,523.11 |
| Ward Co. | 12,322.56 |
| Berthold | 292.09 |
| Burlington | 569.29 |
| Carplo | 142.32 |
| Des Lacs | 0.00 |
| Donnybrook | 281.22 |
| Douglas | 76.09 |
| Kenmare | 2,037.15 |
| Makoti | 147.03 |
| Minot | 35,860.65 |
| Ryder | 128.55 |
| Sawyer | 208.16 |
| Surrey | 293.67 |
| City Total | 40,036.22 |
| County Total | 52,358.78 |

| POLITICAL SUBDIVISION | GAMING TAX |
|-----------------------|------------|
| Wells Co. | 286.79 |
| Bowdon | 0.00 |
| Cathay | 0.00 |
| Fessenden | 914.92 |
| Hamberg | 0.00 |
| Harvey | 3,675.77 |
| Hurdsfield | 94.74 |
| Sykeston | 360.68 |
| City Total | 5,046.11 |
| County Total | 5,332.90 |
| Williams Co. | 746.80 |
| Alamo | 0.00 |
| Epping | 64.24 |
| Grenora | 121.70 |
| Ray | 698.74 |
| Spring Brook | 0.00 |
| Tloga | 893.38 |
| Wildrose | 253.84 |
| Williston | 16,764.93 |
| City Total | 18,796.83 |
| County Total | 19,543.63 |

| POLITICAL SUBDIVISION | GAMING TAX |
|-----------------------|------------|
|-----------------------|------------|

| | |
|-----------------|------------|
| CITY TOTAL | 472,690.06 |
| COUNTY TOTAL | 34,183.79 |
| STATEWIDE TOTAL | 506,873.85 |

LAW ENFORCEMENT GRANTS
IMPACT ON LOCAL LAW ENFORCEMENT

| Date Received | AGENCY | Received From | Amount Received | Use of Grant Money |
|----------------------|---------------------------------|-------------------------|------------------------|----------------------------------|
| 11/20/98 | City of Fargo | Terri Leier-Sprenger | \$84,720.51 | detailed breakdown |
| 12/7/98 | Grand Forks Police Dept. | Chief John Packett | \$60,399.75 | detailed breakdown |
| 1/6/99 | Rolette County Sheriff's Office | Sheriff Tony Sims | \$3,000.00 | video cameras, TV, VCR |
| 1/6/99 | Bismarck Police Dept. | Chief Debbie Ness | \$50,842.29 | detailed breakdown |
| 1/7/99 | Wells County Sheriff's Office | Sheriff Curtis Pellett | \$286.79 | communications equipment |
| 1/7/99 | Cooperstown City Auditor | Diane Cowdrey | \$1,202.90 | police radios, repairs, training |
| 1/7/99 | Fargo Police Dept. | Chief Ronald Raftervold | | |
| 1/7/99 | Richland County Admin. Office | Kelly Hornstein | \$607.24 | training |
| 1/7/99 | Eddy County Auditor | Darlene Haugen | \$153.72 | site inspections |
| 1/8/99 | Mayor of Carrington | Allan Metzger | \$3,226.05 | new patrol car |
| 1/8/99 | Finley City Auditor | Tyrone Hauge | \$209.26 | contract policing |
| 1/8/99 | Dunseith City Auditor | Shelley Counts | \$876.99 | computer, printer, office chairs |
| 1/12/99 | Jamestown Police Dept. | Lt. John Gletne | \$17,923.53 | general gaming enforcement |
| 1/13/99 | City of Williston | Mr. Ward Koeser | \$16,764.00 | general gaming enforcement |
| 1/13/99 | City of Fargo | Mayor Bruce Furness | | general gaming enforcement |
| 1/14/99 | City of Minot | Mayor Carroll Erickson | \$34,957.97 | reactive gaming enforcement |
| 1/14/99 | City of Dunn Center | Ms Linda Kittilson | \$300.00 | goes to Sheriff's Dept. |
| 1/14/99 | City of Columbus | Ms. Sharon Thingvold | \$314.34 | no gaming enforcement |
| 1/27/99 | Jamestown Police Dept. | Lt. John Gletne | | general gaming enforcement |
| 3/1/99 | Grand Forks Police Dept. | Det. Mike Flannery | | general gaming enforcement |

GAMING TAX COLLECTIONS SINCE 1989

The following schedule presents the general fund collections from gaming taxes since 1989:

| | General Fund Collections |
|------------------------------------|---------------------------------|
| 1999-2001 revised revenue estimate | \$22,669,000 |
| 1997-99 estimated | \$22,669,000 |
| 1995-97 | \$22,848,486 |
| 1993-95 | \$24,281,458 |
| 1991-93 | \$11,477,000 |
| 1989-91 | \$7,749,304 |

SUMMARY OF GAMING TAX, EXCISE TAX AND BINGO SALES COLLECTED, AND FUNDS PAID BACK TO CITIES/COUNTIES, STATE GENERAL FUND AND ATTORNEY GENERAL APPROPRIATIONS

| | FISCAL YEARS 1984 THROUGH 1999 | | | | | | | | | | | | | | | |
|--------------------|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
| Gaming Tax | \$ 1,358,166 | \$ 1,382,087 | \$ 1,457,910 | \$ 1,591,221 | \$ 1,626,309 | \$ 1,837,718 | \$ 2,338,236 | \$ 2,644,851 | \$ 2,998,148 | \$ 3,791,972 | \$ 3,358,246 | \$ 3,191,845 | \$ 3,354,993 | \$ 3,153,512 | \$ 3,308,703 | \$ 2,980,000 |
| Excise Tax | | | | | | | \$ 1,746,960 | \$ 2,264,376 | \$ 2,548,030 | \$ 3,498,151 | \$ 8,312,242 | \$ 7,949,756 | \$ 8,225,020 | \$ 7,983,786 | \$ 8,127,131 | \$ 8,172,000 |
| Bingo Sales Tax | | | | | | | \$ 2,556,094 | \$ 2,624,386 | \$ 2,883,635 | \$ 2,803,640 | \$ 2,774,020 | \$ 2,652,327 | \$ 2,848,608 | \$ 2,850,012 | \$ 2,745,418 | \$ 2,889,000 |
| Total Taxes | \$ 1,358,166 | \$ 1,382,087 | \$ 1,457,910 | \$ 1,591,221 | \$ 1,626,309 | \$ 1,837,718 | \$ 6,641,290 | \$ 7,533,613 | \$ 8,429,813 | \$ 10,092,763 | \$ 14,444,508 | \$ 13,793,928 | \$ 14,428,621 | \$ 13,987,310 | \$ 14,181,252 | \$ 14,041,000 |
| Payback | \$ 548,423 | \$ 547,877 | \$ 558,375 | \$ 614,899 | \$ 652,158 | \$ 686,986 | \$ 697,048 | \$ 680,000 | \$ 680,000 | \$ 663,000 | \$ 612,000 | \$ 89,690 | \$ 522,760 | \$ 522,760 | \$ 507,078 | \$ 507,078 |
| General Fund | \$ 809,743 | \$ 834,210 | \$ 899,535 | \$ 976,322 | \$ 896,820 | \$ 1,124,840 | \$ 5,844,242 | \$ 6,753,613 | \$ 7,649,813 | \$ 9,313,763 | \$ 14,444,508 | \$ 13,793,928 | \$ 14,428,621 | \$ 13,987,310 | \$ 14,181,252 | \$ 14,041,000 |
| Appropriations | | | | | \$ 77,331 | \$ 72,669 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | | | | | | |
| Totals | \$ 1,358,166 | \$ 1,382,087 | \$ 1,457,910 | \$ 1,591,221 | \$ 1,626,309 | \$ 1,884,493 | \$ 6,641,290 | \$ 7,533,613 | \$ 8,429,813 | \$ 9,413,763 | \$ 14,444,508 | \$ 13,793,928 | \$ 14,428,621 | \$ 13,987,310 | \$ 14,181,252 | \$ 14,041,000 |

Estimates were used for the fiscal year 1999.

A difference occurred between Gaming Division numbers and Tax Department numbers due timing and accounting differences. Starting in 1993 the city/county payback was made from the General Fund. All tax collections went directly to the General fund.

Source Documents: North Dakota Games of Chance Quarterly Reports
State and Local Taxes in North Dakota, An Overview and Comparative Guide, April 1996

MASTER SETTLEMENT AGREEMENT PAYMENTS THROUGH 2025

| Calendar Year | § IX(b) Initial Payments | § IX(c)(1) Annual Payments | § IX(c)(1) Annual Payments less Previously Settled States Reduction | § IX(c)(2) Strategic Contribution Fund Payments | § VI(b) Base ^(f) Foundation Payments | § VI(c) National Public Education Fund Payments | § VIII(b) NAAG Administration Payments | § VIII(c) AG Enforcement Fund |
|---------------|--------------------------|----------------------------|---------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|----------------------------------------|-------------------------------|
| 1998 | \$2,400,000,000 | | | | | | \$150,000 | |
| 1999 | | | | | \$25,000,000 | \$250,000,000 | \$150,000 | \$50,000,000 |
| 2000 | \$2,472,000,000 | \$4,500,000,000 | \$3,939,750,000 | | \$25,000,000 | \$300,000,000 | \$150,000 | |
| 2001 | \$2,546,160,000 | \$5,000,000,000 | \$4,377,500,000 | | \$25,000,000 | \$300,000,000 | \$150,000 | |
| 2002 | \$2,622,544,800 | \$6,500,000,000 | \$5,690,750,000 | | \$25,000,000 | \$300,000,000 | \$150,000 | |
| 2003 | \$2,701,221,144 | \$6,500,000,000 | \$5,690,750,000 | | \$25,000,000 | \$300,000,000 | \$150,000 | |
| 2004 | | \$8,000,000,000 | \$7,004,000,000 | | \$25,000,000 | | \$150,000 | |
| 2005 | | \$8,000,000,000 | \$7,004,000,000 | | \$25,000,000 | | \$150,000 | |
| 2006 | | \$8,000,000,000 | \$7,004,000,000 | | \$25,000,000 | | \$150,000 | |
| 2007 | | \$8,000,000,000 | \$7,004,000,000 | | \$25,000,000 | | \$150,000 | |
| 2008 | | \$8,139,000,000 | \$7,143,000,000 | \$861,000,000 | \$25,000,000 | | | |
| 2009 | | \$8,139,000,000 | \$7,143,000,000 | \$861,000,000 | | | | |
| 2010 | | \$8,139,000,000 | \$7,143,000,000 | \$861,000,000 | | | | |
| 2011 | | \$8,139,000,000 | \$7,143,000,000 | \$861,000,000 | | | | |
| 2012 | | \$8,139,000,000 | \$7,143,000,000 | \$861,000,000 | | | | |
| 2013 | | \$8,139,000,000 | \$7,143,000,000 | \$861,000,000 | | | | |
| 2014 | | \$8,139,000,000 | \$7,143,000,000 | \$861,000,000 | | | | |
| 2015 | | \$8,139,000,000 | \$7,143,000,000 | \$861,000,000 | | | | |
| 2016 | | \$8,139,000,000 | \$7,143,000,000 | \$861,000,000 | | | | |
| 2017 | | \$8,139,000,000 | \$7,143,000,000 | \$861,000,000 | | | | |
| 2018 | | \$9,000,000,000 | \$8,003,999,997 | | | | | |
| 2019 | | \$9,000,000,000 | \$8,003,999,997 | | | | | |
| 2020 | | \$9,000,000,000 | \$8,003,999,997 | | | | | |
| 2021 | | \$9,000,000,000 | \$8,003,999,997 | | | | | |
| 2021 | | \$9,000,000,000 | \$8,003,999,997 | | | | | |
| 2023 | | \$9,000,000,000 | \$8,003,999,997 | | | | | |
| 2024 | | \$9,000,000,000 | \$8,003,999,997 | | | | | |
| 2025 | | \$9,000,000,000 | \$8,003,999,997 | | | | | |
| Total | \$12,741,925,944 | \$207,890,000,000 | \$183,176,749,975 | \$8,610,000,000 | \$250,000,000 | \$1,450,000,000 | \$1,500,000 | \$50,000,000 |
| UST payments | | | | | | \$95,750,000 | \$250,000 | \$4,000,000 |
| TOTAL | \$12,741,925,944 | \$207,890,000,000 | \$183,176,749,975 | \$8,610,000,000 | \$250,000,000 | \$1,545,750,000 | \$1,750,000 | \$54,000,000 |

| | |
|--------------------------------------------------------------------------|-------------------|
| Grand Total of Cigarette Agreement without PSS Reduction taken | \$230,993,425,944 |
| Grand Total of Cigarette Agreement with PSS Reduction taken | \$206,280,175,919 |
| Grand Total of Cigarette Agreement & UST Agreement without PSS Reduction | \$231,093,425,944 |
| Grand Total of Cigarette Agreement & UST Agreement with PSS Reduction | \$206,380,175,919 |

Revised November 14, 1998



Tobacco Settlement Proposal Summary for Attorneys General

Public Health Initiatives

Prohibits Youth Targeting

- Prohibits targeting youth in advertising, promotions, or marketing.
- Bans industry actions aimed at initiating, maintaining or increasing youth smoking.

Bans Cartoon Characters

- Bans use of cartoons in the advertising, promotion, packaging or labeling of tobacco products.

Restricts Sponsorships By Brand Names

- Limits tobacco companies to only one brand name sponsorship per year (after current contracts expire or after three years – whichever comes first).
- Prohibits brand name sponsorship of events with a significant youth audience.
- Prohibits sponsorship of team sports (football, basketball, baseball, hockey or soccer).
- Prohibits sponsorship of events where any of the paid participants or contestants are underage.
- Allows corporate sponsorship of athletic, musical, cultural, artistic or social events as long as the corporate name does not include the brand name of a domestic tobacco product.
- Bans tobacco brand names for stadiums and arenas.
- Limits outdoor advertising for sponsored events to the site of the event.

Bans Outdoor Advertising

- Bans all outdoor advertising, including: billboards, signs and placards in arenas, stadiums, shopping malls, and video game arcades.
- Limits advertising outside retail establishments to 14 square feet.
- Bans transit advertising of tobacco products.
- Tobacco billboards and transit ads must be removed within 150 days after the Master Settlement Agreement Execution Date.
- Allows states to substitute for the duration of billboard lease periods, alternative advertising which discourages youth smoking.
- Requires tobacco companies to designate a contact person to facilitate sign removal in each state.

Bans Placement of Tobacco Products

- Bans payments to promote tobacco products in movies, television shows, theater productions or live performances, live or recorded music performances, videos and video games.

Bans Sale of Merchandise With Tobacco Brand Names

- Beginning July 1, 1999, bans distribution and sale of apparel and merchandise with brand-name logos (caps, T-shirts, backpacks, etc.).

Bans Youth Access To Free Samples

- After Master Settlement Agreement Execution Date, free samples cannot be distributed except in a facility or enclosed area where the operator ensures no underage person is present.

Bans Proof of Purchase Gifts

- Bans gifts without proof of age (legible driver's license certified to be valid by the gift recipient). Effective one year after Master Settlement Agreement Execution Date.

Prohibits Third Parties From Using Tobacco Brand Names

- Tobacco companies are prohibited from authorizing third parties to use or advertise brand names in any way prohibited by the agreement.
- Tobacco companies must designate a contact in each state who will respond to Attorney General complaints of prohibited third party activity.
- Exempts licensing agreements or contracts in existence as of July 1, 1998, although contracts cannot be extended beyond current terms.

Bans Non-Tobacco Brand Names

- Bans future cigarette brands from being named after recognized non-tobacco brand or trade names (such as Harley Davidson, Yves Saint Laurent, Cartier) or nationally recognized sports teams, entertainment groups or individual celebrities.

Sets Minimum Pack Size At 20 Cigarettes

- Limits minimum pack size to 20 cigarettes through December 31, 2001.
- Tobacco companies prohibited from opposing state legislation which bans the manufacture and sale of packs containing fewer than 20 cigarettes.

Changes The Corporate Culture

Requires Corporate Commitments To Reduce Youth Access and Consumption

- Beginning 180 days after the Master Settlement Agreement Execution Date, companies must:
- Develop and regularly communicate corporate principles that commit to complying with the Master Settlement Agreement and reducing youth smoking.

- Designate executive level manager to identify ways to reduce youth access and consumption of tobacco.
- Encourage employees to identify additional methods to reduce youth access and youth consumption.

Disbands Tobacco Trade Associations

- Disbands the Council for Tobacco Research (CTR), the Tobacco Institute (TI), and the Council for Indoor Air Research (CIAR).
- Requires all records of these organizations that relate to any lawsuit to be preserved.

Provides Regulation and Oversight of Any New Trade Organizations

- Requires any new trade association to adopt bylaws that provide:
- Officers of the association will be appointed by the board, be employees of the association and will not be employed by a member tobacco company;
- Legal counsel will be independent and not serve as counsel to member companies;
- Minutes of board of director meetings will be prepared and maintained for at least five years.
- Antitrust staff for any settling state may inspect and copy all non-privileged , non-work-product records and interview association directors, officer and employees.

Restricts Industry Lobbying

Stops Industry Assault On Tobacco Control Laws

- After state specific finality, tobacco companies will be prohibited from opposing proposed state or local laws or administrative rules which are intended to limit youth access to and consumption of tobacco products.
- The industry must require its lobbyists to certify in writing they have reviewed and will fully comply with settlement terms including disclosure of financial contributions regarding lobbying activities and new corporate culture principles;
- In states without laws regarding financial disclosure of lobbying, requires disclosure of lobbying costs to the state Attorney General.
- Prohibits lobbyists from supporting or opposing state, federal, or local laws or actions without authorization of the companies.
- Prohibits the industry from lobbying for the diversion of settlement money to non-tobacco or non-health related uses or legislation which would eliminate or diminish state rights under the settlement.

Protects State And Local Youth Access Laws

- Prohibits new challenges by the industry against the enforceability or constitutionality of tobacco control laws, ordinances, and rules passed prior to June 1, 1998.

Dismisses Lawsuits Against State Laws

- Requires the industry to dismiss, without fees, all claims against participating states.

No Criminal Immunity

- Specifies that states expressly do not waive any right to pursue criminal prosecutions based on federal, state, or, local law.

Opens Industry Records And Research

Opens Public Access To Tobacco Documents

- Tobacco companies will release documents that are under protective orders in state lawsuits and have no privilege or trade-secret claim.
- Settling states may seek court-approved public release of any documents which have been subject to an order or ruling, prior to August 17, 1998, denying privilege, work-product or trade secret protection. The industry can contest the action.

Creates User-Friendly Website For Industry Documents

- Requires tobacco companies to maintain for ten years, at their expense, a Website which includes all documents produced in state and other smoking and health related lawsuits.
- Requires the industry to maintain the site in a user-friendly and searchable format (requires an index and other features to improve searchable access).
- Requires the industry to add, at its expense, all documents produced in future civil actions involving smoking and health cases.
- The industry will provide the National Association of Attorneys General with up to \$100,000 for a computer consultant to ensure that the industry's Website is truly usable.

Stops Conspiracy To Hide Research Regarding Smoking and Health

- Prohibits manufacturers from jointly contracting or conspiring to:
- Limit information about the health hazards from the use of their products;
- Limit or suppress research into smoking and health; or
- Limit or suppress research into the marketing or development of new products.
- Prohibits the industry from making any material misrepresentations regarding the health consequences of smoking.

Creates A Foundation And \$1.45 Billion Public Education Fund

Creates A National Foundation to Reduce Teen Smoking and Substance Abuse

- Requires the industry to pay \$250 million over the next ten (10) years to fund a charitable foundation which will support the study of programs to reduce teen smoking and substance abuse and the prevention of diseases associated with tobacco use.
- The NAAG Executive Committee will provide for creation of the foundation.
- The foundation will be governed by an eleven-member board of directors. NAAG, the National Governors' Association and the National Conference of State Legislatures each will appoint two board members and the six will select the final five members, four of whom must have expertise in public health, medicine and child psychology.
- The foundation will:
- Carry out a nationwide, sustained advertising and education program to counter youth tobacco use and educate consumers about the cause and prevention of diseases associated with tobacco use.
- Develop, disseminate and test the effectiveness of counter advertising campaigns.
- Develop, disseminate and test the effectiveness of model classroom educational programs, including programs targeting at-risk populations.
- Develop, disseminate and test the effectiveness of criteria for effective cessation programs.
- Commission studies, fund research and publish reports on factors that influence youth smoking and substance abuse.
- Develop targeted training and information programs for parents.
- Maintain a library of foundation studies, reports and publications.
- Track and monitor youth smoking and substance abuse with a focus on reasons for increases or failures to decrease tobacco and substance use rates.
- The foundation is prohibited from engaging in political or lobbying activities.
- Includes a severance clause for settling states which are prohibited by state law from entering into the foundation portion of the agreement.

Creates A National Public Education Fund

- Requires the industry to pay \$1.45 billion over the next five years for a National Public Education Fund.
- The agreement includes continued funding depending on the number of tobacco product manufacturers who have agreed to be bound by the Agreement..
- The fund is established to carry out a nationwide sustained advertising and education program to counter youth tobacco use and educate consumers about tobacco-related diseases.
- The fund may make grants to states and political subdivisions to carry out the fund's purposes.
- Industry payments to the foundation and education fund will be held in an escrow account until state-specific finality in at least one state.

- Outside contributions can be made to the foundation and specifically to the education fund.

Enforcement

Provides Court Jurisdiction For Implementation and Enforcement

- Settling states or tobacco companies may apply to the court to enforce the terms of the consent decree.
- A state is not required to give any prior notice before seeking an order to enforce a consent decree from the court – except that a 10-day notice is required if the claimed violation involves targeting youth or making material misrepresentations about tobacco products (unless the Attorney General determines there is a public health or safety concern requiring faster action, or the party has committed substantially similar violations previously).
- If the court finds the consent decree has been violated, the court may award any relief available under the consent decree or the law in that state.
- Settling states may also apply to the court to enforce or interpret the terms of the Agreement, although before applying to the court a party must give the other parties and NAAG 30-days notice (unless the Attorney General determines there is a public health or safety concern requiring faster action).
- If the court issues an enforcement order enforcing the agreement and a party violates that order, the court may order monetary, civil contempt or criminal sanctions to enforce compliance with the enforcement order.
- Allows settling state AGs access to company documents, records and personnel to enforce the agreement.

NAAG Provides Implementation And Enforcement Coordination

- NAAG will:
- Receive \$150,000 per year until 2007 from the industry for oversight costs.
- Monitor potential conflicting court interpretations involving the settlement.
- Convene two meetings each year and one national conference every three years to evaluate the success of the settlement and coordinate AG efforts.
- Assist states with inspection and discovery activities which are conducted to enforce the settlement.

State Enforcement Fund Established

- On March 31, 1999, the industry is directed to pay \$50 million which will be used to assist settling states in enforcing and implementing the agreement and to investigate and litigate potential violations of state tobacco laws.

Financial Recovery

States Will Recover Over \$206 Billion

- Payments will be made to settling states and a national foundation, and for administration and enforcement purposes.
- Distributions directly to states will be made based on percentages agreed to by Attorneys General (Exhibit A).

Up-front Payments Total \$12.742 Billion

- Tobacco companies will make five (5) initial payments between 1998 and 2003. They will pay \$2.4 billion in 1998, \$2.472 billion on January 10, 2000, \$2.546 billion in 2001, \$2.623 billion in 2002, and \$2.701 billion in 2003.

Annual Payments Begin April 15, 2000 and Total \$183.177 Billion Through 2025

- If all states participate in the settlement, annual payments will “ramp-up” beginning with a \$4.5 billion payment on April 15, 2000. Ensuing April 15 payments will be at the following rates:
 - 2001: \$5 billion
 - 2002-2003: \$6.5 billion
 - 2004-2007: \$8 billion
 - 2008-2017: \$8.139 billion (plus \$861 million to the strategic fund)
 - 2018 on: \$9 billion
- These amounts (when under \$8 billion) will be reduced for percentages for previously settled states. (The \$183.177 billion total is the total through 2025 after the previously settled state reduction is taken.)

Strategic Contribution Fund Payments of \$8.610 Billion

- On April 15, 2008 and on April 15 each year through 2017, the companies will pay \$861 million into a strategic contribution fund.
- Money from the fund will be allocated to states based on a strategic contribution formula developed by Attorneys General no later than June, 1999. The allocation formula will reflect the contribution made by states toward resolution of the state lawsuits against tobacco companies (Exhibit U).

Payments to the Foundation Totaling \$250 Million Over the Next 10 Years

Payments to the National Public Education Fund at Least Totaling \$1.45 Billion Between 2000 and 2003

One-Time Payment of \$50 Million into Attorney General Enforcement Fund in 1999

Payments of NAAG for Administrative Expenses Totaling \$1.5 Million Over the Next Ten (10) Years

Miscellaneous Payment Provisions

- Payment calculations for the industry will be made by an independent auditor paid for by the industry and by a fund established in the agreement.
- The independent auditor will be selected by the NAAG executive committee and the companies.
- Payments made by tobacco companies (annual payments, strategic contribution fund) will be adjusted annually based on an inflation factor. (The annual CPI but not less than 3%.)
- The amount of the annual payments will be subject to “volume adjustments”. Tobacco company payments will rise if cigarette sales increase and fall if cigarette sales decrease.
- Annual payments also are subject to a Non-Settling States adjustment. If states do not participate in the settlement, the annual payments made by tobacco companies will be reduced by the settlement share amounts which have been allocated to those non-settling states.

Federal Legislation Adjustment

- If federal legislation requires participating tobacco companies to make payments to the federal government, and some portion of that money is sent to the settling states, those payments may be offset, dollar for dollar, from the annual payments, under certain enumerated circumstances.

Non-Participating Manufacturers Adjustment

- Settlement negotiations originated with the four major tobacco companies, but an early goal was to ensure industry-wide participation in the public health and other initiatives achieved in the agreement. To achieve that goal, attempts were made to involve additional companies in the negotiations and to develop provisions which would encourage all tobacco companies to follow terms of the settlement.
- States are encouraged to pass model statutes that effectively create a reserve fund for non-participating manufacturers to pay future claims. (Exhibit T)
- If the aggregate market share of all companies participating in the agreement decline by more than two percent because of their participation in the agreement, their annual payment is reduced by three percent for each percent lost over the two percent threshold. Only states that have not passed a model statute would have their annual payments reduced.
- States which pass the model statute would not have their annual payments reduced.
- If a state’s model statute is struck down by the court, a state’s annual payment would be reduced, by no more than 65 percent.

Cost Recovery and Attorney Fees

States Recover Cost, Expenses and Market Rate For Attorney Fees

- Tobacco companies will reimburse offices of state Attorneys General and other political subdivisions for all reasonable costs and expenses and in-house attorney fees (up to a total of \$150 million).

Industry Will Pay Outside Attorney Fees

- Two payment methods are available – liquidated fee agreement and arbitration.
- Outside counsel can negotiate a liquidated fee agreement with the industry, and if accepted, would be paid from a \$1.25 billion pool of money from the tobacco industry over four years. If outside counsel accepts a liquidated fee, they must release the state from all claims for attorney fees.
- If outside counsel rejects the liquidated fee process or cannot agree to an offer, they can go through arbitration.
- A three-member arbitration panel will be established with two permanent members and a member from the state represented by the outside counsel.
- The industry will pay whatever arbiters award, but timing of the payment will be subject to a \$500-million-per-year cash flow cap.

Miscellaneous Provisions

Release Provisions

- If an Attorney General does not have the authority to release claims for political subdivisions or certain other entities and that political subdivision or entity proceeds with a lawsuit and wins a judgment or settlement (and the AG agrees to the settlement), the amount of that recovery will be taken out of the state's settlement share.

Court Approval of Settlements and Consent Decrees Required

- By December 11, 1998, suing states must file a motion to approve the settlement.
- Non-filing states will have 30 days to file suit and a motion to approve the settlement agreement.

Most Favored Nation Provisions

- If tobacco companies, before October 1, 2000, enter into an agreement with better overall terms, settling states will get the benefit of that agreement. (This does not apply to any agreement reached after the seating of a jury or commencement of trial.)
- If more favorable non-economic terms are offered in an agreement on or after October 1, 2000, settling states at their option may benefit.
- If a settling state enters into an agreement with a company not participating in this settlement and the terms are more favorable to the industry, settling companies can benefit, but only within that state.

Settlement Amendment Provisions

- The settlement can be amended only if all affected states and all affected companies agree to the amendment.

Key Dates

- There are three critical dates in the agreement: Master Settlement Execution Date, State Specific Finality date, and Final Approval date.
- **MSA Execution:** This is the starting date and it occurs when Attorneys General and the companies sign the Master Settlement Agreement. Various public health provisions are triggered by this date. If both sides sign, this date will be November 23, 1998.
- **State Specific Finality :** This date occurs when a state court approves the settlement and consent decree and appeal time has run, or, if there is an appeal, the appeal has been decided in favor of approval. This important date keys more public health initiatives and vests the state for financial recovery.
- **Final Approval:** This is the earlier of June 30, 2000 or the date when 80 percent of the settling states reach State Specific Finality and states with 80 percent of the financial allocation reach State Specific Finality. No money is disbursed to the states until Final Approval is reached.

Annual Payments to Each State

| Year | 1998 | 1999 | 2000 |
|---------------|--------------------|--------|--------------------|
| Amount | \$2,400,000,000.00 | \$0.00 | \$6,411,750,000.00 |
| Alabama | \$38,787,139.87 | \$0.00 | \$103,822,268.35 |
| Alaska | \$8,194,049.54 | \$0.00 | \$21,890,915.46 |
| Arizona | \$35,373,226.92 | \$0.00 | \$94,501,786.55 |
| Arkansas | \$19,873,586.24 | \$0.00 | \$53,093,527.74 |
| California | \$306,334,930.78 | \$0.00 | \$818,392,913.50 |
| Colorado | \$32,900,874.16 | \$0.00 | \$87,896,207.30 |
| Connecticut | \$44,556,896.25 | \$0.00 | \$119,036,533.13 |
| Delaware | \$9,491,268.84 | \$0.00 | \$25,356,517.92 |
| D.C. | \$14,570,838.84 | \$0.00 | \$38,926,906.65 |
| Florida | \$0.00 | \$0.00 | \$0.00 |
| Georgia | \$58,906,980.41 | \$0.00 | \$157,373,679.86 |
| Hawaii | \$14,444,759.81 | \$0.00 | \$38,590,078.62 |
| Idaho | \$8,718,317.14 | \$0.00 | \$23,291,529.13 |
| Illinois | \$111,701,933.67 | \$0.00 | \$298,418,697.16 |
| Indiana | \$48,955,278.39 | \$0.00 | \$130,787,085.94 |
| Iowa | \$20,872,006.95 | \$0.00 | \$55,760,871.07 |
| Kansas | \$20,008,109.65 | \$0.00 | \$53,452,915.44 |
| Kentucky | \$42,267,806.11 | \$0.00 | \$112,921,085.75 |
| Louisiana | \$54,128,474.21 | \$0.00 | \$144,607,601.88 |
| Maine | \$18,464,411.55 | \$0.00 | \$49,328,829.47 |
| Maryland | \$54,260,987.50 | \$0.00 | \$144,934,850.37 |
| Mass. | \$96,935,496.43 | \$0.00 | \$258,969,237.19 |
| Michigan | \$104,446,741.41 | \$0.00 | \$279,035,997.59 |
| Minnesota | \$0.00 | \$0.00 | \$0.00 |
| Mississippi | \$0.00 | \$0.00 | \$0.00 |
| Missouri | \$54,690,425.53 | \$0.00 | \$145,841,733.70 |
| Montana | \$10,194,218.72 | \$0.00 | \$27,234,492.45 |
| Nebraska | \$14,279,599.86 | \$0.00 | \$38,148,843.51 |
| Nevada | \$14,638,443.42 | \$0.00 | \$39,107,516.49 |
| New Hampshire | \$15,982,416.92 | \$0.00 | \$42,698,025.70 |

Annual Payments to Each State

| Year | 1998 | 1999 | 2000 |
|------------------|---------------------------|---------------|---------------------------|
| Amount | \$2,400,000,000.00 | \$0.00 | \$6,411,750,000.00 |
| New Jersey | \$92,807,910.83 | \$0.00 | \$247,842,134.27 |
| New Mexico | \$14,313,352.87 | \$0.00 | \$38,239,016.77 |
| New York | \$306,288,745.07 | \$0.00 | \$818,269,525.50 |
| North Carolina | \$55,974,840.09 | \$0.00 | \$149,540,283.73 |
| North Dakota | \$8,784,330.94 | \$0.00 | \$23,467,889.12 |
| Ohio | \$120,800,234.58 | \$0.00 | \$322,992,532.93 |
| Oklahoma | \$24,867,287.65 | \$0.00 | \$66,434,513.15 |
| Oregon | \$27,543,797.82 | \$0.00 | \$73,584,977.37 |
| Penn. | \$137,924,610.41 | \$0.00 | \$368,474,217.00 |
| Rhode Island | \$17,253,727.23 | \$0.00 | \$46,094,410.65 |
| South Carolina | \$28,232,446.25 | \$0.00 | \$75,424,744.69 |
| South Dakota | \$8,374,699.41 | \$0.00 | \$22,373,532.90 |
| Tennessee | \$58,581,467.29 | \$0.00 | \$156,504,051.21 |
| Texas | \$0.00 | \$0.00 | \$0.00 |
| Utah | \$10,677,285.47 | \$0.00 | \$28,525,035.47 |
| Vermont | \$9,868,441.49 | \$0.00 | \$26,364,158.22 |
| Virginia | \$49,073,882.70 | \$0.00 | \$131,103,944.75 |
| Washington | \$49,278,196.65 | \$0.00 | \$131,649,782.25 |
| West Virginia | \$21,275,048.98 | \$0.00 | \$56,837,623.03 |
| Wisconsin | \$49,728,936.59 | \$0.00 | \$132,853,962.15 |
| Wyoming | \$5,960,276.82 | \$0.00 | \$15,923,252.04 |
| American Samoa | \$365,208.62 | \$0.00 | \$975,677.65 |
| N. Marianas | \$202,503.22 | \$0.00 | \$541,000.00 |
| Guam | \$526,489.51 | \$0.00 | \$1,406,549.63 |
| US Virgin Island | \$416,623.09 | \$0.00 | \$1,113,034.64 |
| Puerto Rico | \$26,910,657.33 | \$0.00 | \$71,893,502.98 |
| | \$2,400,000,000.00 | \$0.00 | \$6,411,750,000.00 |

| Year - Amount | 2001 | 2002 | 2003 |
|------------------|--------------------|--------------------|--------------------|
| | \$6,923,660,000.00 | \$8,313,294,800.00 | \$8,391,971,144.00 |
| Alabama | \$111,895,403.67 | \$134,353,720.06 | \$135,625,232.71 |
| Alaska | \$23,638,672.09 | \$28,383,145.58 | \$28,651,781.36 |
| Arizona | \$102,046,748.46 | \$122,528,359.78 | \$123,687,958.17 |
| Arkansas | \$57,332,480.87 | \$68,839,575.47 | \$69,491,067.60 |
| California | \$883,732,877.84 | \$1,061,105,244.62 | \$1,071,147,458.11 |
| Colorado | \$94,913,784.01 | \$113,963,751.40 | \$115,042,295.05 |
| Connecticut | \$128,540,333.44 | \$154,339,422.45 | \$155,800,078.15 |
| Delaware | \$27,380,966.02 | \$32,876,548.30 | \$33,187,689.27 |
| D.C. | \$42,034,805.88 | \$50,471,532.83 | \$50,949,191.30 |
| Florida | \$0.00 | \$0.00 | \$0.00 |
| Georgia | \$169,938,293.33 | \$204,046,289.14 | \$205,977,366.58 |
| Hawaii | \$41,671,085.70 | \$50,034,811.08 | \$50,508,336.45 |
| Idaho | \$25,151,109.85 | \$30,189,141.89 | \$30,484,944.11 |
| Illinois | \$322,244,254.19 | \$388,921,293.46 | \$390,583,085.03 |
| Indiana | \$141,229,042.84 | \$169,574,858.88 | \$171,179,701.52 |
| Iowa | \$60,212,783.18 | \$72,297,977.85 | \$72,982,200.02 |
| Kansas | \$57,720,581.87 | \$69,305,547.47 | \$69,961,449.52 |
| Kentucky | \$121,936,632.68 | \$146,410,305.30 | \$147,795,920.49 |
| Louisiana | \$156,152,979.89 | \$187,484,151.32 | \$189,268,580.68 |
| Maine | \$53,267,211.52 | \$63,958,373.54 | \$64,563,670.37 |
| Maryland | \$156,506,355.69 | \$187,918,452.52 | \$189,696,897.43 |
| Mass. | \$279,645,174.68 | \$335,772,232.68 | \$338,949,953.70 |
| Michigan | \$301,314,052.34 | \$361,790,230.09 | \$365,214,183.32 |
| Minnesota | \$0.00 | \$0.00 | \$0.00 |
| Mississippi | \$0.00 | \$0.00 | \$0.00 |
| Missouri | \$157,485,644.00 | \$189,094,291.94 | \$190,883,864.80 |
| Montana | \$29,408,876.82 | \$35,311,477.28 | \$35,645,662.22 |
| Nebraska | \$41,194,622.68 | \$49,462,718.04 | \$49,930,829.17 |
| Nevada | \$42,229,835.47 | \$50,705,706.47 | \$51,185,581.14 |
| New Hampshire | \$48,107,008.63 | \$55,361,059.77 | \$55,884,992.33 |

| Year | 2001 | 2002 | 2003 |
|------------------|---------------------------|---------------------------|---------------------------|
| Amount | \$6,923,860,000.00 | \$8,313,294,800.00 | \$8,391,971,144.00 |
| New Jersey | \$267,737,674.95 | \$321,474,801.04 | \$324,517,212.33 |
| New Mexico | \$41,291,995.30 | \$49,579,634.15 | \$50,048,851.76 |
| New York | \$883,599,638.62 | \$1,060,945,263.21 | \$1,070,985,962.65 |
| North Carolina | \$161,479,483.90 | \$193,889,727.95 | \$195,724,684.52 |
| North Dakota | \$25,341,550.30 | \$30,427,805.29 | \$30,715,771.56 |
| Ohio | \$348,780,049.22 | \$418,783,038.09 | \$422,748,388.61 |
| Oklahoma | \$71,738,602.00 | \$86,137,122.12 | \$86,952,316.82 |
| Oregon | \$79,459,954.68 | \$95,408,213.01 | \$96,311,148.56 |
| Penn. | \$397,892,961.71 | \$477,753,311.05 | \$482,274,729.42 |
| Rhode Island | \$49,774,558.78 | \$59,764,717.02 | \$60,330,325.43 |
| South Carolina | \$81,446,607.84 | \$97,793,603.59 | \$98,719,114.28 |
| South Dakota | \$24,159,821.39 | \$29,008,893.79 | \$29,283,431.59 |
| Tennessee | \$168,999,234.09 | \$202,918,753.08 | \$204,839,159.61 |
| Texas | \$0.00 | \$0.00 | \$0.00 |
| Utah | \$30,802,455.97 | \$36,984,759.08 | \$37,334,779.83 |
| Vermont | \$28,469,055.67 | \$34,183,026.39 | \$34,506,531.76 |
| Virginia | \$141,571,199.45 | \$169,985,689.11 | \$171,594,419.81 |
| Washington | \$142,160,616.27 | \$170,693,406.67 | \$172,308,835.15 |
| West Virginia | \$61,375,502.33 | \$73,694,064.18 | \$74,391,498.79 |
| Wisconsin | \$143,460,937.12 | \$172,254,712.48 | \$173,884,917.03 |
| Wyoming | \$17,194,554.25 | \$20,645,640.96 | \$20,841,029.62 |
| American Samoa | \$1,053,575.12 | \$1,265,036.21 | \$1,277,008.41 |
| N. Marianas | \$584,193.09 | \$701,445.39 | \$708,083.81 |
| Guam | \$1,518,847.65 | \$1,823,692.71 | \$1,840,951.99 |
| US Virgin Island | \$1,201,898.61 | \$1,449,129.42 | \$1,456,787.08 |
| Puerto Rico | \$77,633,434.04 | \$93,215,094.84 | \$94,097,274.89 |
| | <u>\$6,923,860,000.00</u> | <u>\$8,313,294,800.00</u> | <u>\$8,391,971,144.00</u> |

| Year Amount | 2004 to 2007 \$7,004,000,000.00 | 2008 to 2017 \$7,143,000,000.00 |
|----------------|------------------------------------|------------------------------------|
| Alabama | \$113,193,803.17 | \$115,440,225.02 |
| Alaska | \$23,912,967.90 | \$24,387,539.93 |
| Arizona | \$103,230,867.24 | \$105,279,566.63 |
| Arkansas | \$57,997,749.17 | \$59,148,761.04 |
| California | \$893,987,439.65 | \$911,729,337.72 |
| Colorado | \$96,015,134.08 | \$97,920,631.45 |
| Connecticut | \$130,031,875.55 | \$132,612,462.45 |
| Delaware | \$27,898,686.24 | \$28,248,388.89 |
| D.C. | \$42,522,584.89 | \$43,388,459.11 |
| Florida | \$0.00 | \$0.00 |
| Georgia | \$171,910,204.50 | \$175,321,900.45 |
| Hawaii | \$42,154,624.04 | \$42,991,216.38 |
| Idaho | \$25,442,955.52 | \$25,947,891.39 |
| Illinois | \$325,983,476.42 | \$332,452,880.08 |
| Indiana | \$142,867,820.78 | \$145,703,147.32 |
| Iowa | \$60,911,473.61 | \$62,120,310.68 |
| Kansas | \$58,390,333.34 | \$59,549,136.35 |
| Kentucky | \$123,351,547.49 | \$125,799,557.93 |
| Louisiana | \$157,964,930.57 | \$161,099,871.36 |
| Maine | \$53,885,307.70 | \$54,854,704.87 |
| Maryland | \$158,322,406.83 | \$161,464,442.03 |
| Mass. | \$282,890,090.42 | \$288,504,271.26 |
| Michigan | \$304,810,407.01 | \$310,859,814.11 |
| Minnesota | \$0.00 | \$0.00 |
| Mississippi | \$0.00 | \$0.00 |
| Missouri | \$159,313,058.50 | \$162,474,753.97 |
| Montana | \$29,750,128.30 | \$30,340,543.46 |
| Nebraska | \$41,672,632.27 | \$42,499,659.09 |
| Nevada | \$42,719,857.37 | \$43,567,667.21 |
| New Hampshire | \$46,642,020.04 | \$47,567,668.35 |

| Year | 2004 to 2007 | 2008 to 2017 |
|------------------|---------------------------|---------------------------|
| Amount | \$7,004,000,000.00 | \$7,143,000,000.00 |
| New Jersey | \$270,844,419.77 | \$276,219,544.60 |
| New Mexico | \$41,771,134.78 | \$42,600,116.47 |
| New York | \$893,852,654.37 | \$911,591,877.52 |
| North Carolina | \$163,353,241.67 | \$166,595,117.83 |
| North Dakota | \$25,635,805.78 | \$26,144,364.95 |
| Ohio | \$352,827,184.57 | \$359,829,323.15 |
| Oklahoma | \$72,571,034.45 | \$74,011,264.86 |
| Oregon | \$80,381,983.32 | \$81,977,228.27 |
| Penn. | \$402,509,988.05 | \$410,498,121.73 |
| Rhode Island | \$50,352,127.30 | \$51,351,405.67 |
| South Carolina | \$82,391,688.98 | \$84,026,818.16 |
| South Dakota | \$24,440,164.46 | \$24,925,199.13 |
| Tennessee | \$170,960,248.71 | \$174,353,092.02 |
| Texas | \$0.00 | \$0.00 |
| Utah | \$31,159,878.10 | \$31,778,270.89 |
| Vermont | \$28,799,401.75 | \$29,370,948.99 |
| Virginia | \$143,213,947.68 | \$146,056,143.38 |
| Washington | \$143,810,203.90 | \$146,684,232.79 |
| West Virginia | \$62,087,684.60 | \$63,319,864.52 |
| Wisconsin | \$145,125,613.28 | \$148,005,747.52 |
| Wyoming | \$17,394,074.52 | \$17,739,273.88 |
| American Samoa | \$1,065,800.48 | \$1,086,952.15 |
| N. Marianas | \$590,971.89 | \$602,700.20 |
| Guam | \$1,536,471.89 | \$1,566,964.41 |
| US Virgin Island | \$1,216,845.06 | \$1,239,974.49 |
| Puerto Rico | \$78,534,268.30 | \$80,092,843.87 |
| | <u>\$7,004,000,000.00</u> | <u>\$7,143,000,000.00</u> |

| Year | 2018 to 2025 | Total |
|---------------|--------------------|----------------------|
| Amount | \$8,003,999,997.00 | \$195,918,675,920.00 |
| Alabama | \$129,355,111.40 | \$3,166,302,118.81 |
| Alaska | \$27,327,155.19 | \$688,903,058.50 |
| Arizona | \$117,969,711.74 | \$2,887,614,909.02 |
| Arkansas | \$66,278,410.08 | \$1,622,336,125.69 |
| California | \$1,021,626,993.76 | \$25,008,972,610.74 |
| Colorado | \$109,723,748.27 | \$2,685,773,548.89 |
| Connecticut | \$148,597,248.93 | \$3,637,303,381.55 |
| Delaware | \$31,653,381.58 | \$774,798,676.89 |
| D.C. | \$48,593,747.53 | \$1,189,458,105.58 |
| Florida | \$0.00 | \$0.00 |
| Georgia | \$196,454,779.60 | \$4,808,740,688.60 |
| Hawaii | \$48,173,273.84 | \$1,179,165,923.07 |
| Idaho | \$29,075,587.65 | \$711,700,479.23 |
| Illinois | \$372,525,948.64 | \$9,118,539,559.10 |
| Indiana | \$163,265,853.39 | \$3,986,355,551.01 |
| Iowa | \$69,608,143.15 | \$1,703,839,985.56 |
| Kansas | \$66,727,045.67 | \$1,633,317,646.19 |
| Kentucky | \$140,963,133.32 | \$3,450,438,588.10 |
| Louisiana | \$180,518,461.42 | \$4,418,657,915.22 |
| Maine | \$61,578,812.49 | \$1,507,301,275.81 |
| Maryland | \$180,926,976.56 | \$4,428,657,383.58 |
| Mass. | \$323,279,880.48 | \$7,913,114,212.77 |
| Michigan | \$348,329,882.46 | \$8,526,278,033.60 |
| Minnesota | \$0.00 | \$0.00 |
| Mississippi | \$0.00 | \$0.00 |
| Missouri | \$182,059,069.06 | \$4,456,368,288.30 |
| Montana | \$33,997,719.42 | \$832,182,430.63 |
| Nebraska | \$47,622,465.53 | \$1,165,683,457.48 |
| Nevada | \$48,819,208.77 | \$1,194,978,854.76 |
| New Hampshire | \$53,301,380.40 | \$1,304,689,150.27 |

| Year | 2018 to 2025 | Total |
|------------------|---------------------------|-----------------------------|
| Amount | \$8,003,999,997.00 | \$195,918,675,920.00 |
| New Jersey | \$309,514,382.50 | \$7,576,167,918.47 |
| New Mexico | \$47,735,031.79 | \$1,168,438,809.05 |
| New York | \$1,021,472,964.43 | \$25,003,202,243.12 |
| North Carolina | \$186,676,091.64 | \$4,569,381,898.24 |
| North Dakota | \$29,295,743.66 | \$717,089,389.09 |
| Ohio | \$403,202,282.16 | \$9,869,422,448.51 |
| Oklahoma | \$82,932,404.27 | \$2,029,985,862.29 |
| Oregon | \$91,858,565.71 | \$2,248,476,833.11 |
| Penn. | \$459,978,575.54 | \$11,259,189,603.46 |
| Rhode Island | \$57,541,180.29 | \$1,408,469,747.28 |
| South Carolina | \$94,155,208.21 | \$2,304,693,119.82 |
| South Dakota | \$27,929,622.54 | \$683,650,008.54 |
| Tennessee | \$195,369,193.34 | \$4,782,168,127.09 |
| Texas | \$0.00 | \$0.00 |
| Utah | \$35,608,747.04 | \$871,618,513.42 |
| Vermont | \$32,911,252.36 | \$805,588,329.25 |
| Virginia | \$163,661,398.74 | \$4,006,037,550.26 |
| Washington | \$164,342,785.78 | \$4,022,716,266.79 |
| West Virginia | \$70,952,288.31 | \$1,736,741,427.33 |
| Wisconsin | \$165,846,003.46 | \$4,059,511,421.32 |
| Wyoming | \$19,877,523.19 | \$486,553,976.10 |
| American Samoa | \$1,217,970.74 | \$29,812,995.31 |
| N. Marianas | \$675,348.22 | \$16,530,900.80 |
| Guam | \$1,755,842.52 | \$42,978,803.27 |
| US Virgin Island | \$1,389,438.02 | \$34,010,102.11 |
| Puerto Rico | \$89,747,042.15 | \$2,186,791,813.07 |
| | <u>\$8,003,999,997.00</u> | <u>\$195,918,675,920.00</u> |