

FIRST ENGROSSMENT
House Amendments - Majority Report
ENGROSSED HOUSE BILL NO. 1015

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the various divisions
2 under the supervision of the director of the office of management and budget; to create and
3 enact a new subsection to section 54-44.1-18 of the North Dakota Century Code, relating to
4 political subdivisions submitting budget information to the state budget database website; to
5 amend and reenact section 15.1-27-25 of the North Dakota Century Code, relating to
6 distributions of royalties; to provide an exemption; to provide for various transfers; to provide
7 legislative intent; to provide for legislative management studies; and to provide an effective
8 date.

9 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

10 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
11 as may be necessary, are appropriated out of any moneys in the general fund in the state
12 treasury, not otherwise appropriated, and from special funds derived from federal funds and
13 other income, to the office of management and budget for the purpose of defraying the
14 expenses of that agency, for the biennium beginning July 1, 2013, and ending June 30, 2015,
15 as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
18 Salaries and wages	\$18,477,763	\$1,241,539	\$19,719,302
19 Operating expenses	13,755,254	471,534	14,226,788
20 Emergency commission	700,000	300,000	1,000,000
21 contingency fund			
22 Capital assets	5,190,143	605,922	5,796,065
23 Grants	430,000	0	430,000
24 Prairie public broadcasting	1,000,000	537,138	1,537,138

Sixty-third
Legislative Assembly

1	State student internship program	200,000	0	200,000
2	Accrued leave payments	<u>0</u>	<u>570,412</u>	<u>570,412</u>
3	Total all funds	\$39,753,160	\$3,726,545	\$43,479,705
4	Less estimated income	<u>10,514,461</u>	<u>(1,844,863)</u>	<u>8,669,598</u>
5	Total general fund	\$29,238,699	\$5,571,408	\$34,810,107
6	Full-time equivalent positions	131.50	(1.00)	130.50

7 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**

8 **SIXTY-FOURTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time
 9 funding items approved by the sixty-second legislative assembly for the 2011-13 biennium and
 10 the 2013-15 one-time funding items included in the appropriation in section 1 of this Act:

11	<u>One-Time Funding Description</u>	<u>2011-13</u>	<u>2013-15</u>
12	Capitol envelope	\$2,800,000	\$0
13	Capitol complex parking lot repairs	800,000	0
14	North Dakota 125 th anniversary coordinator	50,000	190,000
15	Board of integrative health	4,000	0
16	State transfers	474,700,000	0
17	Capitol south entrance	0	1,000,000
18	Exterior restoration of legislative and j-wing	0	1,500,000
19	Prairie public broadcasting	0	200,000
20	Repair and cleaning capitol and j-wing	<u>0</u>	<u>1,200,000</u>
21	Total general fund	\$478,354,000	\$4,090,000

22 The 2013-15 one-time funding amounts are not a part of the entity's base budget for the
 23 2015-17 biennium. The office of management and budget shall report to the appropriations
 24 committees of the sixty-fourth legislative assembly on the use of this one-time funding for the
 25 biennium beginning July 1, 2013, and ending June 30, 2015.

26 **SECTION 3. APPROPRIATION - TRANSFER GENERAL FUND TO PROPERTY TAX**

27 **RELIEF SUSTAINABILITY FUND.** There is appropriated out of any moneys in the general fund
 28 in the state treasury, not otherwise appropriated, the sum of \$373,210,000, or so much of the
 29 sum as may be necessary, which the office of management and budget shall transfer to the
 30 property tax relief sustainability fund during the biennium beginning July 1, 2013, and ending
 31 June 30, 2015.

1 **SECTION 4. EXEMPTION.** The amount appropriated for the fiscal management division, as
2 contained in section 1 of chapter 15 of the 2009 Session Laws is not subject to the provisions of
3 section 54-44.1-11. Any unexpended funds from this appropriation are available for continued
4 development and operating costs of the accounting, management, and payroll systems, during
5 the biennium beginning July 1, 2013, and ending June 30, 2015.

6 **SECTION 5. INTENT.** Within the authority included in section 1 of this Act are the following
7 grants and special items:

8 Boys and girls clubwork	\$53,000
9 State memberships and related expenses	\$611,000
10 Unemployment insurance	\$1,500,000
11 Capitol grounds planning commission	\$25,000

12 **SECTION 6. STATE STUDENT INTERNSHIP PROGRAM.** The human resources division
13 of the office of management and budget may transfer to each eligible agency appropriated
14 general fund spending authority from the state student internship program line item contained in
15 section 1 of this Act.

16 **SECTION 7. FUNDING TRANSFERS - EXCEPTION - AUTHORIZATION.** Notwithstanding
17 section 54-16-04, agencies may transfer appropriation authority between line items, as it relates
18 to compensation increases authorized in section 8 of this Act, for the biennium beginning July 1,
19 2013, and ending June 30, 2015. However, agencies may not transfer appropriation authority
20 from the accrued leave payments line item under authority granted in this section. The agencies
21 shall notify the office of management and budget of any transfer made pursuant to this section.

22 **SECTION 8. STATE EMPLOYEE COMPENSATION ADJUSTMENTS - LEGISLATIVE**
23 **INTENT - GUIDELINES.** It is the intent of the sixty-third legislative assembly that 2013-15
24 biennium compensation adjustments for classified state employees are to be in a range of 2 to
25 4 percent for each year of the biennium based on documented performance. Increases for
26 classified state employees are not to be the same percentage increase for each employee. The
27 performance increases are to be given beginning with the month of July 2013, to be paid in
28 August 2013, and beginning with the month of July 2014, to be paid in August 2014. An
29 additional compensation adjustment of up to 2 percent for the first year of the biennium may be
30 provided for a classified state employee whose salary is in the first quartile of the employee's

1 assigned salary range to address market equity. The market equity increases are to be given
2 beginning with the month of July 2013, to be paid in August 2013.

3 It is the intent of the sixty-third legislative assembly that the goal of the classified state
4 employee compensation program be a compensation ratio of 95 percent of the market policy
5 point used by the office of management and budget for establishing the grade and salary range
6 structure for fiscal year 2013. The office of management and budget may not adjust the market
7 policy point based on an estimated inflationary factor during the 2013-15 biennium. The office of
8 management and budget shall develop guidelines for use by state agencies for providing
9 compensation adjustments for regular classified employees in accordance with provisions of
10 this section and section 54-44.3-01.2.

11 Compensation adjustments for regular nonclassified state employees are to be in a range of
12 2 to 4 percent for each year of the biennium based on market and documented performance
13 and are not to be the same percentage increase for each employee. The market and
14 performance increases are to be given beginning with the month of July 2013, to be paid in
15 August 2013, and beginning with the month of July 2014, to be paid in August 2014.

16 It is the intent of the legislative assembly that retirement contribution percentages provided
17 by the state and the employee to the public employees retirement system not be changed
18 during the 2013-15 biennium from the percentages in effect at the end of the 2011-13 biennium.

19 Probationary employees are not entitled to the market and performance increases.
20 However, probationary employees may be given all or a portion of the increases upon
21 completion of probation, at the discretion of the appointing authority. Employees whose overall
22 documented performance level does not meet standards are not eligible for any salary increase.

23 **SECTION 9. ACCRUED LEAVE PAYMENTS LINE ITEM - LINE ITEM TRANSFERS -**
24 **EMERGENCY COMMISSION APPROVAL.** The accrued leave payments line item included in
25 agency appropriation bills, as approved by the sixty-third legislative assembly, includes funding
26 for paying accrued annual leave and sick leave for eligible employees resigning, retiring, or
27 otherwise discontinuing employment with the agency. The emergency commission may approve
28 agency requests for line item transfers from the accrued leave payments line item to the
29 salaries and wages line item or other line item that includes salaries and wages funding subject
30 to the agency providing documentation justifying the need for the funding transfer for the
31 biennium beginning July 1, 2013, and ending June 30, 2015.

1 **SECTION 10. AMENDMENT.** Section 15.1-27-25 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **15.1-27-25. Royalties available under federal law - Distribution to counties and school**
4 **districts - Continuing appropriation.**

- 5 1. Any money paid to the state by the secretary of the treasury of the United States
6 under the provisions of an Act of Congress entitled "An Act to promote the mining of
7 coal, phosphate, oil, oil shale, gas, and sodium on the public domain" [Pub. L. 66-146;
8 41 Stat. 437; 30 U.S.C. 181 et seq.] must be credited to the state general fund and the
9 federal mineral royalties distribution fund and must be distributed only pursuant to the
10 terms of this section.
- 11 2. Within three months following the calendar quarters ending in March, June,
12 September, and December, the state auditor shall certify to the state treasurer the
13 amount of money the state received during the preceding calendar quarter for royalties
14 under the Act of Congress cited in subsection 1.
- 15 3. The state treasurer shall allocate the percentage of the total moneys received as
16 required by this section among the counties in which the minerals were produced
17 based on the proportion each county's mineral royalty revenue bears to the total
18 mineral royalty revenue received by the state for that calendar quarter. The state
19 treasurer shall pay the amount calculated to each county.
- 20 4. The counties may use any money received under this section only for the planning,
21 construction, and maintenance of public facilities and the provision of public services.
22 As used in this section, public facilities include any facility used primarily for public use
23 as determined by the board of county commissioners whether located on public or
24 private property.
- 25 5. The percentage of money received by the state under the Act of Congress cited in
26 subsection 1 which must be allocated and paid to the counties under this section is ~~ten~~
27 ~~percent for collections in 2000, twenty percent for collections in 2001, thirty percent for~~
28 ~~collections in 2002, forty percent for collections in 2003, and fifty percent for~~
29 ~~collections in 2004 and thereafter.~~
- 30 6. Any remaining money received by the state under the Act of Congress cited in
31 subsection 1 must be distributed to school districts as provided for in this chapter. Any

1 moneys distributed under this subsection are deemed the first moneys withdrawn or
2 expended from the general fund for the purpose of state aid to school districts.

3 7. A reserve for distributions to counties pursuant to this section is created as a special
4 fund in the state treasury known as the federal mineral royalties distribution fund. The
5 state treasurer shall deposit in the fund fifty percent of amounts received pursuant to
6 this section.

7 8. The funds needed to make the distribution to counties, as provided for in this section,
8 are hereby appropriated on a continuing basis.

9 **SECTION 11.** A new subsection to section 54-44.1-18 of the North Dakota Century Code is
10 created and enacted as follows:

11 The governing body of each political subdivision may submit the annual budget
12 adopted by the governing body to the director of the budget for inclusion in the state
13 budget database website. The director of the budget shall include in the budget
14 database website any information submitted by any participating governing body of a
15 political subdivision. The official who submits the annual budget to the director of the
16 budget may not submit any information that is confidential under state or federal law.
17 In lieu of submitting the annual budget adopted by the governing body to the director,
18 any participating governing body may provide to the director a publicly accessible
19 internet link on which the annual budget adopted by the participating governing body is
20 available.

21 **SECTION 12. LEGISLATIVE MANAGEMENT STUDY - STATE AGENCY FACILITY**

22 **NEEDS.** During the 2013-14 interim, the legislative management shall study the facility needs of
23 state agencies located in the Bismarck area, including an evaluation of current and projected
24 facility needs of state agencies, facilities on the capitol grounds currently being used by state
25 agencies, and facilities owned or leased by state agencies that are not located on the capitol
26 grounds. As part of the study, the legislative management shall determine if additional facilities
27 are needed for the operations of state agencies. If it is determined that additional space is
28 needed, the legislative management shall review the most economical options for increasing
29 the amount of facilities space available, including options for renovating or expanding existing
30 buildings on the capitol grounds, options for constructing new buildings on the capitol grounds,
31 and options for building or leasing facilities that are not located on the capitol grounds. The

1 legislative management shall report its findings and recommendations, together with any
2 legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

3 **SECTION 13. LEGISLATIVE MANAGEMENT STUDY - SALARIES AND WAGES**

4 **APPROPRIATIONS - CLASSIFICATION SYSTEM.** The legislative management shall consider
5 studying, during the 2013-14 interim, the process of appropriating funds for salaries and wages
6 and the state's classification system. The study, if conducted, must consider the feasibility and
7 desirability of appropriating a lump sum amount to each agency for salaries and wages, without
8 identifying specific purposes for the funding and allowing the agency head the flexibility to use
9 the funding as necessary to accomplish the duties and responsibilities of the agency. The study
10 must also include the effect of this change on the state's classification and benefits system and
11 on the process of reporting by the agency on its use of the funds to the legislative assembly.
12 The legislative management shall report its findings and recommendations, together with any
13 legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

14 **SECTION 14. LEGISLATIVE MANAGEMENT STUDY - STATE EMPLOYEE HEALTH**

15 **INSURANCE PREMIUMS.** The legislative management shall consider studying, during the
16 2013-14 interim, the feasibility and desirability of establishing a maximum state contribution to
17 the cost of state employee health insurance premiums. The legislative management shall report
18 its findings and recommendations, together with any legislation required to implement the
19 recommendations, to the sixty-fourth legislative assembly.

20 **SECTION 15. EFFECTIVE DATE.** Section 11 of this Act becomes effective on January 1,
21 2014.