

JOURNAL OF THE HOUSE

Sixty-third Legislative Assembly

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Bismarck, May 1, 2013

The House convened at 8:04 a.m., with Speaker Devlin presiding.

The prayer was offered by Representative Trottier, Northwood.

The roll was called and all members were present except Representative Zaiser.

A quorum was declared by the Speaker.

MOTION

REP. VIGESAA MOVED that all House employees be compensated for Monday, April 15, 2013, while the House was in recess due to a winter storm. Whereas the employees have put in many hours of uncompensated overtime and will put in many more before the session adjourns, the Legislative Assembly feels they deserve to be paid for these days, which motion prevailed.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. OWENS MOVED that the conference committee report on Engrossed HB 1029 as printed on HJ pages 2060-2061 be adopted, which motion prevailed on a voice vote.

Engrossed HB 1029, as amended, was placed on the Eleventh order of business.

SECOND READING OF HOUSE BILL

HB 1029: A BILL for an Act to create and enact a new subsection to section 57-35.3-05 of the North Dakota Century Code, relating to a tax credit for contributions to the housing incentive fund; to amend and reenact subsection 3 of section 54-17-07.3 and sections 54-17-40, 54-17-41, and 57-38-01.32 of the North Dakota Century Code, relating to a multifamily housing finance program and to the housing incentive fund and tax credits; to provide a report to the budget section; to provide a continuing appropriation; to provide an effective date; to provide an expiration date; and to declare an emergency.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 88 YEAS, 5 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

YEAS: Amerman; Anderson; Beadle; Bellew; Belter; Boe; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Dockter; Dosch; Drovdal; Fehr; Frantsvog; Froseth; Glassheim; Grande; Gruchalla; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Heilman; Heller; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, N.; Karls; Kasper; Keiser; Kelsh, J.; Kelsh, S.; Kempenich; Kiefert; Klein; Klemm; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Kreun; Laning; Larson; Looyson; Louser; Maragos; Martinson; Meier; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Onstad; Oversen; Owens; Paur; Pollert; Porter; Rohr; Rust; Sanford; Schatz; Schmidt; Silbernagel; Skarphol; Steiner; Streyle; Strinden; Sukut; Thoreson; Trottier; Vigasaa; Wall; Weisz; Wieland; Williams; Speaker Devlin

NAYS: Becker; Delzer; Headland; Ruby; Toman

ABSENT AND NOT VOTING: Zaiser

Reengrossed HB 1029 passed and the emergency clause was declared carried.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. DOSCH MOVED that the conference committee report on HB 1258 as printed on HJ pages 2061-2062 be adopted, which motion prevailed on a voice vote.

HB 1258, as amended, was placed on the Eleventh order of business.

SECOND READING OF HOUSE BILL

HB 1258: A BILL for an Act to amend and reenact section 15.1-21-02.5 and subsection 7 of 15.1-21-02.6 of the North Dakota Century Code, relating to eligibility requirements for the North Dakota academic scholarship.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 93 YEAS, 0 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

YEAS: Amerman; Anderson; Beadle; Becker; Bellew; Belter; Boe; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Dockter; Dosch; Drovdal; Fehr; Frantsvog; Froseth; Glassheim; Grande; Gruchalla; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Heilman; Heller; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, N.; Karls; Kasper; Keiser; Kelsh, J.; Kelsh, S.; Kempenich; Kiefert; Klein; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Kreun; Laning; Larson; Looyen; Louser; Maragos; Martinson; Meier; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Onstad; Oversen; Owens; Paur; Pollert; Porter; Rohr; Ruby; Rust; Sanford; Schatz; Schmidt; Silbernagel; Skarphol; Steiner; Streyle; Strinden; Sukut; Thoreson; Toman; Trotter; Vigasaa; Wall; Weisz; Wieland; Williams; Speaker Devlin

ABSENT AND NOT VOTING: Zaiser

Engrossed HB 1258 passed.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. BELLEW MOVED that the conference committee report on Engrossed SB 2004 as printed on HJ pages 2062-2067 be adopted, which motion prevailed on a voice vote.

Engrossed SB 2004, as amended, was placed on the Fourteenth order of business.

SECOND READING OF SENATE BILL

SB 2004: A BILL for an Act to provide an appropriation for defraying the expenses of the state department of health; to amend and reenact section 14-02.1-01 of the North Dakota Century Code as amended in section 1 of Senate Bill No. 2368, as approved by the sixty-third legislative assembly, and the new section to chapter 14-02.1 of the North Dakota Century Code as created by section 3 of Senate Bill No. 2368, as approved by the sixty-third legislative assembly, relating to the state's compelling interest in the unborn human life from the time the unborn child is capable of feeling pain; to repeal chapter 23-17.5 and section 23-46-05 of the North Dakota Century Code, relating to health care provider cooperative agreements and state financial assistance for emergency medical services; to provide legislative intent; and to provide for a legislative management study.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 71 YEAS, 22 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

YEAS: Amerman; Anderson; Bellew; Belter; Boe; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Dockter; Drovdal; Fehr; Frantsvog; Froseth; Glassheim; Grande; Gruchalla; Guggisberg; Hatlestad; Headland; Heilman; Heller; Hofstad; Holman; Hunskor; Johnson, D.; Karls; Kasper; Kelsh, J.; Kelsh, S.; Kempenich; Kiefert; Klein; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Laning; Larson; Looyen; Louser; Martinson; Meier; Monson; Muscha;

Nathe; Nelson, M.; Oversen; Owens; Paur; Pollert; Porter; Rohr; Rust; Sanford; Schatz; Schmidt; Silbernagel; Skarphol; Steiner; Streyle; Sukut; Thoreson; Toman; Trottier; Vigesaa; Wieland; Speaker Devlin

NAYS: Beadle; Becker; Delmore; Delzer; Dosch; Haak; Hanson; Hawken; Hogan; Johnson, N.; Keiser; Kreun; Maragos; Mock; Mooney; Nelson, J.; Onstad; Ruby; Strinden; Wall; Weisz; Williams

ABSENT AND NOT VOTING: Zaiser

Engrossed SB 2004, as amended, passed.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. WIELAND MOVED that the conference committee report on Engrossed SB 2015 as printed on HJ pages 2067-2071 be adopted, which motion prevailed on a voice vote.

Engrossed SB 2015, as amended, was placed on the Fourteenth order of business.

SECOND READING OF SENATE BILL

SB 2015: A BILL for an Act to provide an appropriation for defraying the expenses of the department of corrections and rehabilitation; to provide for refusal of admission of inmates; to provide for a legislative management study; to provide for a report to legislative management; to provide an exemption; and to amend and reenact subsection 2 of section 12.1-32-07 of the North Dakota Century Code, relating to supervision fees.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 83 YEAS, 10 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

YEAS: Amerman; Anderson; Beadle; Bellew; Belter; Boehning; Boschee; Brandenburg; Carlson; Damschen; Delmore; Delzer; Dockter; Dosch; Drovdal; Fehr; Frantsvog; Froseth; Glassheim; Grande; Gruchalla; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Heilman; Heller; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, N.; Karls; Kasper; Keiser; Kelsh, J.; Kelsh, S.; Kempenich; Kiefert; Klein; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Kreun; Laning; Larson; Looyesen; Louser; Maragos; Martinson; Meier; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Onstad; Oversen; Owens; Paur; Pollert; Ruby; Rust; Sanford; Schatz; Schmidt; Silbernagel; Skarphol; Steiner; Strinden; Sukut; Thoreson; Vigesaa; Wall; Weisz; Wieland; Williams; Speaker Devlin

NAYS: Becker; Boe; Brabandt; Klemin; Mock; Porter; Rohr; Streyle; Toman; Trottier

ABSENT AND NOT VOTING: Zaiser

Engrossed SB 2015, as amended, passed.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. WEISZ MOVED that the conference committee report on Reengrossed SB 2187 as printed on HJ pages 2071-2073 be adopted, which motion prevailed on a voice vote.

Reengrossed SB 2187, as amended, was placed on the Fourteenth order of business.

SECOND READING OF SENATE BILL

SB 2187: A BILL for an Act to create and enact section 6-09-47 of the North Dakota Century Code, relating to a Bank of North Dakota medical facility infrastructure loan program; to provide for a report; to provide for a transfer; to provide a contingent appropriation; to provide a continuing appropriation; to provide an effective date; and to provide an expiration date.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 93 YEAS, 0 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

YEAS: Amerman; Anderson; Beadle; Becker; Bellew; Belter; Boe; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Dockter; Dosch; Drovdal; Fehr; Frantsvog; Froseth; Glassheim; Grande; Gruchalla; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Heilman; Heller; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, N.; Karls; Kasper; Keiser; Kelsh, J.; Kelsh, S.; Kempenich; Kiefert; Klein; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Kreun; Laning; Larson; Looysen; Louser; Maragos; Martinson; Meier; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Onstad; Oversen; Owens; Paur; Pollert; Porter; Rohr; Ruby; Rust; Sanford; Schatz; Schmidt; Silbernagel; Skarphol; Steiner; Streyle; Strinden; Sukut; Thoreson; Toman; Trottier; Vigasaa; Wall; Weisz; Wieland; Williams; Speaker Devlin

ABSENT AND NOT VOTING: Zaiser

Reengrossed SB 2187, as amended, passed.

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

MR. PRESIDENT: The House has adopted the conference committee report and subsequently passed: HB 1258.

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

MR. PRESIDENT: The House has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1029.

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

MR. PRESIDENT: The House has adopted the conference committee report and subsequently passed: SB 2004, SB 2015, SB 2187.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: The Senate has adopted the conference committee report and subsequently passed: HB 1018, HB 1038.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: The Senate has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1008.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: The Senate has adopted the conference committee report, subsequently passed, and the emergency clause carried: SB 2014, SB 2020.

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

MR. PRESIDENT: Your signature is respectfully requested on: HB 1422.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: Your signature is respectfully requested on: SB 2018, SB 2205.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: The President has signed: HB 1001, HB 1020, HB 1261.

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

MR. PRESIDENT: The Speaker has signed: HB 1001, HB 1020, HB 1261.

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

MR. PRESIDENT: The Speaker has signed: SB 2018, SB 2205.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: The President has signed: SB 2001, SB 2019, SB 2242.

DELIVERY OF ENROLLED BILLS AND RESOLUTIONS

The following bills were delivered to the Governor for approval on May 1, 2013: HB 1001, HB 1020, HB 1261.

ANNOUNCEMENT

SPEAKER DEVLIN ANNOUNCED that the House would stand in recess until 1:00 p.m.

THE HOUSE RECONVENED pursuant to recess taken, with Speaker Devlin presiding.

REPORT OF CONFERENCE COMMITTEE

HB 1012, as engrossed: Your conference committee (Sens. Kilzer, Erbele, Mathern and Reps. Pollert, Bellew, Holman) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1667-1677, adopt amendments as follows, and place HB 1012 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1667-1677 of the House Journal and pages 1448-1458 of the Senate Journal and that Engrossed House Bill No. 1012 be amended as follows:

Page 1, line 2, remove "and personal needs"

Page 1, line 3, remove "allowances"

Page 1, line 3, after "reenact" insert "subdivision f of subsection 2 of section 12-60-24, subsection 3 of section 14-09-09.10, and"

Page 1, line 4, after the first "to" insert "criminal background checks for foster care providers, child support payments, and"

Page 1, line 5, after the semicolon insert "to provide for a report to the legislative management; to provide for legislative management studies"

Page 1, replace lines 17 through 22 with:

"Salaries and wages	\$15,382,133	\$25,247,062	\$40,629,195
Operating expenses	62,229,003	8,668,982	70,897,985
Capital assets	<u>138,400</u>	<u>(126,400)</u>	<u>12,000</u>
Total all funds	\$77,749,536	\$33,789,644	\$111,539,180
Less estimated income	<u>46,573,712</u>	<u>13,024,040</u>	<u>59,597,752</u>
Total general fund	\$31,175,824	\$20,765,604	\$51,941,428"

Page 2, replace lines 3 through 9 with:

"Salaries and wages	\$50,207,605	(\$1,365,487)	\$48,842,118
Operating expenses	91,973,280	14,740,749	106,714,029
Grants	490,196,862	(36,122,732)	454,074,130
Grants - medical assistance	<u>1,601,650,984</u>	<u>148,872,688</u>	<u>1,750,523,672</u>
Total all funds	\$2,234,028,731	\$126,125,218	\$2,360,153,949
Less estimated income	<u>1,497,456,325</u>	<u>(70,714,334)</u>	<u>1,426,741,991</u>
Total general fund	\$736,572,406	\$196,839,552	\$933,411,958"

Page 2, replace lines 11 through 29 with:

"FIELD SERVICES

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Human service centers	\$163,188,026	\$11,469,662	\$174,657,688
Institutions	<u>123,232,447</u>	<u>2,667,659</u>	<u>125,900,106</u>
Total all funds	\$286,420,473	\$14,137,321	\$300,557,794
Less estimated income	<u>126,939,489</u>	<u>(4,554,629)</u>	<u>122,384,860</u>
Total general fund	\$159,480,984	\$18,691,950	\$178,172,934"

Page 3, replace lines 3 through 6 with:

"Grand total general fund	\$927,229,214	\$237,540,188	\$1,164,769,402
Grand total special funds	<u>1,670,969,526</u>	<u>97,104,398</u>	<u>1,768,073,924</u>
Grand total all funds	\$2,598,198,740	\$334,644,586	\$2,932,843,326
Full-time equivalent positions	2,197.35	2.73	2,200.08"

Page 3, replace lines 15 and 16 with:

"State hospital capital projects	1,800,000	864,714
Grants	0	925,000"

Page 3, replace lines 24 through 26 with:

"Total all funds	\$50,349,515	\$2,819,714
Less estimated income	<u>36,602,712</u>	<u>1,086,093</u>
Total general fund	\$13,746,803	\$1,733,621"

Page 4, after line 21, insert:

"SECTION 7. AMENDMENT. Subdivision f of subsection 2 of section 12-60-24 of the North Dakota Century Code is amended and reenacted as follows:

- f. The department of human services for foster care licenses and approvals under chapter 50-11, appointments of legal guardians under chapter 50-11.3, and petitions for adoptions under chapter 50-12, except that the criminal history record investigation must be conducted in accordance with those chapters. A criminal history record investigation completed under chapter 50-11, 50-11.3, or 50-12 may be used to satisfy the requirements of a criminal history record investigation under either of the other two chapters.

SECTION 8. AMENDMENT. Subsection 3 of section 14-09-09.10 of the North Dakota Century Code is amended and reenacted as follows:

3. "Child support" means payments for the support of ~~children~~ a child, including payments for health insurance coverage or other medical support, and ~~combined~~ payments for the support of ~~children and spouses~~ or former spouses with whom the child is living as long as the spousal support payment is owed to the spouse or former spouse under the same order as the payments for the child, however denominated; if the payment is required by the order of a court or other governmental agency having authority to issue such orders, and includes past-due support."

Page 5, remove lines 22 through 29

Page 6, line 5, replace "\$150,000" with "\$300,000"

Page 6, line 8, replace "2011" with "2012"

Page 6, line 10, after the period insert "No more than fifty percent of this appropriation may be distributed in each fiscal year of the biennium."

Page 6, line 11, replace "**GRANTS**" with "**GRANT**"

Page 6, line 13, replace "grants" with "a grant"

Page 6, line 13, after "program" insert "affiliated with a winter park that is located in a county of less than 10,000 individuals"

Page 6, line 16, after "program" insert ". The requirements of chapter 54-44.4 do not apply to the selection of a grantee, the grant award, or payments made under this section"

Page 6, after line 23, insert:

"SECTION 15. LEGISLATIVE MANAGEMENT STUDY - NORTH DAKOTA HEALTH CARE. During the 2013-14 interim, the legislative management shall

consider studying the immediate needs and challenges of the North Dakota health care delivery system, implementing the healthy North Dakota initiative, examining Medicaid reform, and the feasibility of developing a plan for a private health care model that will comply with federal health care reform in a manner that will provide high-quality, accessible, and affordable care for North Dakota citizens. In performing the study, the legislative management may consider population shifts, facility needs, personnel needs, rural access, regulatory public health functions, and vulnerable populations; determine the scope of the weakness in the current health care system; take into account the ongoing impact that federal health care reform under the federal Affordable Care Act is having on state delivery of health care and on state delivery of Medicaid; and consider how to forge partnerships with federal payers and regulators in order to work toward addressing medical reimbursement system reform. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 16. LEGISLATIVE MANAGEMENT STUDY OF THE NEED FOR A COMPREHENSIVE SYSTEM OF CARE FOR INDIVIDUALS WITH BRAIN INJURY. During the 2013-14 interim, the legislative management shall consider studying the need for a comprehensive system of care for individuals with brain injury, including services available to veterans who are returning from wars, the impact of the inclusion of all acquired brain injury on traumatic brain injury programs, the need for a statewide registry for brain injury, the need for increased awareness of the impact of brain injury, the need for screening for brain injury in the education system, the availability of community support systems, the availability of specialized substance abuse services, the examination of the long-term care needs, the availability of home and community-based services, services available from independent living centers, the need for transitional supportive housing, and the suitability of the current level of care determination for brain injury. Consideration should be given to input from the department of human services traumatic brain injury advisory committee and stakeholders from the private and public sectors, including individuals with brain injury, families impacted by brain injury, educators, treatment providers, and service providers. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 17. REPORT TO LEGISLATIVE MANAGEMENT - TRANSITIONAL LIVING FACILITY. Subdivision 3 of section 1 of this Act includes funding of \$547,000 from the general fund and \$182,000 from other funds for an eight-unit transitional living facility in the southeast human service center region. The department of human services shall provide a report to the budget section in December 2014 on the status of the facility."

Page 6, after line 30, insert:

"SECTION 19. LEGISLATIVE INTENT - DEPUTY DIRECTOR POSITION. The removal of the full-time equivalent position in the administration and support division does not preclude the department of human services from employing a deputy director. The department may use an existing full-time equivalent position for the purpose of a deputy director position.

SECTION 20. LEGISLATIVE INTENT - ELECTRONIC HEALTH RECORDS. Because the electronic health records system is needed for the state hospital to maintain accreditation, the reduction of the funding in the information technology division does not preclude the department of human services from procuring an electronic health records system if the department can initiate the project within its 2013-15 biennium appropriation for the information technology division or field services division.

SECTION 21. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,243,082, or so much of the sum as may be necessary, and from special funds derived from federal funds and other income, the sum of \$159,349,321, or so much of the sum as may be necessary, to the department of human services for the purpose of funding the following initiatives, for the biennium beginning July 1, 2013,

and ending June 30, 2015. The department of human services is authorized four full-time equivalent positions.

Expedited ratesetting process	\$1,661,844
Recipient liability first claim	100,000
Supplemental nutrition assistance and temporary assistance for needy families program changes	500,304
Electronic prescriptions	299,324
Medical assistance program expansion	157,991,337
Committee on employment of people with disabilities	39,594
Total all funds	\$160,592,403
Less estimated income	159,349,321
Total general fund appropriation	\$1,243,082"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1012 - Summary of Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Department of Human Services						
Total all funds	\$0	\$0	\$160,592,403	\$160,592,403	\$162,938,403	(\$2,346,000)
Less estimated income	0	0	159,349,321	159,349,321	160,449,321	(1,100,000)
General fund	\$0	\$0	\$1,243,082	\$1,243,082	\$2,489,082	(\$1,246,000)
DHS - Management						
Total all funds	\$124,062,199	\$101,503,888	\$10,035,292	\$111,539,180	\$114,806,865	(\$3,267,685)
Less estimated income	61,473,447	56,933,812	2,663,940	59,597,752	60,996,450	(1,398,698)
General fund	\$62,588,752	\$44,570,076	\$7,371,352	\$51,941,428	\$53,810,415	(\$1,868,987)
DHS - Program/Policy						
Total all funds	\$2,364,284,108	\$2,345,457,354	\$14,696,595	\$2,360,153,949	\$2,379,592,187	(\$19,438,238)
Less estimated income	1,429,648,423	1,421,403,389	5,338,602	1,426,741,991	1,435,980,554	(9,238,563)
General fund	\$934,635,685	\$924,053,965	\$9,357,993	\$933,411,958	\$943,611,633	(\$10,199,675)
DHS - State Hospital						
Total all funds	\$73,489,636	\$73,064,636	(\$73,064,636)	\$0	\$0	\$0
Less estimated income	19,254,163	19,254,163	(19,254,163)	0	0	0
General fund	\$54,235,473	\$53,810,473	(\$53,810,473)	\$0	\$0	\$0
DHS - Developmental Center						
Total all funds	\$53,050,470	\$52,760,470	(\$52,760,470)	\$0	\$0	\$0
Less estimated income	28,064,218	28,064,218	(28,064,218)	0	0	0
General fund	\$24,986,252	\$24,696,252	(\$24,696,252)	\$0	\$0	\$0
DHS - Statewide HSC						
Total all funds	\$6,069,755	\$5,069,755	(\$5,069,755)	\$0	\$0	\$0
Less estimated income	1,075,139	675,139	(675,139)	0	0	0
General fund	\$4,994,616	\$4,394,616	(\$4,394,616)	\$0	\$0	\$0
DHS - Northwest HSC						
Total all funds	\$8,958,191	\$8,918,191	(\$8,918,191)	\$0	\$0	\$0
Less estimated income	3,564,800	3,564,800	(3,564,800)	0	0	0
General fund	\$5,393,391	\$5,353,391	(\$5,353,391)	\$0	\$0	\$0
DHS - North Central HSC						
Total all funds	\$21,989,171	\$21,949,171	(\$21,949,171)	\$0	\$0	\$0
Less estimated income	9,185,305	9,185,305	(9,185,305)	0	0	0
General fund	\$12,803,866	\$12,763,866	(\$12,763,866)	\$0	\$0	\$0
DHS - Lake Region HSC						
Total all funds	\$12,736,133	\$12,696,133	(\$12,696,133)	\$0	\$0	\$0
Less estimated income	5,162,347	5,162,347	(5,162,347)	0	0	0
General fund	\$7,573,786	\$7,533,786	(\$7,533,786)	\$0	\$0	\$0
DHS - Northeast HSC						
Total all funds	\$27,882,775	\$27,842,775	(\$27,842,775)	\$0	\$0	\$0
Less estimated income	14,138,342	14,138,342	(14,138,342)	0	0	0
General fund	\$13,744,433	\$13,704,433	(\$13,704,433)	\$0	\$0	\$0
DHS - Southeast HSC						
Total all funds	\$39,030,472	\$37,690,472	(\$37,690,472)	\$0	\$0	\$0
Less estimated income	15,682,226	15,357,226	(15,357,226)	0	0	0
General fund	\$23,348,246	\$22,333,246	(\$22,333,246)	\$0	\$0	\$0
DHS - South Central HSC						
Total all funds	\$16,793,883	\$16,753,883	(\$16,753,883)	\$0	\$0	\$0

Less estimated income	7,813,290	7,813,290	(7,813,290)	0	0	0
General fund	\$8,980,593	\$8,940,593	(\$8,940,593)	\$0	\$0	\$0
DHS - West Central HSC						
Total all funds	\$29,826,746	\$29,462,590	(\$29,462,590)	\$0	\$0	\$0
Less estimated income	13,268,982	13,268,982	(13,268,982)	0	0	0
General fund	\$16,557,764	\$16,193,608	(\$16,193,608)	\$0	\$0	\$0
DHS - Badlands HSC						
Total all funds	\$12,345,718	\$12,305,718	(\$12,305,718)	\$0	\$0	\$0
Less estimated income	5,319,048	5,319,048	(5,319,048)	0	0	0
General fund	\$7,026,670	\$6,986,670	(\$6,986,670)	\$0	\$0	\$0
DHS - Field Services						
Total all funds	\$0	\$0	\$300,557,794	\$300,557,794	\$300,128,794	\$429,000
Less estimated income	0	0	122,384,860	122,384,860	122,127,860	257,000
General fund	\$0	\$0	\$178,172,934	\$178,172,934	\$178,000,934	\$172,000
Department of Commerce						
Total all funds	\$0	\$0	\$0	\$0	\$250,000	(\$250,000)
Less estimated income	0	0	0	0	150,000	(150,000)
General fund	\$0	\$0	\$0	\$0	\$100,000	(\$100,000)
Bill total						
Total all funds	\$2,790,519,257	\$2,745,475,036	\$187,368,290	\$2,932,843,326	\$2,957,716,249	(\$24,872,923)
Less estimated income	1,613,649,730	1,600,140,061	167,933,863	1,768,073,924	1,779,704,185	(11,630,261)
General fund	\$1,176,869,527	\$1,145,334,975	\$19,434,427	\$1,164,769,402	\$1,178,012,064	(\$13,242,662)

House Bill No. 1012 - Department of Human Services - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Department of Human Services			\$160,592,403	\$160,592,403	\$162,938,403	(\$2,346,000)
Total all funds	\$0	\$0	\$160,592,403	\$160,592,403	\$162,938,403	(\$2,346,000)
Less estimated income	0	0	159,349,321	159,349,321	160,449,321	(1,100,000)
General fund	\$0	\$0	\$1,243,082	\$1,243,082	\$2,489,082	(\$1,246,000)
FTE	0.00	0.00	4.00	4.00	4.00	0.00

Department No. 325 - Department of Human Services - Detail of Conference Committee Changes

	Adds Funding for Approved Initiatives ¹	Total Conference Committee Changes
Department of Human Services	\$160,592,403	\$160,592,403
Total all funds	\$160,592,403	\$160,592,403
Less estimated income	159,349,321	159,349,321
General fund	\$1,243,082	\$1,243,082
FTE	4.00	4.00

¹ Funding is added for six initiatives approved by the Legislative Assembly in other bills, the same as the Senate version. The department is authorized 4 FTE positions relating to this funding.

A section is added to provide an appropriation to the department for bills approved by the 63rd Legislative Assembly which have a fiscal impact but did not include appropriations, the same as the Senate version.

Funding added by the Senate in floor amendments relating to operating expenses and the Robinson Recovery Center are now reflected under the program and policy and field services subdivisions.

House Bill No. 1012 - DHS - Management - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes ¹	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$51,102,214	\$34,293,903	\$6,335,292	\$40,629,195	\$47,346,880	(\$6,717,685)
Operating expenses	72,743,825	67,197,985	3,700,000	70,897,985	67,447,985	3,450,000
Capital assets	216,160	12,000		12,000	12,000	
Total all funds	\$124,062,199	\$101,503,888	\$10,035,292	\$111,539,180	\$114,806,865	(\$3,267,685)
Less estimated income	61,473,447	56,933,812	2,663,940	59,597,752	60,996,450	(1,398,698)
General fund	\$62,588,752	\$44,570,076	\$7,371,352	\$51,941,428	\$53,810,415	(\$1,868,987)
FTE	148.10	147.10	0.00	147.10	147.10	0.00

MANAGEMENT SUBDIVISION	FTE	General Fund	Estimated Income	Total
*Management - Proposed Conference Committee changes:				
Administration - Support				
Removes compensation adjustments made by the House		\$8,990,339	\$4,062,638	\$13,052,977
Adjusts state employee compensation and benefits package		(4,618,987)	(\$2,098,698)	(\$6,717,685)
Funding from the general fund removed by the House for central office operating expenses is partially restored. The House removed \$750,000 from the general fund and the Senate version restored \$1.45 million of which \$750,000 was from the general fund.		\$500,000	\$700,000	\$1,200,000
Information Technology Services				
Restores \$2.5 million of the \$5 million removed by the House for the field services electronic health records system replacement. The Senate version did not include funding for this project.		2,500,000		\$2,500,000
Total Conference Committee changes - Management	0.00	\$7,371,352	\$2,663,940	\$10,035,292

House Bill No. 1012 - DHS - Program/Policy - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes ¹	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$48,842,118	\$48,842,118		\$48,842,118	\$48,842,118	
Operating expenses	106,543,180	104,546,029	2,168,000	106,714,029	106,880,029	(166,000)
Grants	453,774,130	453,874,130	200,000	454,074,130	454,374,130	(300,000)
Grants - Medical assistance	1,755,124,680	1,738,195,077	12,328,595	1,750,523,672	1,769,495,910	(18,972,238)
Total all funds	\$2,364,284,108	\$2,345,457,354	\$14,696,595	\$2,360,153,949	\$2,379,592,187	(\$19,438,238)
Less estimated income	1,429,648,423	1,421,403,389	5,338,602	1,426,741,991	1,435,980,554	(9,238,563)
General fund	\$934,635,685	\$924,053,965	\$9,357,993	\$933,411,958	\$943,611,633	(\$10,199,675)
FTE	342.50	342.50	0.00	342.50	342.50	0.00

PROGRAM AND POLICY SUBDIVISION	FTE	General Fund	Estimated Income	Total
*Program and Policy - Proposed Conference Committee changes:				
Economic Assistance Policy Program				
No changes, the same as the House and Senate versions.				
Child Support Program				
No changes, the same as the House and Senate versions.				
Medical Services Program				
Restores funding removed by the House for a contract with a vendor to conduct prescreening of potential providers. The Senate did not restore this funding.		120,000	120,000	240,000
Restores funding removed by the House for professional medical expert reviews of medical records and prior authorizations, the same as the Senate version.		42,000	42,000	84,000

Restores funding removed by the House for oversight for qualified service provider mileage differential, the same as the Senate version.	78,040	21,960	100,000
Restores a portion of funding relating to caseload projections reduced by the House for transportation (\$250,000) and CHIPS (\$650,000), the same as the Senate version.	352,500	547,500	900,000
Long-Term Care Program			
Restores funding removed by the House for caseload projections for expanded SPED, the same as the Senate version.	145,000		145,000
Reduces funding for long-term care caseload projections for nursing homes and HCBS waiver. The House also reduced funding for nursing home caseloads by \$7 million and HCBS waiver caseloads by \$1 million. The Senate version restored \$955,000 for nursing homes and \$1 million for HCBS waiver.	(2,000,000)	(2,000,000)	(4,000,000)
Restores funding removed by the House for personal needs allowance for basic care (\$193,725) and ICF/ID (\$170,280), the same as the Senate version.	278,850	85,155	364,005
Adds funding to increase nursing facility, basic care, DD and QSP provider wage passthrough increase from 50 cents to \$1 and decrease the inflationary increase from 4 percent each year of the biennium to 3 percent each year. The Senate version increased the passthrough from 50 cents to \$1 and left the inflationary increase at 4 percent each year of the biennium.	8,222,603	6,346,987	14,569,590
Restores funding removed by the House for infant development caseload projections, the same as the Senate version. The House removed this funding as part of the DD caseload projection reduction.	175,000	175,000	350,000
Aging Services Program			
Restores a portion of funding removed by the House for guardianship services to provide \$215,000 for petitioning costs and \$383,000 for contract staff. The Senate version restored \$1,000,000.	598,000		598,000
Adds funding for senior meals. The House did not add funding for this purpose and the Senate version added \$900,000.	750,000		750,000
Children and Family Services Program			
Adds one-time funding for grants to a county social service board that is not on a reservation but is experiencing an increase in caseload from Spirit Lake for a total of \$300,000, the same as the Senate version. The House added \$150,000.	150,000		150,000
Mental Health and Substance Abuse Program			
Adds funding for additional services to be provided by Robinson Recovery Center, the same as the Senate version.	296,000		296,000
Developmental Disabilities Council			
No changes, the same as the House and Senate versions.			
Developmental Disabilities Division			
Adds funding for guardianship services for developmentally disabled individuals, the same as the Senate version.	100,000		100,000
Vocational Rehabilitation			
Adds funding for the older blind program for a total of \$100,000, the same as the Senate version. The House added \$50,000.	50,000		50,000
Total Conference Committee changes - Program and Policy	0.00	\$9,357,993	\$5,338,602
			\$14,696,595

Other changes affecting program and policy programs:

A section is added providing for a Legislative Management study of the comprehensive system of care for individuals with brain injury.

A section is added providing for a Legislative Management study of North Dakota health care.

A section is added to amend subsection 3 of Section 14-09-09.10 relating to child support.

A section is added to amend Section 12-60-24 relating to foster care licensure, the same as the Senate.

A section added by the House relating to personal needs allowance is removed, the same as the Senate version.

A section added by the House for grants to a jurisdiction adjacent to an Indian reservation that does not receive reimbursement payments under Section 50-01.2-03.2 is amended to increase the grant amount from \$150,000 to \$300,000.

A section is added providing legislative intent relating to the deputy director position, the same as the Senate.

A section is added providing legislative intent relating to an electronic health records system, the same as the Senate.

Sections added by the Senate relating to a health care consortium are not included.

House Bill No. 1012 - Human Service Centers - General Fund Summary

	Executive Budget	House Version	Conference Committee Changes ¹	Conference Committee Version	Senate Version	Comparison to Senate
DHS - State Hospital	54,235,473	53,810,473	(53,810,473)			
DHS - Developmental Center	24,986,252	24,696,252	(24,696,252)			
DHS - Statewide HSC	4,994,616	4,394,616	(4,394,616)			
DHS - Northwest HSC	5,393,391	5,353,391	(5,353,391)			
DHS - North Central HSC	12,803,866	12,763,866	(12,763,866)			
DHS - Lake Region HSC	7,573,786	7,533,786	(7,533,786)			
DHS - Northeast HSC	13,744,433	13,704,433	(13,704,433)			
DHS - Southeast HSC	23,348,246	22,333,246	(22,333,246)			
DHS - South Central HSC	8,980,593	8,940,593	(8,940,593)			
DHS - West Central HSC	16,557,764	16,193,608	(16,193,608)			
DHS - Badlands HSC	7,026,670	6,986,670	(6,986,670)			
Total general fund	\$179,645,090	\$176,710,934	(\$176,710,934)			

House Bill No. 1012 - Human Service Centers - Other Funds Summary

	Executive Budget	House Version	Conference Committee Changes ¹	Conference Committee Version	Senate Version	Comparison to Senate
DHS - State Hospital	19,254,163	19,254,163	(19,254,163)			
DHS - Developmental Center	28,064,218	28,064,218	(28,064,218)			
DHS - Statewide HSC	1,075,139	675,139	(675,139)			
DHS - Northwest HSC	3,564,800	3,564,800	(3,564,800)			
DHS - North Central HSC	9,185,305	9,185,305	(9,185,305)			
DHS - Lake Region HSC	5,162,347	5,162,347	(5,162,347)			
DHS - Northeast HSC	14,138,342	14,138,342	(14,138,342)			
DHS - Southeast HSC	15,682,226	15,357,226	(15,357,226)			
DHS - South Central HSC	7,813,290	7,813,290	(7,813,290)			
DHS - West Central HSC	13,268,982	13,268,982	(13,268,982)			
DHS - Badlands HSC	5,319,048	5,319,048	(5,319,048)			
Total other funds	\$122,527,860	\$121,802,860	(\$121,802,860)			

House Bill No. 1012 - Human Service Centers - All Funds Summary

	Executive Budget	House Version	Conference Committee Changes ¹	Conference Committee Version	Senate Version	Comparison to Senate
DHS - State Hospital	73,489,636	73,064,636	(73,064,636)			
DHS - Developmental Center	53,050,470	52,760,470	(52,760,470)			
DHS - Statewide HSC	6,069,755	5,069,755	(5,069,755)			
DHS - Northwest HSC	8,958,191	8,918,191	(8,918,191)			
DHS - North Central HSC	21,989,171	21,949,171	(21,949,171)			
DHS - Lake Region HSC	12,736,133	12,696,133	(12,696,133)			
DHS - Northeast HSC	27,882,775	27,842,775	(27,842,775)			

DHS - Southeast HSC	39,030,472	37,690,472	(37,690,472)			
DHS - South Central HSC	16,793,883	16,753,883	(16,753,883)			
DHS - West Central HSC	29,826,746	29,462,590	(29,462,590)			
DHS - Badlands HSC	12,345,718	12,305,718	(12,305,718)			
Total all funds	\$302,172,950	\$298,513,794	(\$298,513,794)			
FTE	1706.48	1706.48	(1706.48)	0.00	0.00	0.00

House Bill No. 1012 - DHS - Field Services - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Human service centers			\$174,657,688	\$174,657,688	\$174,228,688	\$429,000
Institutions			125,900,106	125,900,106	125,900,106	
Total all funds	\$0	\$0	\$300,557,794	\$300,557,794	\$300,128,794	\$429,000
Less estimated income	0	0	122,384,860	122,384,860	122,127,860	257,000
General fund	\$0	\$0	\$178,172,934	\$178,172,934	\$178,000,934	\$172,000
FTE	0.00	0.00	1706.48	1706.48	1706.48	0.00

Department No. 349 - DHS - Field Services - Detail of Conference Committee Changes

	Creates Field Services Subdivision ¹	Conference Committee Changes ²	Total Conference Committee Changes
Human service centers	\$172,688,688	\$1,969,000	\$174,657,688
Institutions	125,825,106	75,000	125,900,106
Total all funds	\$298,513,794	\$2,044,000	\$300,557,794
Less estimated income	121,802,860	582,000	122,384,860
General fund	\$176,710,934	\$1,462,000	\$178,172,934
FTE	1706.48	0.00	1706.48

¹ The human service centers and institutions subdivision which provided separate line items for each institution and human service center is changed to the field services subdivision. The State Hospital and the Developmental Center line items are combined into the institutions line item and all of the human service centers are combined into one human service centers line item, the same as the Senate version.

FIELD SERVICES	FTE	General Fund	Estimated Income	Total
²Field Services - Proposed Conference Committee changes:				
State Hospital				
Restores funding removed by the House for water temperature controls for shower rooms in LaHaug building, the same as the Senate version.		\$75,000		\$75,000
Developmental Center				
No changes, the same as the Senate version.				
Statewide Human Service Centers				
Restores funding removed by the House for operating expenses at all human service centers, the same as the Senate version.		\$600,000	\$400,000	\$1,000,000
Northwest Human Service Center				
No changes, the same as the Senate version.				
North Central Human Service Center				
No changes, the same as the Senate version.				
Lake Region Human Service Center				
No changes, the same as the Senate version.				

Northeast Human Service Center

No changes, the same as the Senate version.

Southeast Human Service Center

Partially restores funding removed by the House for a 16-unit transitional living facility and provides for an 8-bed unit. The Senate version included funding of \$1.3 million to restore funding for the 16-bed unit.	\$547,000	\$182,000	\$729,000
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South Central Human Service Center

Adds funding for transitional employment grants, the same as the Senate version.	\$240,000		\$240,000
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West Central Human Service Center

No changes, the same as the Senate version.

Badlands Human Service Center

No changes, the same as the Senate version.

Total Conference Committee changes - Field Services	0.00	\$1,462,000	\$582,000	\$2,044,000
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Engrossed HB 1012 was placed on the Seventh order of business on the calendar.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. POLLERT MOVED that the conference committee report on Engrossed HB 1012 be adopted, which motion prevailed on a voice vote.

Engrossed HB 1012, as amended, was placed on the Eleventh order of business.

SECOND READING OF HOUSE BILL

HB 1012: A BILL for an Act providing an appropriation for defraying the expenses of the department of human services; to provide for intermediate care facility construction review; to amend and reenact subdivision f of subsection 2 of section 12-60-24, subsection 3 of section 14-09-09.10, and subsection 6 of section 50-24.7-01 of the North Dakota Century Code, relating to criminal background checks for foster care providers, child support payments, and definitions for expanded service payments for elderly and disabled; to provide an exemption; to provide for a report to the legislative management; to provide for legislative management studies; and to provide a statement of legislative intent.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 77 YEAS, 15 NAYS, 0 EXCUSED, 2 ABSENT AND NOT VOTING.

YEAS: Amerman; Anderson; Beadle; Bellew; Boe; Boehning; Boschee; Brandenburg; Carlson; Damschen; Delmore; Dockter; Fehr; Frantsvog; Froseth; Glassheim; Gruchalla; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Heilman; Heller; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, N.; Karls; Keiser; Kelsh, J.; Kelsh, S.; Kiefert; Klein; Klemin; Kreidt; Kretschmar; Kreun; Laning; Larson; Looyesen; Louser; Maragos; Martinson; Meier; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Onstad; Oversen; Owens; Paur; Pollert; Porter; Rohr; Rust; Sanford; Schmidt; Skarphol; Steiner; Streyle; Sukut; Thoreson; Trottier; Vigesaa; Wall; Weisz; Wieland; Williams; Speaker Devlin

NAYS: Becker; Belter; Brabandt; Delzer; Dosch; Drovdal; Grande; Kasper; Kempenich; Koppelman, B.; Koppelman, K.; Ruby; Schatz; Silbernagel; Toman

ABSENT AND NOT VOTING: Strinden; Zaiser

Reengrossed HB 1012 passed.

REPORT OF CONFERENCE COMMITTEE

SB 2014, as engrossed: Your conference committee (Sens. Carlisle, Erbele, Warner and Reps. Thoreson, Hawken, Glassheim) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1499-1505, adopt amendments as follows, and place SB 2014 on the Seventh order:

That the House recede from its amendments as printed on pages 1499-1505 of the Senate Journal and pages 1566-1572 of the House Journal and that Engrossed Senate Bill No. 2014 be amended as follows:

Page 1, line 3, after the second semicolon insert "to provide a continuing appropriation;"

Page 1, line 4, after the semicolon insert "to create and enact a new section to chapter 6-09.15, a new subsection to section 6-09.15-01, a new section to chapter 54-45.5, and a new subsection to section 57-35.3-05 of the North Dakota Century Code, relating to a loan guarantee for child care facilities, housing incentive fund tax credits, and the energy conservation fund;"

Page 1, line 4, after "reenact" insert "subsection 1 of section 6-09.15-01, subsection 2 of section 54-17-40,"

Page 1, line 4, after "54-17.6-05" insert ", subsection 17 of section 54-44.3-20,"

Page 1, line 4, replace "54-18-19" with "57-38-01.32"

Page 1, line 5, after "to" insert "the beginning entrepreneur loan guarantee program,"

Page 1, line 6, after the third comma insert "the housing incentive fund, housing incentive fund credits,"

Page 1, line 6, remove the third "the"

Page 1, line 7, replace "transfer of North Dakota mill and elevator profits to the general fund" with "classified employees"

Page 1, line 9, after the semicolon insert "to provide an effective date; to provide an expiration date;"

Page 1, replace lines 21 and 22 with:

"Salaries and wages	\$12,059,220	\$5,814,656	\$17,873,876
Accrued leave payments	0	347,696	347,696
Operating expenses	3,378,744	2,551,832	5,930,576"

Page 2, replace lines 4 through 7 with:

"Total all funds	\$61,542,969	\$1,924,948	\$63,467,917
Less estimated income	<u>46,766,756</u>	<u>(5,792,964)</u>	<u>40,973,792</u>
Total general fund	\$14,776,213	\$7,717,912	\$22,494,125
Full-time equivalent positions	76.06	22.69	98.75"

Page 2, replace lines 12 through 15 with:

"Bank of North Dakota operations	\$45,587,155	\$5,936,761	\$51,523,916
Accrued leave payments	0	881,231	881,231
Capital assets	<u>1,266,000</u>	<u>(521,000)</u>	<u>745,000</u>
Total special funds	\$46,853,155	\$6,296,992	\$53,150,147
Full-time equivalent positions	176.50	3.00	179.50"

Page 3, replace lines 1 through 6 with:

"Salaries and wages	\$26,018,008	\$3,123,742	\$29,141,750
Accrued leave payments	0	575,807	575,807

Operating expenses	20,443,869	1,352,131	21,796,000
Contingencies	400,000	0	400,000
Agriculture promotion	<u>210,000</u>	<u>0</u>	<u>210,000</u>
Total from mill and elevator fund	\$47,071,877	\$5,051,680	\$52,123,557
Full-time equivalent positions	131.00	4.00	135.00"

Page 3, replace lines 11 through 16 with:

"Salaries and wages	\$6,516,277	\$918,600	\$7,434,877
Accrued leave payments	0	147,806	147,806
Operating expenses	5,114,849	(1,323,091)	3,791,758
Grants	26,858,920	2,674,130	29,533,050
Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total special funds	\$38,590,046	\$2,417,445	\$41,007,491
Full-time equivalent positions	46.00	0.00	46.00"

Page 3, replace lines 21 through 23 with:

"Grand total general fund	\$24,176,213	\$18,831,159	\$43,007,372
Grand total special funds	<u>179,281,834</u>	<u>7,973,153</u>	<u>187,254,987</u>
Grand total all funds	\$203,458,047	\$26,804,312	\$230,262,359"

Page 4, replace line 8 with:

"Housing incentive fund	0	15,400,000"
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Page 4, remove line 10

Page 4, replace lines 14 through 16 with:

"Total all funds	\$38,299,400	\$16,560,800
Total special funds	<u>10,000,000</u>	<u>0</u>
Total general fund	\$28,299,400	\$16,560,800"

Page 6, line 15, replace "\$30,000,000" with "\$15,400,000"

Page 6, after line 24, insert:

"SECTION 13. APPROPRIATION - DEPARTMENT OF COMMERCE. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$2,000,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing grants to homeless shelters, for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 14. APPROPRIATION - DEPARTMENT OF COMMERCE. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$2,600,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing grants to child care facilities, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department shall establish guidelines to qualify for a grant under this section which must include a matching requirement of one dollar of matching funds for every three dollars of grant funds and a maximum grant amount of \$187,500.

SECTION 15. APPROPRIATION - STATE TREASURER. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$13,247, or so much of the sum as may be necessary, to the state treasurer for the purpose of defraying additional information technology development costs relating to changes in oil revenue distributions and other changes, for the biennium beginning July 1, 2013, and ending June 30, 2015."

Page 7, after line 21, insert:

"SECTION 18. OIL AND GAS RESEARCH PROGRAM - OIL AND GAS DEVELOPMENT IMPACT STUDIES. The industrial commission may use the sum of

\$150,000, or so much of the sum as may be necessary, from the oil and gas research fund for nonmatching followup studies to provide updates and refinements to employment models used to track and forecast changes in the oil and gas industry workforce and estimate housing and population in the Williston basin and to make a comprehensive assessment of the demographic makeup of the current and expected oil and gas industry workforce."

Page 7, after line 27, insert:

"SECTION 20. AMENDMENT. Subsection 1 of section 6-09.15-01 of the North Dakota Century Code is amended and reenacted as follows:

1. "Beginning entrepreneur" means a resident of this state who:
 - a. Has graduated from high school or has received a general equivalency certificate.
 - b. Has had some training, by education or experience, in the type of revenue-producing enterprise which that person wishes to begin.
 - c. Has, including the net worth of that person's dependents and spouse, if any, a net worth of less than ~~two hundred thousand dollars~~ an amount determined by the Bank of North Dakota.

SECTION 21. A new subsection to section 6-09.15-01 of the North Dakota Century Code is created and enacted as follows:

"Child care provider" means a child care home, group, or center licensed by the department of human services.

SECTION 22. A new section to chapter 6-09.15 of the North Dakota Century Code is created and enacted as follows:

Loan guarantee for child care facility.

A beginning entrepreneur who receives a loan for a child care facility must be a child care provider.

SECTION 23. AMENDMENT. Subsection 2 of section 54-17-40 of the North Dakota Century Code is amended and reenacted as follows:

2. After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund. At least twenty-five percent of the fund must be used to assist developing communities ~~with a population of not more than ten thousand individuals~~ to address an unmet housing need or alleviate a housing shortage. ~~At least fifty percent~~ A portion of the fund as determined by the housing finance agency in the annual allocation plan must be used to benefit households with incomes at not more than fifty percent of the area median individuals and families of low or moderate income. The agency may collect a reasonable administrative fee from the fund, project developers, applicants, or grant recipients."

Page 8, replace lines 17 through 24 with:

"SECTION 25. AMENDMENT. Subsection 17 of section 54-44.3-20 of the North Dakota Century Code is amended and reenacted as follows:

17. Engineers, engineering technicians, and geologists employed by the director of mineral resources.

SECTION 26. A new section to chapter 54-45.5 of the North Dakota Century Code is created and enacted as follows:

Energy conservation grant fund - Continuing appropriation.

The energy conservation grant fund is a special fund in the state treasury. All funds in the energy conservation grant fund are appropriated to the department on a continuing basis for the purpose of providing grants to political subdivisions for energy conservation projects in nonfederal public buildings. The department shall develop guidelines to qualify for a grant under this section which must include a requirement that projects have a combined payback period of ten years or less, a matching requirement of one dollar of matching funds for every dollar of grant funds, and a maximum grant amount of one hundred thousand dollars. Interest earned by the fund must be credited to the fund.

SECTION 27. A new subsection to section 57-35.3-05 of the North Dakota Century Code is created and enacted as follows:

There is allowed a credit against the tax imposed by sections 57-35.3-01 through 57-35.3-12 in an amount equal to the contribution to the housing incentive fund under section 54-17-40. For the purpose of the credit allowed in this subsection, subsections 2 through 8 of section 57-38-01.32 apply.

SECTION 28. AMENDMENT. Section 57-38-01.32 of the North Dakota Century Code is amended and reenacted as follows:

57-38-01.32. (Effective for the first two taxable years beginning after December 31, ~~2010~~2012) Housing incentive fund tax credit.

1. A taxpayer is entitled to a credit as determined under this section against state income tax liability under section 57-38-30 or 57-38-30.3 for contributing to the housing incentive fund under section 54-17-40. The amount of the credit is equal to the amount contributed to the fund during the taxable year.
2. North Dakota taxable income must be increased by the amount of the contribution upon which the credit under this section is computed but only to the extent the contribution reduced federal taxable income.
3. The contribution amount used to calculate the credit under this section may not be used to calculate any other state income tax deduction or credit allowed by law.
4. If the amount of the credit exceeds the taxpayer's tax liability for the taxable year, the excess may be carried forward to each of the ten succeeding taxable years.
5. The aggregate amount of tax credits allowed to all eligible contributors is limited to ~~fifteen~~twenty million dollars per biennium. This limitation applies to all contributions for which tax credits are claimed under section 57-35.3-05 and this section.
6. Within thirty days after the date on which a taxpayer makes a contribution to the housing incentive fund, the housing finance agency shall file with each contributing taxpayer, and a copy with the tax commissioner, completed forms that show as to each contribution to the fund by that taxpayer the following:
 - a. The name, address, and social security number or federal employer identification number of the taxpayer that made the contribution.
 - b. The dollar amount paid for the contribution by the taxpayer.
 - c. The date the payment was received by the fund.
7. To receive the tax credit provided under this section, a taxpayer shall claim the credit on the taxpayer's state income or financial institutions tax return in the manner prescribed by the tax commissioner and file with the

return a copy of the form issued by the housing finance agency under subsection 6.

8. Notwithstanding the time limitations contained in section 57-38-38, this section does not prohibit the tax commissioner from conducting an examination of the credit claimed and assessing additional tax due under section 57-38-38.
9. A partnership, subchapter S corporation, limited partnership, limited liability company, or any other passthrough entity making a contribution to the housing incentive fund under this section is considered to be the taxpayer for purposes of this section, and the amount of the credit allowed must be determined at the passthrough entity level. The amount of the total credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity."

Page 9, line 7, after "transferred" insert "no less than"

Page 9, line 10, after "transferred" insert "no less than"

Page 9, line 10, after the second "fund" insert "not to exceed one million two hundred thousand dollars per biennium"

Page 9, line 17, overstrike "energy"

Page 9, line 18, overstrike "conservation and"

Page 9, after line 22, insert:

"c. The department of commerce for the funding of programs for development of energy conservation and for the making of grants and loans relating to energy conservation."

Page 10, after line 9, insert:

"SECTION 31. EMERGENCY COMMISSION - MILL AND ELEVATOR ASSOCIATION. The salaries and wages line item in subdivision 4 of section 1 of this Act includes \$232,681 for overtime pay. Notwithstanding chapter 54-16, the mill and elevator association may request additional appropriation authority from the emergency commission if the funds provided for overtime pay are not sufficient for the beginning July 1, 2013, and ending June 30, 2015 biennium.

SECTION 32. MILL AND ELEVATOR PROFITS - TRANSFER TO THE GENERAL FUND. Notwithstanding any other provision of law, the industrial commission shall transfer to the state general fund 50 percent of the annual earnings and undivided profits of the North Dakota mill and elevator association after any transfers to other state agricultural-related programs or the sum of \$6,817,200, whichever is less, during the biennium beginning July 1, 2013, and ending June 30, 2015. The moneys must be transferred on an annual basis in the amounts and at the times requested by the director of the office of management and budget."

Page 10, after line 20, insert:

"SECTION 35. EFFECTIVE DATE - EXPIRATION DATE. Sections 27 and 28 of this Act are effective for the first two taxable years beginning after December 31, 2012, and are thereafter ineffective."

Page 10, line 21, replace "Sections" with "The amount of \$61,751 and five full-time equivalent positions included in subdivision 1 of section 1 and sections"

Page 10, line 21, replace "11" with "10"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2014 - Summary of Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
State Treasurer						
Total all funds	\$0	\$0	\$13,247	\$13,247	\$0	\$13,247
Less estimated income	0	0	0	0	0	0
General fund	\$0	\$0	\$13,247	\$13,247	\$0	\$13,247
Industrial Commission						
Total all funds	\$63,356,975	\$63,529,688	(\$61,771)	\$63,467,917	\$62,746,253	\$721,664
Less estimated income	40,937,857	40,951,674	22,118	40,973,792	40,915,821	57,971
General fund	\$22,419,118	\$22,578,014	(\$83,889)	\$22,494,125	\$21,830,432	\$663,693
Bank of North Dakota						
Total all funds	\$52,452,928	\$52,606,408	\$543,739	\$53,150,147	\$51,682,968	\$1,467,179
Less estimated income	52,452,928	52,606,408	543,739	53,150,147	51,682,968	1,467,179
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Housing Finance Agency						
Total all funds	\$40,862,039	\$70,869,907	(\$14,462,416)	\$56,407,491	\$40,630,404	\$15,777,087
Less estimated income	40,862,039	40,869,907	137,584	41,007,491	40,630,404	377,087
General fund	\$0	\$30,000,000	(\$14,600,000)	\$15,400,000	\$0	\$15,400,000
Mill and Elevator						
Total all funds	\$52,255,124	\$52,255,124	(\$131,567)	\$52,123,557	\$51,653,858	\$469,699
Less estimated income	52,255,124	52,255,124	(131,567)	52,123,557	51,653,858	469,699
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Department of Commerce						
Total all funds	\$0	\$500,000	\$4,600,000	\$5,100,000	\$2,500,000	\$2,600,000
Less estimated income	0	0	0	0	0	0
General fund	\$0	\$500,000	\$4,600,000	\$5,100,000	\$2,500,000	\$2,600,000
Bill total						
Total all funds	\$208,927,066	\$239,761,127	(\$9,498,768)	\$230,262,359	\$209,213,483	\$21,048,876
Less estimated income	186,507,948	186,683,113	571,874	187,254,987	184,883,051	2,371,936
General fund	\$22,419,118	\$53,078,014	(\$10,070,642)	\$43,007,372	\$24,330,432	\$18,676,940

Senate Bill No. 2014 - State Treasurer - Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Information technology costs			\$13,247	\$13,247		\$13,247
Total all funds	\$0	\$0	\$13,247	\$13,247	\$0	\$13,247
Less estimated income	0	0	0	0	0	0
General fund	\$0	\$0	\$13,247	\$13,247	\$0	\$13,247
FTE	0.00	0.00	0.00	0.00	0.00	0.00

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

	Adds Funding for Information Technology Costs ¹	Total Conference Committee Changes
Information technology costs	\$13,247	\$13,247
Total all funds	\$13,247	\$13,247
Less estimated income	0	0
General fund	\$13,247	\$13,247
FTE	0.00	0.00

¹ Funding for additional information technology development costs is added relating to changes in oil revenue distributions and other changes.

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

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$17,710,630	\$17,883,343	(\$9,467)	\$17,873,876	\$17,152,212	\$721,664
Operating expenses	6,330,576	6,330,576	(400,000)	5,930,576	5,930,576	
Capital assets	5,800	5,800		5,800	5,800	
Grants - Lignite research	19,500,000	19,500,000		19,500,000	19,500,000	
Grants - Bond payments	19,809,969	19,809,969		19,809,969	19,809,969	
Accrued leave payments			347,696	347,696	347,696	
Total all funds	\$63,356,975	\$63,529,688	(\$61,771)	\$63,467,917	\$62,746,253	\$721,664
Less estimated income	40,937,857	40,951,674	22,118	40,973,792	40,915,821	57,971
General fund	\$22,419,118	\$22,578,014	(\$83,889)	\$22,494,125	\$21,830,432	\$663,693
FTE	98.75	98.75	0.00	98.75	98.75	0.00

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

	Removes House Changes to Executive Compensation Package ¹	Adjusts State Employee Compensation and Benefits Package ²	Provides Separate Line Item for Accrued Leave Payments ³	Adds Funding for Hiring FTE Early ⁴	Removes Funding for Oil Impact ⁵	Total Conference Committee Changes
Salaries and wages	\$445,186	(\$168,708)	(\$347,696)	\$61,751		(\$9,467)
Operating expenses					(400,000)	(400,000)
Capital assets						
Grants - Lignite research						
Grants - Bond payments						
Accrued leave payments			347,696			347,696
Total all funds	\$445,186	(\$168,708)	\$0	\$61,751	(\$400,000)	(\$61,771)
Less estimated income	35,853	(13,735)	0	0	0	22,118
General fund	\$409,333	(\$154,973)	\$0	\$61,751	(\$400,000)	(\$83,889)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

¹ Changes made by the House to the executive compensation package are removed.

² This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

³ A portion of salaries and wages funding from the general fund (\$323,357) and from other funds (\$24,339) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

⁴ Funding is added to allow the Department of Mineral Resources to hire five of its new FTE positions during the 2011-13 biennium, the same as the House version.

⁵ Funding included in the executive budget recommendation for housing allowances for employees in oil-impacted areas is removed, the same as the House version.

A section is added to provide an emergency clause for five new FTE positions, the same as the House version.

A section is added relating to the oil and gas research program, the same as the House version.

A section is added to unclassify engineering technicians of the Department of Mineral Resources, the same as the House version.

A section added by the Senate relating to distribution of the resources trust fund but removed by the House is included.

A section is added to create the energy conservation fund, and a section is changed to limit deposits into the fund to \$1.2 million per biennium.

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

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Capital assets	\$745,000	\$745,000		\$745,000	\$745,000	
BND operations	51,707,928	51,861,408	(337,492)	51,523,916	50,056,737	1,467,179
Accrued leave payments			881,231	881,231	881,231	
Total all funds	\$52,452,928	\$52,606,408	\$543,739	\$53,150,147	\$51,682,968	\$1,467,179
Less estimated income	52,452,928	52,606,408	543,739	53,150,147	51,682,968	1,467,179
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	179.50	179.50	0.00	179.50	179.50	0.00

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

	Removes House Changes to Executive Compensation Package ¹	Adjusts State Employee Compensation and Benefits Package ²	Provides Separate Line Item for Accrued Leave Payments ³	Total Conference Committee Changes
Capital assets				
BND operations	923,440	(379,701)	(881,231)	(337,492)
Accrued leave payments			881,231	881,231
Total all funds	\$923,440	(\$379,701)	\$0	\$543,739
Less estimated income	923,440	(379,701)	0	543,739
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

¹ Changes made by the House to the executive compensation package are removed.

² This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

³ A portion of salaries and wages funding for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

Sections are added relating to the beginning entrepreneur loan guarantee program.

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

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$7,437,231	\$7,445,099	(\$10,222)	\$7,434,877	\$7,057,790	\$377,087
Operating expenses	3,791,758	3,791,758		3,791,758	3,791,758	
Grants	29,533,050	29,533,050		29,533,050	29,533,050	
HFA contingencies	100,000	100,000		100,000	100,000	
Housing incentive fund ³⁰		30,000,000	(14,600,000)	15,400,000		15,400,000
Accrued leave payments			147,806	147,806	147,806	
Total all funds	\$40,862,039	\$70,869,907	(\$14,462,416)	\$56,407,491	\$40,630,404	\$15,777,087
Less estimated income	40,862,039	40,869,907	137,584	41,007,491	40,630,404	377,087
General fund	\$0	\$30,000,000	(\$14,600,000)	\$15,400,000	\$0	\$15,400,000
FTE	46.00	46.00	0.00	46.00	46.00	0.00

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

	Removes House Changes to Executive Compensation Package ¹	Adjusts State Employee Compensation and Benefits Package ²	Provides Separate Line Item for Accrued Leave Payments ³	Reduces Transfer to Housing Incentive Fund ⁴	Total Conference Committee Changes
Salaries and wages	\$239,503	(\$101,919)	(\$147,806)		(\$10,222)
Operating expenses					
Grants					
HFA contingencies					
Housing incentive fund ³⁰				(14,600,000)	(14,600,000)
Accrued leave payments			147,806		147,806
Total all funds	\$239,503	(\$101,919)	\$0	(\$14,600,000)	(\$14,462,416)
Less estimated income	239,503	(101,919)	0	0	137,584
General fund	\$0	\$0	\$0	(\$14,600,000)	(\$14,600,000)
FTE	0.00	0.00	0.00	0.00	0.00

¹ Changes made by the House to the executive compensation package are removed.

² This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

³ A portion of salaries and wages funding for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

⁴ Funding included by the Senate for a \$30 million transfer from the general fund to the housing incentive fund is reduced to \$15.4 million. The House removed the full \$30 million.

Sections are added relating to the housing incentive tax credit and the effective and expiration dates for the credits.

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

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$29,849,124	\$29,849,124	(\$707,374)	\$29,141,750	\$28,672,051	\$469,699
Operating expenses	21,796,000	21,796,000		21,796,000	21,796,000	
Contingencies	400,000	400,000		400,000	400,000	
Agriculture promotion	210,000	210,000		210,000	210,000	
Accrued leave payments			575,807	575,807	575,807	
Total all funds	\$52,255,124	\$52,255,124	(\$131,567)	\$52,123,557	\$51,653,858	\$469,699
Less estimated income	52,255,124	52,255,124	(131,567)	52,123,557	51,653,858	469,699
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	135.00	135.00	0.00	135.00	135.00	0.00

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

	Removes House Changes to Executive Compensation Package ¹	Adjusts State Employee Compensation and Benefits Package ²	Provides Separate Line Item for Accrued Leave Payments ³	Reduces Funding for Overtime ⁴	Total Conference Committee Changes
Salaries and wages	\$135,905	(\$34,792)	(\$575,807)	(\$232,680)	(\$707,374)
Operating expenses					
Contingencies					
Agriculture promotion					
Accrued leave payments			575,807		575,807
Total all funds	\$135,905	(\$34,792)	\$0	(\$232,680)	(\$131,567)
Less estimated income	135,905	(34,792)	0	(232,680)	(131,567)
General fund	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00

¹ Changes made by the House to the executive compensation package are removed.

² This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

³ A portion of salaries and wages funding for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

⁴ Funding included in the executive budget recommendation for overtime pay is removed.

A section included in the executive budget recommendation relating to reducing the transfer of mill profits to the general fund is removed resulting in an additional \$6,817,200 of projected general fund revenue for the 2013-15 biennium, the same as the House. A section is added to limit the transfer from the mill profits to the \$6,817,200 for the 2013-15 biennium.

Senate Bill No. 2014 - Department of Commerce - Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Market Study		\$500,000		\$500,000	\$500,000	
Homeless shelter grants			2,000,000	2,000,000	2,000,000	
Childcare facilities			2,600,000	2,600,000		2,600,000
Total all funds	\$0	\$500,000	\$4,600,000	\$5,100,000	\$2,500,000	\$2,600,000
Less estimated income	0	0	0	0	0	0
	\$0	\$500,000	\$4,600,000	\$5,100,000	\$2,500,000	\$2,600,000

General fund						
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 601 - Department of Commerce - Detail of Conference Committee Changes

	Adds Funding for Grants to Homeless Shelters ¹	Adds Funding for Grants to Child Care Facilities ²	Total Conference Committee Changes
Market Study			
Homeless shelter grants	2,000,000		2,000,000
Childcare facilities		2,600,000	2,600,000
Total all funds	\$2,000,000	\$2,600,000	\$4,600,000
Less estimated income	0	0	0
General fund	\$2,000,000	\$2,600,000	\$4,600,000
FTE	0.00	0.00	0.00

¹ Funding is added for grants to homeless shelters.

² Funding is added for grants to child care facilities.

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

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. HAWKEN MOVED that the conference committee report on Engrossed SB 2014 be adopted, which motion prevailed on a voice vote.

Engrossed SB 2014, as amended, was placed on the Fourteenth order of business.

SECOND READING OF SENATE BILL

SB 2014: A BILL for an Act to provide an appropriation for defraying the expenses of the state industrial commission and the agencies under the management of the industrial commission; to provide legislative intent; to provide an appropriation; to provide a continuing appropriation; to provide a contingent appropriation; to authorize transfers; to create and enact a new section to chapter 6-09.15, a new subsection to section 6-09.15-01, a new section to chapter 54-45.5, and a new subsection to section 57-35.3-05 of the North Dakota Century Code, relating to a loan guarantee for child care facilities, housing incentive fund tax credits, and the energy conservation fund; to amend and reenact subsection 1 of section 6-09.15-01, subsection 2 of section 54-17-40, subsection 1 of section 54-17.6-05, subsection 17 of section 54-44.3-20, and sections 57-38-01.32, 57-51.1-07, and 57-51.1-07.3 of the North Dakota Century Code, relating to the beginning entrepreneur loan guarantee program, the resources trust fund, the oil and gas research council membership, the oil and gas research fund, the housing incentive fund, housing incentive fund credits, and classified employees; to provide for a value-added market opportunities for renewable energy resources and oil and gas study; to provide for a report to the legislative management; to provide an effective date; to provide an expiration date; and to declare an emergency.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 89 YEAS, 3 NAYS, 0 EXCUSED, 2 ABSENT AND NOT VOTING.

YEAS: Amerman; Anderson; Beadle; Bellew; Belter; Boe; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Dockter; Dosch; Drovdal; Fehr; Frantsovog; Froseth; Glassheim; Grande; Gruchalla; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Heilman; Heller; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, N.; Karls; Kasper; Keiser; Kelsh, J.; Kelsh, S.; Kempenich;

Kiefert; Klein; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Kreun; Laning; Larson; Looysen; Louser; Maragos; Martinson; Meier; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Onstad; Oversen; Owens; Paur; Pollert; Porter; Rohr; Rust; Sanford; Schatz; Schmidt; Silbernagel; Skarphol; Steiner; Streyle; Sukut; Thoreson; Trottier; Vigesaa; Wall; Weisz; Wieland; Williams; Speaker Devlin

NAYS: Becker; Ruby; Toman

ABSENT AND NOT VOTING: Strinden; Zaiser

Engrossed SB 2014, as amended, passed and the emergency clause was declared carried.

REPORT OF CONFERENCE COMMITTEE

SB 2020, as engrossed: Your conference committee (Sens. Bowman, Erbele, O'Connell and Reps. Monson, Skarphol, Boe) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1395-1403, adopt amendments as follows, and place SB 2020 on the Seventh order:

That the House recede from its amendments as printed on pages 1395-1403 of the Senate Journal and pages 1466-1474 of the House Journal and that Engrossed Senate Bill No. 2020 be amended as follows:

Page 1, line 4, after the semicolon insert "to provide for a state water commission study; to provide for a legislative management report;"

Page 1, remove lines 22 through 24

Page 2, replace lines 1 through 3 with:

"Extension service	\$47,026,654	\$3,876,331	\$50,902,985
Soil conservation committee	987,800	150,000	1,137,800
Accrued leave payments	0	1,716,289	1,716,289
Total all funds	\$48,014,454	\$5,742,620	\$53,757,074
Less estimated income	<u>23,128,810</u>	<u>1,718,999</u>	<u>24,847,809</u>
Total general fund	\$24,885,644	\$4,023,621	\$28,909,265
Full-time equivalent positions	256.26	2.00	258.26"

Page 2, replace lines 8 through 11 with:

"Northern crops institute	\$3,347,307	\$472,520	\$3,819,827
Accrued leave payments	0	42,195	42,195
Total all funds	\$3,347,307	\$514,715	\$3,862,022
Less estimated income	<u>1,654,725</u>	<u>142,436</u>	<u>1,797,161</u>
Total general fund	\$1,692,582	\$372,279	\$2,064,861
Full-time equivalent positions	12.00	0.00	12.00"

Page 2, replace lines 16 through 19 with:

"Upper great plains transportation institute	\$24,069,961	\$2,218,199	\$26,288,160
Accrued leave payments	0	241,627	241,627
Total all funds	\$24,069,961	\$2,459,826	\$26,529,787
Less estimated income	<u>22,150,333</u>	<u>302,630</u>	<u>22,452,963</u>
Total general fund	\$1,919,628	\$2,157,196	\$4,076,824
Full-time equivalent positions	51.75	2.00	53.75"

Page 2, replace lines 24 through 27 with:

"Main research center	\$89,012,990	\$20,085,853	\$109,098,843
Accrued leave payments	0	2,561,394	2,561,394
Total all funds	\$89,012,990	\$22,647,247	\$111,660,237
Less estimated income	<u>41,630,644</u>	<u>11,423,072</u>	<u>53,053,716</u>

Total general fund	\$47,382,346	\$11,224,175	\$58,606,521
Full-time equivalent positions	349.01	2.48	351.49"

Page 3, replace lines 1 through 11 with:

"Dickinson research center	\$5,588,562	\$528,059	\$6,116,621
Central grasslands research center	2,865,847	364,020	3,229,867
Hettinger research center	3,373,175	1,288,554	4,661,729
Langdon research center	2,378,807	453,688	2,832,495
North central research center	4,399,821	182,856	4,582,677
Williston research center	3,410,089	356,897	3,766,986
Carrington research center	7,126,488	766,006	7,892,494
Accrued leave payments	<u>0</u>	<u>503,916</u>	<u>503,916</u>
Total all funds	\$29,142,789	\$4,443,996	\$33,586,785
Less estimated income	<u>14,997,581</u>	<u>1,003,502</u>	<u>16,001,083</u>
Total general fund	\$14,145,208	\$3,440,494	\$17,585,702
Full-time equivalent positions	103.04	4.00	107.04"

Page 3, replace lines 16 through 18 with:

"Agronomy seed farm	\$1,435,168	\$30,850	\$1,466,018
Accrued leave payments	<u>0</u>	<u>5,741</u>	<u>5,741</u>
Total special funds	\$1,435,168	\$36,591	\$1,471,759
Full-time equivalent positions	3.00	0.00	3.00"

Page 3, replace lines 23 through 25 with:

"Grand total general fund	\$90,025,408	\$21,217,765	\$111,243,173
Grand total special funds	<u>104,997,261</u>	<u>14,627,230</u>	<u>119,624,491</u>
Grand total all funds	\$195,022,669	\$35,844,995	\$230,867,664"

Page 4, after line 9, insert:

"Upper great plains transportation institute state match for federal funds"	0	1,250,000
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Page 4, replace lines 11 through 13 with:

"Total all funds	\$10,726,983	\$9,785,000
Total other funds	<u>2,852,931</u>	<u>950,000</u>
Total general fund	\$7,874,052	\$8,835,000"

Page 4, after line 25, insert:

"SECTION 4. DICKINSON RESEARCH EXTENSION CENTER - MINERAL RIGHTS INCOME. The Dickinson research extension center may spend up to \$755,000 of revenues received during the 2013-15 biennium from mineral royalties, leases, or easements for ongoing operational expenses. Any revenues received in excess of \$755,000 may be spent only for one-time expenditures for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 5. WILLISTON RESEARCH EXTENSION CENTER - MINERAL RIGHTS INCOME. The Williston research extension center must retain all revenues received during the 2013-15 biennium from mineral royalties, leases, or easements in the Williston research extension center fund and shall report to the sixty-fourth legislative assembly on the amounts received for the biennium beginning July 1, 2013, and ending June 30, 2015."

Page 4, after line 30, insert:

"SECTION 7. NORTH DAKOTA STATE UNIVERSITY EXTENSION SERVICE - NEW TECHNICAL SUPPORT FULL-TIME EQUIVALENT POSITION. The North Dakota state university extension service may utilize the new full-time equivalent technical support position recommended in the 2013-15 executive recommendation and included in subdivision 1 of section 1 of this Act, in either the

weed science or potato program for the biennium beginning July 1, 2013, and ending June 30, 2015."

Page 5, line 16, remove **"MATCHING FUNDS"**

Page 5, after line 26, insert:

"SECTION 13. STATE WATER COMMISSION STUDY - MOUSE RIVER AND TRIBUTARIES - LEGISLATIVE MANAGEMENT REPORT. During the 2013-14 interim, the state water commission shall conduct a study of the Mouse River and its tributaries, including the causes of flooding and measures that could be taken to improve waterflows and reduce flooding and the amount of time flooded land is affected. The state water commission shall report its findings to the legislative management."

Page 5, line 27, replace "\$4,300,000" with "\$5,925,000"

Page 5, line 28, replace "and" with a semicolon

Page 5, line 28, replace "is" with "; and \$82,000 relating to a flooded lands study in subdivision 4 of section 1 of this Act are"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2020 - Summary of Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Transportation Institute						
Total all funds	\$25,353,629	\$25,353,629	\$1,176,158	\$26,529,787	\$26,364,050	\$165,737
Less estimated income	22,525,054	22,525,054	(72,091)	22,452,963	22,316,605	136,358
General fund	\$2,828,575	\$2,828,575	\$1,248,249	\$4,076,824	\$4,047,445	\$29,379
Branch Research Centers						
Total all funds	\$33,746,878	\$33,746,878	(\$160,093)	\$33,586,785	\$33,369,285	\$217,500
Less estimated income	16,021,866	16,021,866	(20,783)	16,001,083	15,961,430	39,653
General fund	\$17,725,012	\$17,725,012	(\$139,310)	\$17,585,702	\$17,407,855	\$177,847
NDSU Extension Service						
Total all funds	\$54,088,058	\$54,288,058	(\$530,984)	\$53,757,074	\$53,112,432	\$644,642
Less estimated income	25,437,414	24,987,414	(139,605)	24,847,809	24,560,620	287,189
General fund	\$28,650,644	\$29,300,644	(\$391,379)	\$28,909,265	\$28,551,812	\$357,453
Northern Crops Institute						
Total all funds	\$3,874,651	\$3,874,651	(\$12,629)	\$3,862,022	\$3,833,715	\$28,307
Less estimated income	1,800,307	1,800,307	(3,146)	1,797,161	1,782,339	14,822
General fund	\$2,074,344	\$2,074,344	(\$9,483)	\$2,064,861	\$2,051,376	\$13,485
Main Research Center						
Total all funds	\$110,293,322	\$112,320,622	(\$660,385)	\$111,660,237	\$110,808,512	\$851,725
Less estimated income	53,255,585	53,255,585	(201,869)	53,053,716	53,471,947	(418,231)
General fund	\$57,037,737	\$59,065,037	(\$458,516)	\$58,606,521	\$57,336,565	\$1,269,956
Agronomy Seed Farm						
Total all funds	\$1,474,961	\$1,474,961	(\$3,202)	\$1,471,759	\$1,464,590	\$7,169
Less estimated income	1,474,961	1,474,961	(3,202)	1,471,759	1,464,590	7,169
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Bill total						
Total all funds	\$228,831,499	\$231,058,799	(\$191,135)	\$230,867,664	\$228,952,584	\$1,915,080
Less estimated income	120,515,187	120,065,187	(440,696)	119,624,491	119,557,531	66,960
General fund	\$108,316,312	\$110,993,612	\$249,561	\$111,243,173	\$109,395,053	\$1,848,120

Senate Bill No. 2020 - Transportation Institute - Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Upper Great Plains Trans. Institute	\$25,353,629	\$25,353,629	\$934,531	\$26,288,160	\$26,122,423	\$165,737
Accrued leave payments			241,627	241,627	241,627	
	\$25,353,629	\$25,353,629	\$1,176,158	\$26,529,787	\$26,364,050	\$165,737

Total all funds						
Less estimated income	22,525,054	22,525,054	(72,091)	22,452,963	22,316,605	136,358
General fund	\$2,828,575	\$2,828,575	\$1,248,249	\$4,076,824	\$4,047,445	\$29,379
FTE	53.75	53.75	0.00	53.75	53.75	0.00

Department No. 627 - Transportation Institute - Detail of Conference Committee Changes

	Adjusts Employee Compensation and Benefits Package ¹	Provides Separate Line Item for Accrued Leave Payments ²	Increases Funding for Matching Grants ³	Total Conference Committee Changes
Upper Great Plains Trans. Institute	(\$73,842)	(\$241,627)	\$1,250,000	\$934,531
Accrued leave payments		241,627		241,627
Total all funds	(\$73,842)	\$0	\$1,250,000	\$1,176,158
Less estimated income	(72,091)	0	0	(72,091)
General fund	(\$1,751)	\$0	\$1,250,000	\$1,248,249
FTE	0.00	0.00	0.00	0.00

¹ This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

² A portion of salaries and wages funding from the general fund (\$42,266) and from other funds (\$199,361) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

³ This amendment increases funding to match new federal grants received by the agency to provide a total of \$2 million, all of which is from the general fund. This increase of \$1.25 million is one-time funding and the same as the House version, the Senate did not change the executive recommendation.

Senate Bill No. 2020 - Branch Research Centers - Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Dickinson Research Center	\$6,231,325	\$6,231,325	(\$114,704)	\$6,116,621	\$6,076,015	\$40,606
Central Grasslands Research Center	3,297,559	3,297,559	(67,692)	3,229,867	3,207,216	22,651
Hettinger Research Center	4,746,234	4,746,234	(84,505)	4,661,729	4,634,576	27,153
Langdon Research Center	2,886,763	2,886,763	(54,268)	2,832,495	2,812,795	19,700
North Central Research Center	4,661,679	4,661,679	(79,002)	4,582,677	4,562,396	20,281
Williston Research Center	3,869,023	3,869,023	(102,037)	3,766,986	3,726,987	39,999
Carrington Research Center	8,054,295	8,054,295	(161,801)	7,892,494	7,845,384	47,110
Accrued leave payments			503,916	503,916	503,916	
Total all funds	\$33,746,878	\$33,746,878	(\$160,093)	\$33,586,785	\$33,369,285	\$217,500
Less estimated income	16,021,866	16,021,866	(20,783)	16,001,083	15,961,430	39,653
General fund	\$17,725,012	\$17,725,012	(\$139,310)	\$17,585,702	\$17,407,855	\$177,847
FTE	107.04	107.04	0.00	107.04	107.04	0.00

Department No. 628 - Branch Research Centers - Detail of Conference Committee Changes

	Adjusts Employee Compensation and Benefits Package ¹	Provides Separate Line Item for Accrued Leave Payments ²	Total Conference Committee Changes
Dickinson Research Center	(\$27,696)	(\$87,008)	(\$114,704)
Central Grasslands Research Center	(16,329)	(51,363)	(67,692)
Hettinger Research Center	(20,332)	(64,173)	(84,505)
Langdon Research Center	(13,128)	(41,140)	(54,268)
North Central Research Center	(19,051)	(59,951)	(79,002)
Williston Research Center	(24,654)	(77,383)	(102,037)
Carrington Research Center	(38,903)	(122,898)	(161,801)
Accrued leave payments		503,916	503,916
Total all funds	(\$160,093)	\$0	(\$160,093)
Less estimated income	(20,783)	0	(20,783)
General fund	(\$139,310)	\$0	(\$139,310)
FTE	0.00	0.00	0.00

¹ This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

Branch Research Center	General Fund	Estimated Income	Total
Dickinson Research Center	(\$24,101)	(\$3,595)	(\$27,696)
Central Grasslands Research Center	(14,209)	(2,120)	(16,329)
Hettinger Research Center	(17,692)	(2,640)	(20,332)
Langdon Research Center	(11,424)	(1,704)	(13,128)
North Central Research Center	(16,578)	(2,473)	(19,051)
Williston Research Center	(21,453)	(3,201)	(24,654)
Carrington Research Center	(33,853)	(5,050)	(38,903)

² A portion of salaries and wages funding from the general fund (\$407,680) and from other funds (\$96,236) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees for each branch center as follows:

Branch Research Centers	General Fund	Estimated Income	Total
Dickinson Research Center	(\$70,391)	(\$16,617)	(\$87,008)
Central Grasslands Research Center	(41,554)	(9,809)	(51,363)
Hettinger Research Center	(51,917)	(12,256)	(64,173)
Langdon Research Center	(33,283)	(7,857)	(41,140)
North Central Research Center	(48,502)	(11,449)	(59,951)
Williston Research Center	(62,604)	(14,779)	(77,383)
Carrington Research Center	(99,429)	(23,469)	(122,898)
Accrued leave payments	407,680	96,236	503,916

Sections are added:

- Providing that the Dickinson Research Extension Center may only spend revenue from mineral royalties, leases, or easements in excess of \$755,000 for one-time items and not for operations during the 2013-15 biennium. The conference committee amended this section added by the House to allow the use of up to \$755,000 from mineral royalties, leases, or easements revenues for ongoing operational costs.
- Providing that the Williston Research Extension Center must retain all revenues from mineral royalties, leases, or easements in the Williston Research Extension Center fund and report the revenues to the 64th Legislative Assembly. The funds may be used for one-time expenditures in the 2015-17 biennium.

Senate Bill No. 2020 - NDSU Extension Service - Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Extension Service	\$53,025,258	\$53,150,258	(\$2,247,273)	\$50,902,985	\$50,333,343	\$569,642
Soil Conservation Committee	1,062,800	1,137,800		1,137,800	1,062,800	75,000
Accrued leave payments			1,716,289	1,716,289	1,716,289	
Total all funds	\$54,088,058	\$54,288,058	(\$530,984)	\$53,757,074	\$53,112,432	\$644,642
Less estimated income	25,437,414	24,987,414	(139,605)	24,847,809	24,560,620	287,189
General fund	\$28,650,644	\$29,300,644	(\$391,379)	\$28,909,265	\$28,551,812	\$357,453
FTE	258.26	258.26	0.00	258.26	258.26	0.00

Department No. 630 - NDSU Extension Service - Detail of Conference Committee Changes

	Adjusts Employee Compensation and Benefits Package ¹	Provides Separate Line Item for Accrued Leave Payments ²	Removes Funding for Partial Salary Support ³	Provides Funding for Burleigh County Extension Service Summer Internships ⁴	Total Conference Committee Changes
Extension Service	(\$295,984)	(\$1,716,289)	(\$260,000)	\$25,000	(\$2,247,273)
Soil Conservation Committee					
Accrued leave payments		1,716,289			1,716,289
Total all funds	(\$295,984)	\$0	(\$260,000)	\$25,000	(\$530,984)
Less estimated income	(139,605)	0	0	0	(139,605)
General fund	(\$156,379)	\$0	(\$260,000)	\$25,000	(\$391,379)
FTE	0.00	0.00	0.00	0.00	0.00

¹ This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

² A portion of salaries and wages funding from the general fund (\$852,203) and from other funds (\$864,086) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

³ This amendment removes funding included in the executive budget to provide partial general fund salary support for the following existing positions, same as the House version:

- Integrated pest management and plant diagnostic laboratory coordinator.
- State water quality specialist.

⁴ This amendment provides funding for salaries and wages for a junior master gardener internship program through the Burleigh County Extension Service for the summer of 2013 and the summer of 2014, same as the House version.

This amendment provides the NDSU Extension Service flexibility to use the new FTE technical support position, recommended in the executive budget, in either the weed science or potato program, same as the House version.

Senate Bill No. 2020 - Northern Crops Institute - Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Northern Crops Institute	\$3,874,651	\$3,874,651	(\$54,824)	\$3,819,827	\$3,791,520	\$28,307
Accrued leave payments			42,195	42,195	42,195	
Total all funds	\$3,874,651	\$3,874,651	(\$12,629)	\$3,862,022	\$3,833,715	\$28,307
Less estimated income	1,800,307	1,800,307	(3,146)	1,797,161	1,782,339	14,822
General fund	\$2,074,344	\$2,074,344	(\$9,483)	\$2,064,861	\$2,051,376	\$13,485
FTE	12.00	12.00	0.00	12.00	12.00	0.00

Department No. 638 - Northern Crops Institute - Detail of Conference Committee Changes

	Adjusts Employee Compensation and Benefits Package ¹	Provides Separate Line Item for Accrued Leave Payments ²	Total Conference Committee Changes
Northern Crops Institute	(\$12,629)	(\$42,195)	(\$54,824)
Accrued leave payments		42,195	42,195
Total all funds	(\$12,629)	\$0	(\$12,629)
Less estimated income	(3,146)	0	(3,146)
General fund	(\$9,483)	\$0	(\$9,483)
FTE	0.00	0.00	0.00

¹ This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

² A portion of salaries and wages funding from the general fund (\$37,172) and from other funds (\$5,023) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

Senate Bill No. 2020 - Main Research Center - Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Main Research Center	\$110,293,322	\$112,320,622	(\$3,221,779)	\$109,098,843	\$108,247,118	\$851,725
Accrued leave payments			2,561,394	2,561,394	2,561,394	
Total all funds	\$110,293,322	\$112,320,622	(\$660,385)	\$111,660,237	\$110,808,512	\$851,725
Less estimated income	53,255,585	53,255,585	(201,869)	53,053,716	53,471,947	(418,231)
General fund	\$57,037,737	\$59,065,037	(\$458,516)	\$58,606,521	\$57,336,565	\$1,269,956
FTE	351.49	351.99	(0.50)	351.49	351.49	0.00

Department No. 640 - Main Research Center - Detail of Conference Committee Changes

	Adjusts Employee Compensation and Benefits Package ¹	Provides Separate Line Item for Accrued Leave Payments ²	Removes Funding for Oil-Impacted Centers ³	Reduces Funding for Flooded Lands Study ⁴	Removes Animal Science Position ⁵	Total Conference Committee Changes
Main Research Center	(\$480,085)	(\$2,561,394)	(\$100,000)	(\$80,300)		(\$3,221,779)

Accrued leave payments		2,561,394				2,561,394
Total all funds	(\$480,085)	\$0	(\$100,000)	(\$80,300)	\$0	(\$660,385)
Less estimated income	(201,869)	0	0	0	0	(201,869)
General fund	(\$278,216)	\$0	(\$100,000)	(\$80,300)	\$0	(\$458,516)
FTE	0.00	0.00	0.00	0.00	(0.50)	(0.50)

¹ This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

² A portion of salaries and wages funding from the general fund (\$1,748,140) and from other funds (\$813,254) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

³ This amendment removes the funding added by the Senate for oil-impacted research extension centers for housing allowances or hiring bonuses, same as the House version.

⁴ This amendment reduces the funding added by the Senate for the research relating to the recovery of grasslands affected by Souris River flooding to provide a total of \$82,000, all of which is from the general fund. This amendment is the same as the House version. The conference committee added an emergency clause for this funding.

⁵ The .5 FTE animal science position added by the Senate is removed. The funding of \$140,000 from the general fund added by the Senate relating to the position is not changed, same as the House version.

This amendment also provides:

- Funding of \$5,925,000 from the general fund for replacement of agronomy laboratories, the same as the Senate version. The House reduced the general fund amount appropriated for the replacement of the agronomy laboratories to \$4,925,000 and provided special fund authority to raise up to \$1 million from private grants, gifts, donations, or other nonstate sources.
- For a study of the Mouse River and its tributaries to be conducted by the State Water Commission.

Senate Bill No. 2020 - Agronomy Seed Farm - Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Agronomy Seed Farm	\$1,474,961	\$1,474,961	(\$8,943)	\$1,466,018	\$1,458,849	\$7,169
Accrued leave payments			5,741	5,741	5,741	
Total all funds	\$1,474,961	\$1,474,961	(\$3,202)	\$1,471,759	\$1,464,590	\$7,169
Less estimated income	1,474,961	1,474,961	(3,202)	1,471,759	1,464,590	7,169
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	3.00	3.00	0.00	3.00	3.00	0.00

Department No. 649 - Agronomy Seed Farm - Detail of Conference Committee Changes

Adjusts Employee Compensation	Provides Separate Line Item for	Total Conference Committee
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	and Benefits Package ¹	Accrued Leave Payments ²	Changes
Agronomy Seed Farm	(\$3,202)	(\$5,741)	(\$8,943)
Accrued leave payments		5,741	5,741
Total all funds	(\$3,202)	\$0	(\$3,202)
Less estimated income	(3,202)	0	(3,202)
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

¹ This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

² A portion of salaries and wages funding from other funds (\$5,741) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

Senate Bill No. 2020 - Other Changes - Conference Committee Action

The conference committee retained a section allowing carryover authority which was removed by the House.

Engrossed SB 2020 was placed on the Seventh order of business on the calendar.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. MONSON MOVED that the conference committee report on Engrossed SB 2020 be adopted, which motion prevailed on a voice vote.

Engrossed SB 2020, as amended, was placed on the Fourteenth order of business.

SECOND READING OF SENATE BILL

SB 2020: A BILL for an Act to provide an appropriation for defraying the expenses of the extension service, northern crops institute, upper great plains transportation institute, main research center, branch research centers, and agronomy seed farm; to provide for transfers; to provide an exemption; to provide for a state water commission study; to provide for a legislative management report; to amend and reenact subsection 6 of section 4-05.1-19 of the North Dakota Century Code, relating to the duties of the state board of agricultural research and education; and to declare an emergency.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 80 YEAS, 12 NAYS, 0 EXCUSED, 2 ABSENT AND NOT VOTING.

YEAS: Amerman; Anderson; Beadle; Bellew; Belter; Boe; Boehning; Boschee; Brabant; Brandenburg; Carlson; Damschen; Delmore; Delzer; Dosch; Drovdal; Fehr; Frantsvog; Froseth; Glassheim; Gruchalla; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Heilman; Heller; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, N.; Karls; Kasper; Keiser; Kelsh, J.; Kelsh, S.; Kempenich; Kiefert; Klein; Klemin; Koppelman, K.; Kreidt; Kretschmar; Laning; Larson; Looyen; Louser; Maragos; Martinson; Meier; Mock; Monson; Mooney; Muscha; Nelson, J.; Nelson, M.; Onstad; Oversen; Pollert; Ruby; Rust; Sanford; Schatz; Silbernagel; Skarphol; Steiner; Streytle; Sukut; Thoreson; Trottier; Vigasaa; Wall; Weisz; Wieland; Williams; Speaker Devlin

NAYS: Becker; Dockter; Grande; Koppelman, B.; Kreun; Nathe; Owens; Paur; Porter; Rohr; Schmidt; Toman

ABSENT AND NOT VOTING: Strinden; Zaiser

Engrossed SB 2020, as amended, passed and the emergency clause was declared carried.

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

MR. PRESIDENT: The House has adopted the conference committee report and subsequently passed: HB 1012.

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

MR. PRESIDENT: The House has adopted the conference committee report and subsequently passed: SB 2298.

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

MR. PRESIDENT: The House has adopted the conference committee report, subsequently passed, and the emergency clause carried: SB 2014, SB 2020.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: The Senate has adopted the conference committee report and subsequently passed: SB 2171.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: The Senate has adopted the conference committee report and subsequently passed: HB 1258.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: The Senate has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1029.

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

MR. PRESIDENT: Your signature is respectfully requested on: HB 1008, HB 1018, HB 1038.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: Your signature is respectfully requested on: SB 2004, SB 2015, SB 2187.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: The President has signed: HB 1422.

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

MR. PRESIDENT: The Speaker has signed: SB 2004, SB 2015, SB 2187.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: The President has signed: SB 2018, SB 2205.

ANNOUNCEMENT

SPEAKER DEVLIN ANNOUNCED that the House would stand in recess until 4:30 p.m.

THE HOUSE RECONVENED pursuant to recess taken, with Speaker Devlin presiding.

CORRECTION AND REVISION OF THE JOURNAL

MR. SPEAKER: Your **Committee on Correction and Revision of the Journal (Rep. Kretschmar, Chairman)** has carefully examined the Journal of the Sixty-sixth, Seventy-fifth, Seventy-sixth, and Seventy-seventh Days and recommends that it be corrected as follows and when so corrected, recommends that it be approved:

Page 1510, after line 15, insert:

"SENATE AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1234

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 57-38 of the North Dakota Century Code, relating to

income tax withholding for oil and gas royalties; to amend and reenact section 15-05-10, subsection 4 of section 38-08-04, sections 57-51.1-01 and 57-51.1-03, subsection 1 of section 57-51.1-03.1, and section 57-51.2-02 of the North Dakota Century Code, relating to oil extraction tax definitions and exemptions and the state-tribal oil tax agreement; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 15-05-10 of the North Dakota Century Code is amended and reenacted as follows:

15-05-10. Royalties from oil leases - Rents from other leases - Rules.

Oil leases must be made by the board of university and school lands at such annual minimum payments as are determined by the board, but the royalty shall be not less than twelve and one-half percent of the gross output of oil from the lands leased. Oil leases made by the board may authorize a royalty of less than twelve and one-half percent for production from stripper well properties or individual stripper wells and qualifying secondary recovery and qualifying tertiary recovery projects as defined in section 57-51.1-01. Leases for gas, coal, cement materials, sodium sulfate, sand and gravel, road material, building stone, chemical substances, metallic ores, or colloidal or other clays must be made by the board in such annual payments as are determined by the board. The board may adopt rules regarding annual payments and royalties under this section.

SECTION 2. AMENDMENT. Subsection 4 of section 38-08-04 of the North Dakota Century Code is amended and reenacted as follows:

4. To classify wells as oil or gas wells for purposes material to the interpretation or enforcement of this chapter, to classify and determine the status and depth of wells that are stripper well property as defined in subsection 8 of section 57-51.1-01, to certify to the tax commissioner which wells are stripper wells and the depth of those wells, to recertify stripper wells that are reentered and recompleted as horizontal wells, and to certify to the tax commissioner which wells involve secondary or tertiary recovery operations under section 57-51.1-01, and the date of qualification for the reduced rate of oil extraction tax for secondary and tertiary recovery operations.

SECTION 3. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Withholding requirement for oil and gas royalty payments to nonresidents.

1. For purposes of this section:
 - a. "Publicly traded partnership" means a publicly traded partnership as defined in section 7704 of the Internal Revenue Code [26 U.S.C. 7704] which is not treated as a corporation.
 - b. "Remitter" means any person who distributes royalty payments to royalty owners.
 - c. "Royalty owner" means a person or entity entitled to receive periodic royalty payments for a nonworking interest in the production of oil or gas.
2. Except as provided in subsection 3, each remitter shall deduct and withhold from the net amount of the royalty payment made to each nonresident individual or business entity that does not have its commercial domicile in this state at the highest marginal rate provided in sections 57-38-30 and 57-38-30.3. Sections 57-38-59 and 57-38-60 apply to the filing of the returns and payment of the tax under this subsection.

3. This section does not apply to royalty payments made to a royalty owner if the royalty owner is:
 - a. The United States or an agency of the federal government, this state or a political subdivision of this state, or another state or a political subdivision of another state;
 - b. A federally recognized Indian tribe with respect to on-reservation oil and gas production pursuant to a lease entered under the Indian Mineral Leasing Act of 1938 [25 U.S.C. 396a through 396g];
 - c. The United States as trustee for individual Indians;
 - d. A publicly traded partnership;
 - e. An organization that is exempt from the tax under this chapter; or
 - f. The same person or entity as the remitter.
4.
 - a. This section does not apply to a remitter that produced less than three hundred fifty thousand barrels of oil or less than five hundred million cubic feet of gas in the preceding calendar year as certified to the tax commissioner in the manner and on forms prescribed by the tax commissioner.
 - b. Each remitter that is exempt from withholding under this subsection shall make an annual return to report royalty payments that exceed the dollar amounts in subsection 6 and must be reported in the same manner as provided in section 57-38-60.
5.
 - a. Each year, a publicly traded partnership that is exempt from withholding under subsection 3 shall transmit to the tax commissioner, in an electronic format approved by the tax commissioner, each partner's United States department of the treasury schedule K-1, form 1065, or form 1065-B, as applicable, filed electronically for the year with the United States internal revenue service.
 - b. A royalty owner that is a publicly traded partnership, or an organization exempt from taxation under section 57-38-09, shall report to the remitter and tax commissioner under oath, on a form prescribed by the tax commissioner, all information necessary to establish that the remitter is not required under subsection 2 to withhold royalty payments made to the partnership or organization.
6. If the royalty payment made to a royalty owner under this section is less than six hundred dollars for the current withholding period, or is less than one thousand dollars if the payment is annualized, the tax commissioner may grant a remitter's request to forego withholding the tax from the royalty payment made to that royalty owner for the current withholding period or, if applicable, the royalty payments for the annual period.

SECTION 4. AMENDMENT. Section 57-51.1-01 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-01. Definitions for oil extraction tax.

For the purposes of the oil extraction tax law, the following words and terms shall have the meaning ascribed to them in this section ~~this chapter~~:

1. "Average daily production" of a well means the qualified maximum total production of oil from the well during a calendar month period divided by the number of calendar days in that period, and "qualified maximum total production" of a well means that the well must have been maintained at the maximum efficient rate of production as defined and determined by

rule adopted by the industrial commission in furtherance of its authority under chapter 38-08.

2. "Average price" of a barrel of crude oil means the monthly average of the daily closing price for a barrel of west Texas intermediate cushing crude oil, as those prices appear in the Wall Street Journal, midwest edition, minus two dollars and fifty cents. When computing the monthly average price, the most recent previous daily closing price must be considered the daily closing price for the days on which the market is closed.
3. "Horizontal reentry well" means a well that was not initially drilled and completed as a horizontal well, including any well initially plugged and abandoned as a dry hole, which is reentered and recompleted as a horizontal well.
4. "Horizontal well" means a well with a horizontal displacement of the well bore drilled at an angle of at least eighty degrees within the productive formation of at least three hundred feet [91.44 meters].
5. "Oil" means petroleum, crude oil, mineral oil, casinghead gasoline, and all liquid hydrocarbons that are recovered from gas on the lease incidental to the production of the gas.
6. "Property" means the right which arises from a lease or fee interest, as a whole or any designated portion thereof, to produce oil. A producer shall treat as a separate property each separate and distinct producing reservoir subject to the same right to produce crude oil; provided, that such reservoir is recognized by the industrial commission as a producing formation that is separate and distinct from, and not in communication with, any other producing formation.
7. "Qualifying secondary recovery project" means a project employing water flooding. To be eligible for the tax reduction provided under section 57-51.1-02, a secondary recovery project must be certified as qualifying by the industrial commission and the project operator must have achieved for six consecutive months an average production level of at least twenty-five percent above the level that would have been recovered under normal recovery operations. To be eligible for the tax exemption provided under section 57-51.1-03 and subsequent thereto the rate reduction provided under section 57-51.1-02, a secondary recovery project must be certified as qualifying by the industrial commission and the project operator must have obtained incremental production as defined in subsection 5 of section 57-51.1-03.
8. "Qualifying tertiary recovery project" means a project for enhancing recovery of oil which meets the requirements of section 4993(c), Internal Revenue Code of 1954, as amended through December 31, 1986, and includes the following methods for recovery:
 - a. Miscible fluid displacement.
 - b. Steam drive injection.
 - c. Microemulsion.
 - d. In situ combustion.
 - e. Polymer augmented water flooding.
 - f. Cyclic steam injection.
 - g. Alkaline flooding.
 - h. Carbonated water flooding.

- i. Immiscible carbon dioxide displacement.
- j. New tertiary recovery methods certified by the industrial commission.

It does not include water flooding, unless the water flooding is used as an element of one of the qualifying tertiary recovery techniques described in this subsection, or immiscible natural gas injection. To be eligible for the tax reduction provided under section 57-51.1-02, a tertiary recovery project must be certified as qualifying by the industrial commission, the project operator must continue to operate the unit as a qualifying tertiary recovery project, and the project operator must have achieved for at least one month a production level of at least fifteen percent above the level that would have been recovered under normal recovery operations. To be eligible for the tax exemption provided under section 57-51.1-03 and subsequent thereto the rate reduction provided under section 57-51.1-02, a tertiary recovery project must be certified as qualifying by the industrial commission, the project operator must continue to operate the unit as a qualifying tertiary recovery project, and the project operator must have obtained incremental production as defined in subsection 5 of section 57-51.1-03.

- 9. "Royalty owner" means an owner of what is commonly known as the royalty interest and shall not include the owner of any overriding royalty or other payment carved out of the working interest.
- 10. "Stripper well" means a well drilled and completed, or reentered and recompleted as a horizontal well, after June 30, 2013, whose average daily production of oil during any preceding consecutive twelve-month period, excluding condensate recovered in nonassociated production, per well did not exceed ten barrels per day for wells of a depth of six thousand feet [1828.80 meters] or less, fifteen barrels per day for wells of a depth of more than six thousand feet [1828.80 meters] but not more than ten thousand feet [3048 meters], and thirty barrels per day for wells of a depth of more than ten thousand feet [3048 meters] outside the Bakken and Three Forks formations, and forty barrels per day for wells of a depth of more than ten thousand feet [3048 meters] in the Bakken or Three Forks formation.
- 11. "Stripper well property" means wells drilled and completed, or a well reentered and recompleted as a horizontal well, before July 1, 2013, on a "property" whose average daily production of oil, excluding condensate recovered in nonassociated production, per well did not exceed ten barrels per day for wells of a depth of six thousand feet [1828.80 meters] or less, fifteen barrels per day for wells of a depth of more than six thousand feet [1828.80 meters] but not more than ten thousand feet [3048 meters], and thirty barrels per day for wells of a depth of more than ten thousand feet [3048 meters] during any preceding consecutive twelve-month period. Wells which did not actually yield or produce oil during the qualifying twelve-month period, including disposal wells, dry wells, spent wells, and shut-in wells, are not production wells for the purpose of determining whether the stripper well property exemption applies.
- ~~44-12.~~ "Trigger price" means thirty-five dollars and fifty cents, as indexed for inflation. By December thirty-first of each year, the tax commissioner shall compute an indexed trigger price by applying to the current trigger price the rate of change of the producer price index for industrial commodities as calculated and published by the United States department of labor, bureau of labor statistics, for the twelve months ending June thirtieth of that year and the indexed trigger price so determined is the trigger price for the following calendar year.
- ~~12-13.~~ "Two-year inactive well" means any well certified by the industrial commission that did not produce oil in more than one month in any consecutive twenty-four-month period before being recompleted or

otherwise returned to production after July 31, 1995. A well that has never produced oil, a dry hole, and a plugged and abandoned well are eligible for status as a two-year inactive well.

SECTION 5. AMENDMENT. Section 57-51.1-03 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-03. ~~(Effective through June 30, 2013)~~ Exemptions from oil extraction tax.

The following activities are specifically exempted from the oil extraction tax:

1. The activity of extracting from the earth any oil that is exempt from the gross production tax imposed by chapter 57-51.
2. The activity of extracting from the earth any oil from a stripper well property or individual stripper well.
3. For a well drilled and completed as a vertical well, the initial production of oil from the well is exempt from any taxes imposed under this chapter for a period of fifteen months, except that oil produced from any well drilled and completed as a horizontal well is exempt from any taxes imposed under this chapter for a period of twenty-four months. Oil recovered during testing prior to well completion is exempt from the oil extraction tax. The exemption under this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.
4. The production of oil from a qualifying well that was worked over is exempt from any taxes imposed under this chapter for a period of twelve months, beginning with the first day of the third calendar month after the completion of the work-over project. The exemption provided by this subsection is only effective if the well operator establishes to the satisfaction of the industrial commission upon completion of the project that the cost of the project exceeded sixty-five thousand dollars or production is increased at least fifty percent during the first two months after completion of the project. A qualifying well under this subsection is a well with an average daily production of no more than fifty barrels of oil during the latest six calendar months of continuous production. A work-over project under this subsection means the continuous employment of a work-over rig, including recompletions and reentries. The exemption provided by this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.
5.
 - a. The incremental production from a secondary recovery project which has been certified as a qualified project by the industrial commission after July 1, 1991, is exempt from any taxes imposed under this chapter for a period of five years from the date the incremental production begins.
 - b. The incremental production from a tertiary recovery project that does not use carbon dioxide and which has been certified as a qualified project by the industrial commission is exempt from any taxes imposed under this chapter for a period of ten years from the date the incremental production begins. Incremental production from a tertiary recovery project that uses carbon dioxide and which has been certified as a qualified project by the industrial commission is

exempt from any taxes imposed under this chapter from the date the incremental production begins.

- c. For purposes of this subsection, incremental production is defined in the following manner:
- (1) For purposes of determining the exemption provided for in subdivision a and with respect to a unit where there has not been a secondary recovery project, incremental production means the difference between the total amount of oil produced from the unit during the secondary recovery project and the amount of primary production from the unit. For purposes of this paragraph, primary production means the amount of oil which would have been produced from the unit if the secondary recovery project had not been commenced. The industrial commission shall determine the amount of primary production in a manner which conforms to the practice and procedure used by the commission at the time the project is certified.
 - (2) For purposes of determining the exemption provided for in subdivision a and with respect to a unit where a secondary recovery project was in existence prior to July 1, 1991, and where the industrial commission cannot establish an accurate production decline curve, incremental production means the difference between the total amount of oil produced from the unit during a new secondary recovery project and the amount of production which would be equivalent to the average monthly production from the unit during the most recent twelve months of normal production reduced by a production decline rate of ten percent for each year. The industrial commission shall determine the average monthly production from the unit during the most recent twelve months of normal production and must upon request or upon its own motion hold a hearing to make this determination. For purposes of this paragraph, when determining the most recent twelve months of normal production the industrial commission is not required to use twelve consecutive months. In addition, the production decline rate of ten percent must be applied from the last month in the twelve-month period of time.
 - (3) For purposes of determining the exemption provided for in subdivision a and with respect to a unit where a secondary recovery project was in existence before July 1, 1991, and where the industrial commission can establish an accurate production decline curve, incremental production means the difference between the total amount of oil produced from the unit during the new secondary recovery project and the total amount of oil that would have been produced from the unit if the new secondary recovery project had not been commenced. For purposes of this paragraph, the total amount of oil that would have been produced from the unit if the new secondary recovery project had not been commenced includes both primary production and production that occurred as a result of the secondary recovery project that was in existence before July 1, 1991. The industrial commission shall determine the amount of oil that would have been produced from the unit if the new secondary recovery project had not been commenced in a manner that conforms to the practice and procedure used by the commission at the time the new secondary recovery project is certified.
 - (4) For purposes of determining the exemption provided for in subdivision b and with respect to a unit where there has not been a secondary recovery project, incremental production means the difference between the total amount of oil produced

from the unit during the tertiary recovery project and the amount of primary production from the unit. For purposes of this paragraph, primary production means the amount of oil which would have been produced from the unit if the tertiary recovery project had not been commenced. The industrial commission shall determine the amount of primary production in a manner which conforms to the practice and procedure used by the commission at the time the project is certified.

- (5) For purposes of determining the exemption provided for in subdivision b and with respect to a unit where there is or has been a secondary recovery project, incremental production means the difference between the total amount of oil produced during the tertiary recovery project and the amount of production which would be equivalent to the average monthly production from the unit during the most recent twelve months of normal production reduced by a production decline rate of ten percent for each year. The industrial commission shall determine the average monthly production from the unit during the most recent twelve months of normal production and must upon request or upon its own motion hold a hearing to make this determination. For purposes of this paragraph, when determining the most recent twelve months of normal production the industrial commission is not required to use twelve consecutive months. In addition, the production decline rate of ten percent must be applied from the last month in the twelve-month period of time.
 - (6) For purposes of determining the exemption provided for in subdivision b and with respect to a unit where there is or has been a secondary recovery project and where the industrial commission can establish an accurate production decline curve, incremental production means the difference between the total amount of oil produced from the unit during the tertiary recovery project and the total amount of oil that would have been produced from the unit if the tertiary recovery project had not been commenced. For purposes of this paragraph, the total amount of oil that would have been produced from the unit if the tertiary recovery project had not been commenced includes both primary production and production that occurred as a result of any secondary recovery project. The industrial commission shall determine the amount of oil that would have been produced from the unit if the tertiary recovery project had not been commenced in a manner that conforms to the practice and procedure used by the commission at the time the tertiary recovery project is certified.
- d. The industrial commission shall adopt rules relating to this exemption that must include procedures for determining incremental production as defined in subdivision c.
6. The production of oil from a two-year inactive well, as determined by the industrial commission and certified to the state tax commissioner, for a period of ten years after the date of receipt of the certification. The exemption under this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.
 7. The production of oil from a horizontal reentry well, as determined by the industrial commission and certified to the state tax commissioner, for a period of nine months after the date the well is completed as a horizontal well. The exemption under this subsection becomes ineffective if the

average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.

8. The initial production of oil from a well is exempt from any taxes imposed under this chapter for a period of sixty months if:
 - a. The well is drilled and completed before July 1, 2013, on nontrust lands located within the boundaries of an Indian reservation;
 - b. The well is drilled and completed before July 1, 2013, on lands held in trust by the United States for an Indian tribe or individual Indian; or
 - c. The well is drilled and completed before July 1, 2013, on lands held by an Indian tribe if the interest is in existence on August 1, 1997.

9. The first seventy-five thousand barrels or the first four million five hundred thousand dollars of gross value at the well, whichever is less, of oil produced during the first eighteen months after completion, from a horizontal well drilled and completed after April 30, 2009, and before July 1, 2015, is subject to a reduced tax rate of two percent of the gross value at the well of the oil extracted under this chapter. A well eligible for a reduced tax rate under this subsection is eligible for the exemption for horizontal wells under subsection 3, if the exemption under subsection 3 is effective during all or part of the first twenty-four months after completion. The rate reduction under this subsection becomes effective on the first day of the month following a month for which the average price of a barrel of crude oil is less than fifty-five dollars. The rate reduction under this subsection becomes ineffective on the first day of the month following a month in which the average price of a barrel of crude oil exceeds seventy dollars. If the rate reduction under this subsection is effective on the date of completion of a well, the rate reduction applies to production from that well for up to eighteen months after completion, subject to the other limitations of this subsection. If the rate reduction under this subsection is ineffective on the date of completion of a well, the rate reduction under this subsection does not apply to production from that well at any time.

10. The first seventy-five thousand barrels of oil produced during the first eighteen months after completion, from a well drilled and completed outside the Bakken and Three Forks formations, is subject to a reduced tax rate of two percent of the gross value at the well of the oil extracted under this chapter. A well eligible for a reduced tax rate under this subsection is eligible for the exemption under subsection 3, if the exemption under subsection 3 is effective during all or part of the first twenty-four months after completion.

~~(Effective after June 30, 2013) Exemptions from oil extraction tax. The following activities are specifically exempted from the oil extraction tax:~~

1. ~~The activity of extracting from the earth any oil that is exempt from the gross production tax imposed by chapter 57-51.~~
2. ~~The activity of extracting from the earth any oil from a stripper well property.~~
3. ~~For a well drilled and completed as a vertical well, the initial production of oil from the well is exempt from any taxes imposed under this chapter for a period of fifteen months, except that oil produced from any well drilled and completed as a horizontal well is exempt from any taxes imposed under this chapter for a period of twenty-four months. Oil recovered during testing prior to well completion is exempt from the oil extraction tax. The exemption under this subsection becomes ineffective if the~~

average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.

4. ~~The production of oil from a qualifying well that was worked over is exempt from any taxes imposed under this chapter for a period of twelve months, beginning with the first day of the third calendar month after the completion of the work-over project. The exemption provided by this subsection is only effective if the well operator establishes to the satisfaction of the industrial commission upon completion of the project that the cost of the project exceeded sixty-five thousand dollars or production is increased at least fifty percent during the first two months after completion of the project. A qualifying well under this subsection is a well with an average daily production of no more than fifty barrels of oil during the latest six calendar months of continuous production. A work-over project under this subsection means the continuous employment of a work-over rig, including recompletions and reentries. The exemption provided by this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.~~
5.
 - a. ~~The incremental production from a secondary recovery project which has been certified as a qualified project by the industrial commission after July 1, 1991, is exempt from any taxes imposed under this chapter for a period of five years from the date the incremental production begins.~~
 - b. ~~The incremental production from a tertiary recovery project that does not use carbon dioxide and which has been certified as a qualified project by the industrial commission is exempt from any taxes imposed under this chapter for a period of ten years from the date the incremental production begins. Incremental production from a tertiary recovery project that uses carbon dioxide and which has been certified as a qualified project by the industrial commission is exempt from any taxes imposed under this chapter from the date the incremental production begins.~~
 - c. ~~For purposes of this subsection, incremental production is defined in the following manner:~~
 - (1) ~~For purposes of determining the exemption provided for in subdivision a and with respect to a unit where there has not been a secondary recovery project, incremental production means the difference between the total amount of oil produced from the unit during the secondary recovery project and the amount of primary production from the unit. For purposes of this paragraph, primary production means the amount of oil which would have been produced from the unit if the secondary recovery project had not been commenced. The industrial commission shall determine the amount of primary production in a manner which conforms to the practice and procedure used by the commission at the time the project is certified.~~
 - (2) ~~For purposes of determining the exemption provided for in subdivision a and with respect to a unit where a secondary recovery project was in existence prior to July 1, 1991, and where the industrial commission cannot establish an accurate production decline curve, incremental production means the difference between the total amount of oil produced from the unit during a new secondary recovery project and the amount~~

of production which would be equivalent to the average monthly production from the unit during the most recent twelve months of normal production reduced by a production decline rate of ten percent for each year. The industrial commission shall determine the average monthly production from the unit during the most recent twelve months of normal production and must upon request or upon its own motion hold a hearing to make this determination. For purposes of this paragraph, when determining the most recent twelve months of normal production the industrial commission is not required to use twelve consecutive months. In addition, the production decline rate of ten percent must be applied from the last month in the twelve-month period of time.

- (3) For purposes of determining the exemption provided for in subdivision a and with respect to a unit where a secondary recovery project was in existence before July 1, 1991, and where the industrial commission can establish an accurate production decline curve, incremental production means the difference between the total amount of oil produced from the unit during the new secondary recovery project and the total amount of oil that would have been produced from the unit if the new secondary recovery project had not been commenced. For purposes of this paragraph, the total amount of oil that would have been produced from the unit if the new secondary recovery project had not been commenced includes both primary production and production that occurred as a result of the secondary recovery project that was in existence before July 1, 1991. The industrial commission shall determine the amount of oil that would have been produced from the unit if the new secondary recovery project had not been commenced in a manner that conforms to the practice and procedure used by the commission at the time the new secondary recovery project is certified.
- (4) For purposes of determining the exemption provided for in subdivision b and with respect to a unit where there has not been a secondary recovery project, incremental production means the difference between the total amount of oil produced from the unit during the tertiary recovery project and the amount of primary production from the unit. For purposes of this paragraph, primary production means the amount of oil which would have been produced from the unit if the tertiary recovery project had not been commenced. The industrial commission shall determine the amount of primary production in a manner which conforms to the practice and procedure used by the commission at the time the project is certified.
- (5) For purposes of determining the exemption provided for in subdivision b and with respect to a unit where there is or has been a secondary recovery project, incremental production means the difference between the total amount of oil produced during the tertiary recovery project and the amount of production which would be equivalent to the average monthly production from the unit during the most recent twelve months of normal production reduced by a production decline rate of ten percent for each year. The industrial commission shall determine the average monthly production from the unit during the most recent twelve months of normal production and must upon request or upon its own motion hold a hearing to make this determination. For purposes of this paragraph, when determining the most recent twelve months of normal production the industrial commission is not required to use twelve consecutive months. In addition, the production decline

rate of ten percent must be applied from the last month in the twelve-month period of time.

- (6) For purposes of determining the exemption provided for in subdivision b and with respect to a unit where there is or has been a secondary recovery project and where the industrial commission can establish an accurate production decline curve, incremental production means the difference between the total amount of oil produced from the unit during the tertiary recovery project and the total amount of oil that would have been produced from the unit if the tertiary recovery project had not been commenced. For purposes of this paragraph, the total amount of oil that would have been produced from the unit if the tertiary recovery project had not been commenced includes both primary production and production that occurred as a result of any secondary recovery project. The industrial commission shall determine the amount of oil that would have been produced from the unit if the tertiary recovery project had not been commenced in a manner that conforms to the practice and procedure used by the commission at the time the tertiary recovery project is certified.
 - d. The industrial commission shall adopt rules relating to this exemption that must include procedures for determining incremental production as defined in subdivision c.
6. The production of oil from a two-year inactive well, as determined by the industrial commission and certified to the state tax commissioner, for a period of ten years after the date of receipt of the certification. The exemption under this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.
 7. The production of oil from a horizontal reentry well, as determined by the industrial commission and certified to the state tax commissioner, for a period of nine months after the date the well is completed as a horizontal well. The exemption under this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.
 8. The initial production of oil from a well is exempt from any taxes imposed under this chapter for a period of sixty months if:
 - a. The well is located within the boundaries of an Indian reservation;
 - b. The well is drilled and completed on lands held in trust by the United States for an Indian tribe or individual Indian; or
 - c. The well is drilled and completed on lands held by an Indian tribe if the interest is in existence on August 1, 1997.
 9. The first seventy-five thousand barrels of oil produced during the first eighteen months after completion, from a horizontal well drilled and completed in the Bakken formation after June 30, 2007, and before July 1, 2008, is subject to a reduced tax rate of two percent of the gross value at the well of the oil extracted under this chapter. A well eligible for a reduced tax rate under this subsection is eligible for the exemption for horizontal wells under subsection 3, if the exemption under subsection 3-

~~is effective during all or part of the first twenty-four months after completion.~~

SECTION 6. AMENDMENT. Subsection 1 of section 57-51.1-03.1 of the North Dakota Century Code is amended and reenacted as follows:

1. To receive, from the first day of eligibility, a tax exemption on production from a stripper well property or individual stripper well under subsection 2 of section 57-51.1-03, the industrial commission's certification must be submitted to the tax commissioner within eighteen months after the end of the stripper well property's or stripper well's qualification period.

SECTION 7. AMENDMENT. Section 57-51.2-02 of the North Dakota Century Code is amended and reenacted as follows:

57-51.2-02. Agreement requirements.

An agreement under this chapter is subject to the following:

1. The only taxes subject to agreement are the state's oil and gas gross production and oil extraction taxes attributable to production from wells located within the exterior boundaries of the Fort Berthold Reservation.
2. The state's oil and gas gross production tax under chapter 57-51 and oil extraction tax under chapter 57-51.1 must apply to all wells located within the Fort Berthold Reservation.
3. The state's oil extraction tax under chapter 57-51.1 as applied to oil and gas production ~~attributable to trust lands~~ on the Fort Berthold Reservation may not exceed six and one-half percent but may be reduced through negotiation between the governor and the Three Affiliated Tribes.
4. Any exemptions for oil and gas production from trust lands under chapters 57-51 and 57-51.1 do not apply to production within the boundaries of the Fort Berthold Reservation except as otherwise provided in the agreement.
5. The allocation of revenue from oil and gas production taxes on the Fort Berthold Reservation must be as follows:
 - a. Production attributable to trust lands. All revenues and exemptions from all oil and gas gross production and oil extraction taxes attributable to production from trust lands on the Fort Berthold Reservation must be evenly divided between the tribe and the state.
 - b. All other production. ~~The tribe must receive twenty percent of the total oil and gas gross production taxes collected from all production.~~ All revenues and exemptions from all oil and gas gross production and oil extraction taxes attributable to production from nontrust lands on the Fort Berthold Reservation must be evenly divided between the tribe and the state in lieu of the application of the Three Affiliated Tribes' fees and taxes related to production on such lands. ~~The state must receive the remainder.~~
 - c. The state's share of the revenue as divided in subdivisions a and b is subject to distribution among political subdivisions as provided in chapters 57-51 and 57-51.1.
6. An oil or gas well that is drilled and completed during the time of an agreement under this chapter must be subject to the terms of the agreement for the life of the well.

7. The Three Affiliated Tribes must agree not to impose a tribal tax or any fee on future production of oil and gas on the Fort Berthold Reservation during the term of the agreement.
8. To address situations in which the tax commissioner refunds taxes to a taxpayer, the agreement must allow the tax commissioner to offset future distributions to the tribe.
9. The tax commissioner must retain authority to administer and enforce chapters 57-51 and 57-51.1 as applied to wells subject to any agreement authorized by this chapter.
10. An oil or gas well that is drilled and completed during the time an agreement under this chapter is in effect is subject to state regulatory provisions for the life of the well in addition to any other applicable regulatory provisions.
11. The federal district court for the western division of North Dakota is the venue for any dispute arising from a revenue-sharing agreement between the state and the Three Affiliated Tribes.

SECTION 8. EFFECTIVE DATE. Section 3 of this Act is effective for taxable years beginning after December 31, 2013, and the remainder of this Act is effective for taxable events occurring after June 30, 2013."

Renumber accordingly"

Page 1972, after line 15, insert:

"Rep. Onstad"

Page 1988, line 26, replace "Reengrossed" with "Engrossed"

Page 1988, line 28, replace "Reengrossed" with "Engrossed"

Page 2036, line 23, remove "but"

Page 2036, line 32, replace the first period with a comma

Page 2036, line 26, replace the second period with a comma

REP. KRETSCHMAR MOVED that the report be adopted, which motion prevailed.

REPORT OF CONFERENCE COMMITTEE

HB 1234, as engrossed: Your conference committee (Sens. Cook, Miller, Triplett and Reps. Headland, Drovdal, S. Kelsh) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ page 1510, adopt amendments as follows, and place HB 1234 on the Seventh order:

That the Senate recede from its amendments as printed on page 1510 of the House Journal and pages 1119-1131 and 1329 of the Senate Journal and that Engrossed House Bill No. 1234 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 57-38 of the North Dakota Century Code, relating to income tax withholding for oil and gas royalties; to amend and reenact section 15-05-10, subsection 4 of section 38-08-04, sections 57-51.1-01, 57-51.1-02, and 57-51.1-03, subsection 1 of section 57-51.1-03.1, and section 57-51.2-02 of the North Dakota Century Code, relating to oil extraction tax definitions, rates, and exemptions and the state-tribal oil tax agreement; to provide for a study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 15-05-10 of the North Dakota Century Code is amended and reenacted as follows:

15-05-10. Royalties from oil leases - Rents from other leases - Rules.

Oil leases must be made by the board of university and school lands at such annual minimum payments as are determined by the board, but the royalty shall be not less than twelve and one-half percent of the gross output of oil from the lands leased. Oil leases made by the board may authorize a royalty of less than twelve and one-half percent for production from stripper well properties or individual stripper wells and qualifying secondary recovery and qualifying tertiary recovery projects as defined in section 57-51.1-01. Leases for gas, coal, cement materials, sodium sulfate, sand and gravel, road material, building stone, chemical substances, metallic ores, or colloidal or other clays must be made by the board in such annual payments as are determined by the board. The board may adopt rules regarding annual payments and royalties under this section.

SECTION 2. AMENDMENT. Subsection 4 of section 38-08-04 of the North Dakota Century Code is amended and reenacted as follows:

4. To classify wells as oil or gas wells for purposes material to the interpretation or enforcement of this chapter, to classify and determine the status and depth of wells that are stripper well property as defined in subsection 8 of section 57-51.1-01, to certify to the tax commissioner which wells are stripper wells and the depth of those wells, to recertify stripper wells that are reentered and recompleted as horizontal wells, and to certify to the tax commissioner which wells involve secondary or tertiary recovery operations under section 57-51.1-01, and the date of qualification for the reduced rate of oil extraction tax for secondary and tertiary recovery operations.

SECTION 3. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Withholding requirement for oil and gas royalty payments to nonresidents.

1. For purposes of this section:
 - a. "Publicly traded partnership" means a publicly traded partnership as defined in section 7704 of the Internal Revenue Code [26 U.S.C. 7704] which is not treated as a corporation.
 - b. "Remitter" means any person who distributes royalty payments to royalty owners.
 - c. "Royalty owner" means a person or entity entitled to receive periodic royalty payments for a nonworking interest in the production of oil or gas.
2. Except as provided in subsection 3, each remitter shall deduct and withhold from the net amount of the royalty payment made to each nonresident individual or business entity that does not have its commercial domicile in this state at the highest marginal rate provided in sections 57-38-30 and 57-38-30.3. Sections 57-38-59 and 57-38-60 apply to the filing of the returns and payment of the tax under this subsection.
3. This section does not apply to royalty payments made to a royalty owner if the royalty owner is:
 - a. The United States or an agency of the federal government, this state or a political subdivision of this state, or another state or a political subdivision of another state.

- b. A federally recognized Indian tribe with respect to on-reservation oil and gas production pursuant to a lease entered under the Indian Mineral Leasing Act of 1938 [25 U.S.C. 396a through 396g];
 - c. The United States as trustee for individual Indians;
 - d. A publicly traded partnership;
 - e. An organization that is exempt from the tax under this chapter; or
 - f. The same person or entity as the remitter.
4. a. This section does not apply to a remitter that produced less than three hundred fifty thousand barrels of oil or less than five hundred million cubic feet of gas in the preceding calendar year as certified to the tax commissioner in the manner and on forms prescribed by the tax commissioner.
- b. Each remitter that is exempt from withholding under this subsection shall make an annual return to report royalty payments that exceed the dollar amounts in subsection 6 and must be reported in the same manner as provided in section 57-38-60.
5. a. Each year, a publicly traded partnership that is exempt from withholding under subsection 3 shall transmit to the tax commissioner, in an electronic format approved by the tax commissioner, each partner's United States department of the treasury schedule K-1, form 1065, or form 1065-B, as applicable, filed electronically for the year with the United States internal revenue service.
- b. A royalty owner that is a publicly traded partnership, or an organization exempt from taxation under section 57-38-09, shall report to the remitter and tax commissioner under oath, on a form prescribed by the tax commissioner, all information necessary to establish that the remitter is not required under subsection 2 to withhold royalty payments made to the partnership or organization.
6. If the royalty payment made to a royalty owner under this section is less than six hundred dollars for the current withholding period, or is less than one thousand dollars if the payment is annualized, the tax commissioner may grant a remitter's request to forego withholding the tax from the royalty payment made to that royalty owner for the current withholding period or, if applicable, the royalty payments for the annual period.

SECTION 4. AMENDMENT. Section 57-51.1-01 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-01. Definitions for oil extraction tax.

For the purposes of the oil extraction tax law, the following words and terms shall have the meaning ascribed to them in this section ~~in this chapter~~:

1. "Average daily production" of a well means the qualified maximum total production of oil from the well during a calendar month period divided by the number of calendar days in that period, and "qualified maximum total production" of a well means that the well must have been maintained at the maximum efficient rate of production as defined and determined by rule adopted by the industrial commission in furtherance of its authority under chapter 38-08.
2. "Average price" of a barrel of crude oil means the monthly average of the daily closing price for a barrel of west Texas intermediate cushing crude oil, as those prices appear in the Wall Street Journal, midwest edition, minus two dollars and fifty cents. ~~When computing the monthly average~~

~~price, the most recent previous daily closing price must be considered the daily closing price for the days on which the market is closed.~~

3. "Horizontal reentry well" means a well that was not initially drilled and completed as a horizontal well, including any well initially plugged and abandoned as a dry hole, which is reentered and recompleted as a horizontal well.
- 4.3. "Horizontal well" means a well with a horizontal displacement of the well bore drilled at an angle of at least eighty degrees within the productive formation of at least three hundred feet [91.44 meters].
- 5.4. "Oil" means petroleum, crude oil, mineral oil, casinghead gasoline, and all liquid hydrocarbons that are recovered from gas on the lease incidental to the production of the gas.
- 6.5. "Property" means the right which arises from a lease or fee interest, as a whole or any designated portion thereof, to produce oil. A producer shall treat as a separate property each separate and distinct producing reservoir subject to the same right to produce crude oil; provided, that such reservoir is recognized by the industrial commission as a producing formation that is separate and distinct from, and not in communication with, any other producing formation.
- 7.6. "Qualifying secondary recovery project" means a project employing water flooding. To be eligible for the tax reduction provided under section 57-51.1-02, a secondary recovery project must be certified as qualifying by the industrial commission and the project operator must have achieved for six consecutive months an average production level of at least twenty-five percent above the level that would have been recovered under normal recovery operations. To be eligible for the tax exemption provided under section 57-51.1-03 and subsequent thereto the rate reduction provided under section 57-51.1-02, a secondary recovery project must be certified as qualifying by the industrial commission and the project operator must have obtained incremental production as defined in subsection 5 of section 57-51.1-03.
- 8.7. "Qualifying tertiary recovery project" means a project for enhancing recovery of oil which meets the requirements of section 4993(c), Internal Revenue Code of 1954, as amended through December 31, 1986, and includes the following methods for recovery:
- a. Miscible fluid displacement.
 - b. Steam drive injection.
 - c. Microemulsion.
 - d. In situ combustion.
 - e. Polymer augmented water flooding.
 - f. Cyclic steam injection.
 - g. Alkaline flooding.
 - h. Carbonated water flooding.
 - i. Immiscible carbon dioxide displacement.
 - j. New tertiary recovery methods certified by the industrial commission.

It does not include water flooding, unless the water flooding is used as an element of one of the qualifying tertiary recovery techniques described in this subsection, or immiscible natural gas injection. To be eligible for the

tax reduction provided under section 57-51.1-02, a tertiary recovery project must be certified as qualifying by the industrial commission, the project operator must continue to operate the unit as a qualifying tertiary recovery project, and the project operator must have achieved for at least one month a production level of at least fifteen percent above the level that would have been recovered under normal recovery operations. To be eligible for the tax exemption provided under section 57-51.1-03 and subsequent thereto the rate reduction provided under section 57-51.1-02, a tertiary recovery project must be certified as qualifying by the industrial commission, the project operator must continue to operate the unit as a qualifying tertiary recovery project, and the project operator must have obtained incremental production as defined in subsection 5 of section 57-51.1-03.

- 9-8. "Royalty owner" means an owner of what is commonly known as the royalty interest and shall not include the owner of any overriding royalty or other payment carved out of the working interest.
- 10-9. "Stripper well" means a well drilled and completed, or reentered and recompleted as a horizontal well, during the time the rate of tax for new wells is six percent under section 57-51.1-02, whose average daily production of oil during any preceding consecutive twelve-month period, excluding condensate recovered in nonassociated production, per well did not exceed ten barrels per day for wells of a depth of six thousand feet [1828.80 meters] or less, fifteen barrels per day for wells of a depth of more than six thousand feet [1828.80 meters] but not more than ten thousand feet [3048 meters], and thirty barrels per day for wells of a depth of more than ten thousand feet [3048 meters] outside the Bakken and Three Forks formations, and thirty-five barrels per day for wells of a depth of more than ten thousand feet [3048 meters] in the Bakken or Three Forks formation.
10. "Stripper well property" means wells drilled and completed, or a well reentered and recompleted as a horizontal well, before the time the rate of tax for new wells is six percent under section 57-51.1-02, on a "property" whose average daily production of oil, excluding condensate recovered in nonassociated production, per well did not exceed ten barrels per day for wells of a depth of six thousand feet [1828.80 meters] or less, fifteen barrels per day for wells of a depth of more than six thousand feet [1828.80 meters] but not more than ten thousand feet [3048 meters], and thirty barrels per day for wells of a depth of more than ten thousand feet [3048 meters] during any preceding consecutive twelve-month period. Wells which did not actually yield or produce oil during the qualifying twelve-month period, including disposal wells, dry wells, spent wells, and shut-in wells, are not production wells for the purpose of determining whether the stripper well property exemption applies.
11. "Trigger price" means thirty-five average price per barrel for crude oil of less than fifty-two dollars and fifty-four cents, as indexed for inflation for a full calendar month. By December thirty-first of each year, the tax-commissioner shall compute an indexed trigger price by applying to the current trigger price the rate of change of the producer price index for industrial commodities as calculated and published by the United States department of labor, bureau of labor statistics, for the twelve months ending June thirtieth of that year and the indexed trigger price so determined is the trigger price for the following calendar year. The trigger price definition in this subsection is effective only during the time the rate of tax for new wells is six percent under section 57-51.1-02.
12. "Two-year inactive well" means any well certified by the industrial commission that did not produce oil in more than one month in any consecutive twenty-four-month period before being recompleted or otherwise returned to production after July 31, 1995. A well that has

never produced oil, a dry hole, and a plugged and abandoned well are eligible for status as a two-year inactive well.

SECTION 5. AMENDMENT. Section 57-51.1-02 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-02. Imposition of oil extraction tax.

There is hereby imposed an excise tax, to be known as the "oil extraction tax", upon the activity in this state of extracting oil from the earth, and every owner, including any royalty owner, of any part of the oil extracted is deemed for the purposes of this chapter to be engaged in the activity of extracting that oil.

The rate of tax is six and one-half percent of the gross value at the well of the oil extracted for wells drilled and completed before July 1, 2013, and six percent of the gross value at the well of the oil extracted for wells drilled and completed after June 30, 2013, except that the rate of tax is four percent of the gross value at the well of the oil extracted in the following situations:

1. For oil produced from wells drilled and completed after April 27, 1987, commonly referred to as new wells, and not otherwise exempt under section 57-51.1-03;
2. For oil produced from a secondary or tertiary recovery project that was certified as qualifying by the industrial commission before July 1, 1991;
3. For oil that does not qualify as incremental oil but is produced from a secondary or tertiary recovery project that is certified as qualifying by the industrial commission after June 30, 1991;
4. For incremental oil produced from a secondary or tertiary recovery project that is certified as qualifying by the industrial commission after June 30, 1991, and which production is not otherwise exempt under section 57-51.1-03; or
5. For oil produced from a well that receives an exemption pursuant to subsection 4 of section 57-51.1-03 after June 30, 1993, and which production is not otherwise exempt under section 57-51.1-03.

However, if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period, then the rate of tax on oil extracted from all taxable wells is six and one-half percent of the gross value at the well of the oil extracted for wells drilled and completed before July 1, 2013, and six percent of the gross value at the well of the oil extracted for wells drilled and completed after June 30, 2013, until the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period, in which case the rate of tax reverts to four percent of the gross value at the well of the oil extracted for any wells subject to a reduced rate under subsections 1 through 5.

SECTION 6. AMENDMENT. Section 57-51.1-03 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-03. ~~(Effective through June 30, 2013)~~ Exemptions from oil extraction tax.

The following activities are specifically exempted from the oil extraction tax:

1. The activity of extracting from the earth any oil that is exempt from the gross production tax imposed by chapter 57-51.
2. The activity of extracting from the earth any oil from a stripper well property or individual stripper well.

3. For a well drilled and completed as a vertical well, the initial production of oil from the well is exempt from any taxes imposed under this chapter for a period of fifteen months, except that oil produced from any well drilled and completed as a horizontal well is exempt from any taxes imposed under this chapter for a period of twenty-four months. Oil recovered during testing prior to well completion is exempt from the oil extraction tax. The exemption under this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.
4. The production of oil from a qualifying well that was worked over is exempt from any taxes imposed under this chapter for a period of twelve months, beginning with the first day of the third calendar month after the completion of the work-over project. The exemption provided by this subsection is only effective if the well operator establishes to the satisfaction of the industrial commission upon completion of the project that the cost of the project exceeded sixty-five thousand dollars or production is increased at least fifty percent during the first two months after completion of the project. A qualifying well under this subsection is a well with an average daily production of no more than fifty barrels of oil during the latest six calendar months of continuous production. A work-over project under this subsection means the continuous employment of a work-over rig, including recompletions and reentries. The exemption provided by this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.
5.
 - a. The incremental production from a secondary recovery project which has been certified as a qualified project by the industrial commission after July 1, 1991, is exempt from any taxes imposed under this chapter for a period of five years from the date the incremental production begins.
 - b. The incremental production from a tertiary recovery project that does not use carbon dioxide and which has been certified as a qualified project by the industrial commission is exempt from any taxes imposed under this chapter for a period of ten years from the date the incremental production begins. Incremental production from a tertiary recovery project that uses carbon dioxide and which has been certified as a qualified project by the industrial commission is exempt from any taxes imposed under this chapter from the date the incremental production begins.
 - c. For purposes of this subsection, incremental production is defined in the following manner:
 - (1) For purposes of determining the exemption provided for in subdivision a and with respect to a unit where there has not been a secondary recovery project, incremental production means the difference between the total amount of oil produced from the unit during the secondary recovery project and the amount of primary production from the unit. For purposes of this paragraph, primary production means the amount of oil which would have been produced from the unit if the secondary recovery project had not been commenced. The industrial commission shall determine the amount of primary production in a manner which conforms to the practice and procedure used by the commission at the time the project is certified.

- (2) For purposes of determining the exemption provided for in subdivision a and with respect to a unit where a secondary recovery project was in existence prior to July 1, 1991, and where the industrial commission cannot establish an accurate production decline curve, incremental production means the difference between the total amount of oil produced from the unit during a new secondary recovery project and the amount of production which would be equivalent to the average monthly production from the unit during the most recent twelve months of normal production reduced by a production decline rate of ten percent for each year. The industrial commission shall determine the average monthly production from the unit during the most recent twelve months of normal production and must upon request or upon its own motion hold a hearing to make this determination. For purposes of this paragraph, when determining the most recent twelve months of normal production the industrial commission is not required to use twelve consecutive months. In addition, the production decline rate of ten percent must be applied from the last month in the twelve-month period of time.
- (3) For purposes of determining the exemption provided for in subdivision a and with respect to a unit where a secondary recovery project was in existence before July 1, 1991, and where the industrial commission can establish an accurate production decline curve, incremental production means the difference between the total amount of oil produced from the unit during the new secondary recovery project and the total amount of oil that would have been produced from the unit if the new secondary recovery project had not been commenced. For purposes of this paragraph, the total amount of oil that would have been produced from the unit if the new secondary recovery project had not been commenced includes both primary production and production that occurred as a result of the secondary recovery project that was in existence before July 1, 1991. The industrial commission shall determine the amount of oil that would have been produced from the unit if the new secondary recovery project had not been commenced in a manner that conforms to the practice and procedure used by the commission at the time the new secondary recovery project is certified.
- (4) For purposes of determining the exemption provided for in subdivision b and with respect to a unit where there has not been a secondary recovery project, incremental production means the difference between the total amount of oil produced from the unit during the tertiary recovery project and the amount of primary production from the unit. For purposes of this paragraph, primary production means the amount of oil which would have been produced from the unit if the tertiary recovery project had not been commenced. The industrial commission shall determine the amount of primary production in a manner which conforms to the practice and procedure used by the commission at the time the project is certified.
- (5) For purposes of determining the exemption provided for in subdivision b and with respect to a unit where there is or has been a secondary recovery project, incremental production means the difference between the total amount of oil produced during the tertiary recovery project and the amount of production which would be equivalent to the average monthly production from the unit during the most recent twelve months of normal production reduced by a production decline rate of ten percent for each year. The industrial commission shall determine the average monthly production from the unit during

the most recent twelve months of normal production and must upon request or upon its own motion hold a hearing to make this determination. For purposes of this paragraph, when determining the most recent twelve months of normal production the industrial commission is not required to use twelve consecutive months. In addition, the production decline rate of ten percent must be applied from the last month in the twelve-month period of time.

- (6) For purposes of determining the exemption provided for in subdivision b and with respect to a unit where there is or has been a secondary recovery project and where the industrial commission can establish an accurate production decline curve, incremental production means the difference between the total amount of oil produced from the unit during the tertiary recovery project and the total amount of oil that would have been produced from the unit if the tertiary recovery project had not been commenced. For purposes of this paragraph, the total amount of oil that would have been produced from the unit if the tertiary recovery project had not been commenced includes both primary production and production that occurred as a result of any secondary recovery project. The industrial commission shall determine the amount of oil that would have been produced from the unit if the tertiary recovery project had not been commenced in a manner that conforms to the practice and procedure used by the commission at the time the tertiary recovery project is certified.
 - d. The industrial commission shall adopt rules relating to this exemption that must include procedures for determining incremental production as defined in subdivision c.
6. The production of oil from a two-year inactive well, as determined by the industrial commission and certified to the state tax commissioner, for a period of ten years after the date of receipt of the certification. The exemption under this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.
 7. The production of oil from a horizontal reentry well, as determined by the industrial commission and certified to the state tax commissioner, for a period of nine months after the date the well is completed as a horizontal well. The exemption under this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.
 8. The initial production of oil from a well is exempt from any taxes imposed under this chapter for a period of sixty months if:
 - a. The well is drilled and completed before July 1, 2013, on nontrust lands located within the boundaries of an Indian reservation;
 - b. The well is drilled and completed before July 1, 2013, on lands held in trust by the United States for an Indian tribe or individual Indian; or
 - c. The well is drilled and completed before July 1, 2013, on lands held by an Indian tribe if the interest is in existence on August 1, 1997.

9. ~~The first seventy-five thousand barrels or the first four million five-hundred thousand dollars of gross value at the well, whichever is less, of oil produced during the first eighteen months after completion, from a horizontal well drilled and completed after April 30, 2009, is subject to a reduced tax rate of two percent of the gross value at the well of the oil extracted under this chapter. A well eligible for a reduced tax rate under this subsection is eligible for the exemption for horizontal wells under subsection 3, if the exemption under subsection 3 is effective during all or part of the first twenty-four months after completion. The rate reduction under this subsection becomes effective on the first day of the month following a month for which the average price of a barrel of crude oil is less than fifty-five dollars. The rate reduction under this subsection becomes ineffective on the first day of the month following a month in which the average price of a barrel of crude oil exceeds seventy dollars. If the rate reduction under this subsection is effective on the date of completion of a well, the rate reduction applies to production from that well for up to eighteen months after completion, subject to the other limitations of this subsection. If the rate reduction under this subsection is ineffective on the date of completion of a well, the rate reduction under this subsection does not apply to production from that well at any time.~~ The first seventy-five thousand barrels of oil produced during the first eighteen months after completion, from a well drilled and completed before July 1, 2017, outside the Bakken and Three Forks formations and ten miles or more outside an established field in which the industrial commission has defined the pool to include the Bakken or Three Forks formation, is subject to a reduced tax rate of two percent of the gross value at the well of the oil extracted under this chapter. A well eligible for a reduced tax rate under this subsection is eligible for the exemption under subsection 3, if the exemption under subsection 3 is effective during all or part of the first twenty-four months after completion.

(Effective after June 30, 2013) Exemptions from oil extraction tax. The following activities are specifically exempted from the oil extraction tax:

1. ~~The activity of extracting from the earth any oil that is exempt from the gross production tax imposed by chapter 57-51.~~
2. ~~The activity of extracting from the earth any oil from a stripper well property.~~
3. ~~For a well drilled and completed as a vertical well, the initial production of oil from the well is exempt from any taxes imposed under this chapter for a period of fifteen months, except that oil produced from any well drilled and completed as a horizontal well is exempt from any taxes imposed under this chapter for a period of twenty-four months. Oil recovered during testing prior to well completion is exempt from the oil extraction tax. The exemption under this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.~~
4. ~~The production of oil from a qualifying well that was worked over is exempt from any taxes imposed under this chapter for a period of twelve months, beginning with the first day of the third calendar month after the completion of the work-over project. The exemption provided by this subsection is only effective if the well operator establishes to the satisfaction of the industrial commission upon completion of the project that the cost of the project exceeded sixty-five thousand dollars or production is increased at least fifty percent during the first two months after completion of the project. A qualifying well under this subsection is a well with an average daily production of no more than fifty barrels of oil during the latest six calendar months of continuous production. A work-over project under this subsection means the continuous~~

~~employment of a work-over rig, including recompletions and reentries. The exemption provided by this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.~~

5. a. ~~The incremental production from a secondary recovery project which has been certified as a qualified project by the industrial commission after July 1, 1991, is exempt from any taxes imposed under this chapter for a period of five years from the date the incremental production begins.~~
- b. ~~The incremental production from a tertiary recovery project that does not use carbon dioxide and which has been certified as a qualified project by the industrial commission is exempt from any taxes imposed under this chapter for a period of ten years from the date the incremental production begins. Incremental production from a tertiary recovery project that uses carbon dioxide and which has been certified as a qualified project by the industrial commission is exempt from any taxes imposed under this chapter from the date the incremental production begins.~~
- e. ~~For purposes of this subsection, incremental production is defined in the following manner:~~
- (1) ~~For purposes of determining the exemption provided for in subdivision a and with respect to a unit where there has not been a secondary recovery project, incremental production means the difference between the total amount of oil produced from the unit during the secondary recovery project and the amount of primary production from the unit. For purposes of this paragraph, primary production means the amount of oil which would have been produced from the unit if the secondary recovery project had not been commenced. The industrial commission shall determine the amount of primary production in a manner which conforms to the practice and procedure used by the commission at the time the project is certified.~~
- (2) ~~For purposes of determining the exemption provided for in subdivision a and with respect to a unit where a secondary recovery project was in existence prior to July 1, 1991, and where the industrial commission cannot establish an accurate production decline curve, incremental production means the difference between the total amount of oil produced from the unit during a new secondary recovery project and the amount of production which would be equivalent to the average monthly production from the unit during the most recent twelve months of normal production reduced by a production decline rate of ten percent for each year. The industrial commission shall determine the average monthly production from the unit during the most recent twelve months of normal production and must upon request or upon its own motion hold a hearing to make this determination. For purposes of this paragraph, when determining the most recent twelve months of normal production the industrial commission is not required to use twelve consecutive months. In addition, the production decline rate of ten percent must be applied from the last month in the twelve-month period of time.~~
- (3) ~~For purposes of determining the exemption provided for in subdivision a and with respect to a unit where a secondary recovery project was in existence before July 1, 1991, and where the industrial commission can establish an accurate~~

production decline curve, incremental production means the difference between the total amount of oil produced from the unit during the new secondary recovery project and the total amount of oil that would have been produced from the unit if the new secondary recovery project had not been commenced. For purposes of this paragraph, the total amount of oil that would have been produced from the unit if the new secondary recovery project had not been commenced includes both primary production and production that occurred as a result of the secondary recovery project that was in existence before July 1, 1991. The industrial commission shall determine the amount of oil that would have been produced from the unit if the new secondary recovery project had not been commenced in a manner that conforms to the practice and procedure used by the commission at the time the new secondary recovery project is certified.

- (4) For purposes of determining the exemption provided for in subdivision b and with respect to a unit where there has not been a secondary recovery project, incremental production means the difference between the total amount of oil produced from the unit during the tertiary recovery project and the amount of primary production from the unit. For purposes of this paragraph, primary production means the amount of oil which would have been produced from the unit if the tertiary recovery project had not been commenced. The industrial commission shall determine the amount of primary production in a manner which conforms to the practice and procedure used by the commission at the time the project is certified.
- (5) For purposes of determining the exemption provided for in subdivision b and with respect to a unit where there is or has been a secondary recovery project, incremental production means the difference between the total amount of oil produced during the tertiary recovery project and the amount of production which would be equivalent to the average monthly production from the unit during the most recent twelve months of normal production reduced by a production decline rate of ten percent for each year. The industrial commission shall determine the average monthly production from the unit during the most recent twelve months of normal production and must upon request or upon its own motion hold a hearing to make this determination. For purposes of this paragraph, when determining the most recent twelve months of normal production the industrial commission is not required to use twelve consecutive months. In addition, the production decline rate of ten percent must be applied from the last month in the twelve-month period of time.
- (6) For purposes of determining the exemption provided for in subdivision b and with respect to a unit where there is or has been a secondary recovery project and where the industrial commission can establish an accurate production decline curve, incremental production means the difference between the total amount of oil produced from the unit during the tertiary recovery project and the total amount of oil that would have been produced from the unit if the tertiary recovery project had not been commenced. For purposes of this paragraph, the total amount of oil that would have been produced from the unit if the tertiary recovery project had not been commenced includes both primary production and production that occurred as a result of any secondary recovery project. The industrial commission shall determine the amount of oil that would have been produced from the unit if the tertiary recovery project had not been commenced in a manner that conforms to the practice

and procedure used by the commission at the time the tertiary recovery project is certified.

- d. ~~The industrial commission shall adopt rules relating to this exemption that must include procedures for determining incremental production as defined in subdivision c.~~
- 6. ~~The production of oil from a two-year inactive well, as determined by the industrial commission and certified to the state tax commissioner, for a period of ten years after the date of receipt of the certification. The exemption under this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.~~
- 7. ~~The production of oil from a horizontal reentry well, as determined by the industrial commission and certified to the state tax commissioner, for a period of nine months after the date the well is completed as a horizontal well. The exemption under this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.~~
- 8. ~~The initial production of oil from a well is exempt from any taxes imposed under this chapter for a period of sixty months if:~~
 - a. ~~The well is located within the boundaries of an Indian reservation;~~
 - b. ~~The well is drilled and completed on lands held in trust by the United States for an Indian tribe or individual Indian; or~~
 - c. ~~The well is drilled and completed on lands held by an Indian tribe if the interest is in existence on August 1, 1997.~~
- 9. ~~The first seventy-five thousand barrels of oil produced during the first eighteen months after completion, from a horizontal well drilled and completed in the Bakken formation after June 30, 2007, and before July 1, 2008, is subject to a reduced tax rate of two percent of the gross value at the well of the oil extracted under this chapter. A well eligible for a reduced tax rate under this subsection is eligible for the exemption for horizontal wells under subsection 3, if the exemption under subsection 3 is effective during all or part of the first twenty-four months after completion.~~

SECTION 7. AMENDMENT. Subsection 1 of section 57-51.1-03.1 of the North Dakota Century Code is amended and reenacted as follows:

- 1. To receive, from the first day of eligibility, a tax exemption on production from a stripper well property or individual stripper well under subsection 2 of section 57-51.1-03, the industrial commission's certification must be submitted to the tax commissioner within eighteen months after the end of the stripper well property's or stripper well's qualification period.

SECTION 8. AMENDMENT. Section 57-51.2-02 of the North Dakota Century Code is amended and reenacted as follows:

57-51.2-02. Agreement requirements.

An agreement under this chapter is subject to the following:

1. The only taxes subject to agreement are the state's oil and gas gross production and oil extraction taxes attributable to production from wells located within the exterior boundaries of the Fort Berthold Reservation.
2. The state's oil and gas gross production tax under chapter 57-51 and oil extraction tax under chapter 57-51.1 must apply to all wells located within the Fort Berthold Reservation.
3. The state's oil extraction tax under chapter 57-51.1 as applied to oil and gas production ~~attributable to trust lands on the Fort Berthold Reservation may not exceed six and one-half percent but may be reduced through negotiation between the governor and the Three Affiliated Tribes~~ must be applied at the rate established under chapter 57-51.1.
4. Any exemptions for oil and gas production from trust lands under chapters 57-51 and 57-51.1 do not apply to production within the boundaries of the Fort Berthold Reservation except as otherwise provided in the agreement.
5. The allocation of revenue from oil and gas production and oil extraction taxes on the Fort Berthold Reservation must be as follows:
 - a. Production attributable to trust lands. All revenues and exemptions from all oil and gas gross production and oil extraction taxes attributable to production from trust lands on the Fort Berthold Reservation must be evenly divided between the tribe and the state.
 - b. All other production. ~~The tribe must receive twenty percent of the total oil and gas gross production taxes collected from all production~~ All revenues and exemptions from all oil and gas gross production and oil extraction taxes attributable to production from nontrust lands on the Fort Berthold Reservation must be evenly divided between the tribe and the state in lieu of the application of the Three Affiliated Tribes' fees and taxes related to production on such lands. The state must receive the remainder.
 - c. The state's share of the revenue as divided in subdivisions a and b is subject to distribution among political subdivisions as provided in chapters 57-51 and 57-51.1.
6. An oil or gas well that is drilled and completed during the time of an agreement under this chapter must be subject to the terms of the agreement for the life of the well.
7. The Three Affiliated Tribes must agree not to impose a tribal tax or any fee on future production of oil and gas on the Fort Berthold Reservation during the term of the agreement.
8. To address situations in which the tax commissioner refunds taxes to a taxpayer, the agreement must allow the tax commissioner to offset future distributions to the tribe.
9. The tax commissioner must retain authority to administer and enforce chapters 57-51 and 57-51.1 as applied to wells subject to any agreement authorized by this chapter.
10. An oil or gas well that is drilled and completed during the time an agreement under this chapter is in effect is subject to state regulatory provisions for the life of the well in addition to any other applicable regulatory provisions.
11. The federal district court for the western division of North Dakota is the venue for any dispute arising from a revenue-sharing agreement between the state and the Three Affiliated Tribes.

12. The agreement must require that the Three Affiliated Tribes report annually to the budget section of the legislative management and that the report, at a minimum, informs the budget section of tribal investments in essential infrastructure and fees, expenses, and charges the tribe imposes on the oil industry.

SECTION 9. LEGISLATIVE MANAGEMENT STUDY - ANALYSIS OF FUTURE OIL INDUSTRY CHANGES - CONSULTANT ASSISTANCE. The legislative management shall consider studying the likely changes to oil industry practices, production, impacts, and tax policy within the foreseeable future. To assist with this study, the legislative management may obtain the services of an independent consultant with demonstrated insight into current and future production advances, including use of carbon dioxide and water or other means of enhancing production; effects of mature production areas on state and local tax policy; future infrastructure needs; and environmental considerations. The objective of the study is development of a legislative vision of appropriate long-term policy issues and revenue and expenditure expectations. The legislative management shall report its findings and recommendations, together with any legislation to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 10. EFFECTIVE DATE. Section 3 of this Act is effective for taxable years beginning after December 31, 2013, and the remainder of this Act is effective for taxable events occurring after June 30, 2013."

Renumber accordingly

Engrossed HB 1234 was placed on the Seventh order of business on the calendar.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. DROVDAL MOVED that the conference committee report on Engrossed HB 1234 be adopted.

REQUEST

REP. DROVDAL REQUESTED a recorded roll call vote, which request was granted.

ROLL CALL

The question being on the motion to adopt the conference committee report on Engrossed HB 1234, the roll was called and there were 71 YEAS, 21 NAYS, 0 EXCUSED, 2 ABSENT AND NOT VOTING.

YEAS: Anderson; Beadle; Becker; Bellew; Belter; Boehning; Brabandt; Brandenburg; Carlson; Damschen; Delzer; Dockter; Dosch; Drovdal; Fehr; Frantsvog; Froseth; Grande; Hatlestad; Hawken; Headland; Heilman; Heller; Hofstad; Johnson, D.; Johnson, N.; Karls; Kasper; Keiser; Kempenich; Kiefert; Klein; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Kreun; Laning; Larson; Looyen; Louser; Maragos; Martinson; Meier; Monson; Nathe; Nelson, J.; Owens; Paur; Pollert; Porter; Rohr; Ruby; Rust; Sanford; Schatz; Schmidt; Silbernagel; Skarphol; Steiner; Streyle; Sukut; Thoreson; Toman; Trottier; Vigasaa; Wall; Weisz; Wieland; Speaker Devlin

NAYS: Boe; Boschee; Delmore; Glassheim; Gruchalla; Guggisberg; Haak; Hanson; Hogan; Holman; Hunskor; Kelsh, J.; Kelsh, S.; Mock; Mooney; Muscha; Nelson, M.; Onstad; Oversen; Strinden; Williams

ABSENT AND NOT VOTING: Amerman; Zaiser

The conference committee report on Engrossed HB 1234 was adopted on a recorded roll call vote.

Engrossed HB 1234, as amended, was placed on the Eleventh order of business.

SECOND READING OF HOUSE BILL

HB 1234: A BILL for an Act to create and enact a new section to chapter 57-38 of the North Dakota Century Code, relating to income tax withholding for oil and gas royalties; to amend and reenact section 15-05-10, subsection 4 of section 38-08-04, sections

57-51.1-01, 57-51.1-02, and 57-51.1-03, subsection 1 of section 57-51.1-03.1, and section 57-51.2-02 of the North Dakota Century Code, relating to oil extraction tax definitions, rates, and exemptions and the state-tribal oil tax agreement; to provide for a study; and to provide an effective date.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 21 YEAS, 71 NAYS, 0 EXCUSED, 2 ABSENT AND NOT VOTING.

YEAS: Anderson; Becker; Belter; Brabandt; Brandenburg; Dockter; Drovdal; Fehr; Frantsvog; Froseth; Grande; Hawken; Johnson, N.; Kempenich; Klein; Nelson, J.; Nelson, M.; Onstad; Schatz; Steiner; Trottier

NAYS: Beadle; Bellew; Boe; Boehning; Boschee; Carlson; Damschen; Delmore; Delzer; Dosch; Glassheim; Gruchalla; Guggisberg; Haak; Hanson; Hatlestad; Headland; Heilman; Heller; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Karls; Kasper; Keiser; Kelsh, J.; Kelsh, S.; Kiefert; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Kreun; Laning; Larson; Looyesen; Louser; Maragos; Martinson; Meier; Mock; Monson; Mooney; Muscha; Nathe; Oversen; Owens; Paur; Pollert; Porter; Rohr; Ruby; Rust; Sanford; Schmidt; Silbernagel; Skarphol; Streyle; Strinden; Sukut; Thoreson; Toman; Vigesaa; Wall; Weisz; Wieland; Williams; Speaker Devlin

ABSENT AND NOT VOTING: Amerman; Zaiser

Reengrossed HB 1234 failed.

REPORT OF CONFERENCE COMMITTEE

HB 1016, as engrossed: Your conference committee (Sens. Grindberg, Holmberg, Robinson and Reps. Brandenburg, Thoreson, Guggisberg) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1361-1365, adopt amendments as follows, and place HB 1016 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1361-1365 of the House Journal and pages 1212-1216 of the Senate Journal and that Engrossed House Bill No. 1016 be amended as follows:

Page 1, line 2, after "general" insert "; to provide for a contingent appropriation; to provide an appropriation to the housing finance agency"

Page 1, line 2, after "exemptions" insert "; to provide for a budget section report"

Page 1, remove lines 13 through 24

Page 2, replace lines 1 and 2 with:

"Salaries and wages	\$5,153,886	\$2,179,283	\$7,333,169
Operating expenses	4,062,891	50,000	4,112,891
Capital assets	229,371	1,141,261	1,370,632
Grants	449,514	660,000	1,109,514
Civil air patrol	243,353	44,098	287,451
Tuition, recruiting, and retention	2,407,500	110,000	2,517,500
Air guard contract	10,989,323	493,835	11,483,158
Army guard contract	56,110,755	2,071,916	58,182,671
Veterans' cemetery	576,916	70,089	647,005
Reintegration program	1,477,449	9,531	1,486,980
Accrued leave payments	0	812,098	812,098
Total all funds	\$81,700,958	\$7,642,111	\$89,343,069
Less estimated income	65,721,902	4,596,841	70,318,743
Total general fund	\$15,979,056	\$3,045,270	\$19,024,326"

Page 2, replace lines 7 through 16 with:

"Salaries and wages	\$11,363,744	(\$1,064,824)	\$10,298,920
Operating expenses	9,930,022	(10,534)	9,919,488
Capital assets	802,000	121,240	923,240
Grants	71,419,771	(52,046,524)	19,373,247
Disaster costs	109,923,008	37,795,559	147,718,567
Radio communications	0	2,735,000	2,735,000
Accrued leave payments	<u>0</u>	<u>283,895</u>	<u>283,895</u>
Total all funds	\$203,438,545	(\$12,186,188)	\$191,252,357
Less estimated income	<u>195,382,476</u>	<u>(15,856,622)</u>	<u>179,525,854</u>
Total general fund	\$8,056,069	\$3,670,434	\$11,726,503"

Page 2, replace lines 21 through 23 with:

"Grand total general fund	\$24,035,125	\$7,090,704	\$31,125,829
Grand total special funds	<u>261,104,378</u>	<u>(9,759,781)</u>	<u>251,344,597</u>
Grand total all funds	\$285,139,503	(\$2,669,077)	\$282,470,426"

Page 3, replace lines 4 and 5 with:

"State radio tower package	1,500,000	1,175,000
Statewide seamless base map	900,000	1,150,000"

Page 3, replace lines 16 through 18 with:

"Total all funds	\$45,818,428	\$6,326,240
Less estimated income	<u>40,000,000</u>	<u>2,000,000</u>
Total general fund	\$5,818,428	\$4,326,240"

Page 3, after line 22, insert:

"SECTION 3. CONTINGENT APPROPRIATION - NATIONAL GUARD TUITION ASSISTANCE. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$375,000, or so much of the sum as may be necessary, to the adjutant general for the purpose of providing tuition assistance to eligible members of the North Dakota national guard, for the biennium beginning July 1, 2013, and ending June 30, 2015. The funding appropriated under this section is contingent upon the adjutant general certifying to the office of management and budget that the national guard has received a new assignment in association with the Grand Forks air force base.

SECTION 4. APPROPRIATION - HOUSING FINANCE AGENCY - FLOOD-IMPACTED HOUSING ASSISTANCE - BUDGET SECTION REPORT. There is appropriated out of any moneys in the state disaster relief fund in the state treasury, not otherwise appropriated, the sum of \$1,500,000, or so much of the sum as may be necessary, to the housing finance agency for the purpose of providing grants for flood-impacted housing assistance, for the period beginning with the effective date of this Act and ending June 30, 2015. The funds appropriated under this section must be used to provide grants to counties, cities, local housing authorities, and other nonprofit entities to assist homeowners and residents in the rehabilitation or replacement of flood-damaged homes, to retain homeowners and other residents in the community, and for transitional expenses to facilitate housing availability for flood-impacted residents. An entity requesting a grant for temporary housing for flood-impacted residents must certify to the housing finance agency that housing occupants are eligible to receive housing assistance under federal housing and urban development agency guidelines, that a land use agreement is in place for temporary housing units, and that a plan has been developed for the disposal of temporary housing units. The housing finance agency shall develop guidelines for the distribution of funds including the frequency of the distribution of grant funds. During the 2013-14 interim the housing finance agency shall provide a report to the budget section regarding the use of funds under this section."

Page 5, replace lines 8 through 12 with:

"SECTION 13. EXEMPTION. The amount appropriated in the tuition, recruiting, and retention line item in subdivision 1 of section 1 of chapter 42 of the 2011 Session

Laws is not subject to section 54-44.1-11, and any unexpended funds from this appropriation may be used to provide tuition assistance to eligible members of the North Dakota national guard during the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 14. EMERGENCY. Section 4 of this Act and funding of \$600,000 from the general fund in the grants line item in subdivision 1 of section 1 of this Act, relating to the veterans' bonus program, funding of \$241,240 from the general fund in the capital assets line item in subdivision 2 of section 1 of this Act, relating to the state radio communications center project, and funding of \$960,000 from the general fund in the capital assets line item in subdivision 1 of section 1 of this Act, relating to the state radio communications center project, are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1016 - Summary of Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Housing Finance Agency						
Total all funds	\$0	\$0	\$1,500,000	\$1,500,000	\$0	\$1,500,000
Less estimated income	0	0	1,500,000	1,500,000	0	1,500,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Adjutant General						
Total all funds	\$89,641,960	\$88,636,911	\$1,081,158	\$89,718,069	\$90,251,705	(\$533,636)
Less estimated income	70,547,829	69,885,679	433,064	70,318,743	70,669,760	(351,017)
General fund	\$19,094,131	\$18,751,232	\$648,094	\$19,399,326	\$19,581,945	(\$182,619)
Department of Emergency Services						
Total all funds	\$192,227,357	\$190,777,357	\$475,000	\$191,252,357	\$192,752,357	(\$1,500,000)
Less estimated income	179,525,854	179,325,854	200,000	179,525,854	181,025,854	(1,500,000)
General fund	\$12,701,503	\$11,451,503	\$275,000	\$11,726,503	\$11,726,503	\$0
Bill total						
Total all funds	\$281,869,317	\$279,414,268	\$3,056,158	\$282,470,426	\$283,004,062	(\$533,636)
Less estimated income	250,073,683	249,211,533	2,133,064	251,344,597	251,695,614	(351,017)
General fund	\$31,795,634	\$30,202,735	\$923,094	\$31,125,829	\$31,308,448	(\$182,619)

House Bill No. 1016 - Housing Finance Agency - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Flood-impacted housing			\$1,500,000	\$1,500,000		\$1,500,000
Total all funds	\$0	\$0	\$1,500,000	\$1,500,000	\$0	\$1,500,000
Less estimated income	0	0	1,500,000	1,500,000	0	1,500,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

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

	Adds Funding for Housing Rehabilitation ¹	Total Conference Committee Changes
Flood-impacted housing	\$1,500,000	\$1,500,000
Total all funds	\$1,500,000	\$1,500,000
Less estimated income	1,500,000	1,500,000
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$1.5 million from the state disaster relief fund is added to continue county and city housing rehabilitation projects to assist residents in the rehabilitation or replacement of flood-damaged homes. The Housing Finance Agency is to provide a report to the Budget Section regarding the use of the funds. The Senate version provided a \$1.5 million appropriation from the state disaster relief fund to the Adjutant General for flood-impacted housing assistance.

House Bill No. 1016 - Adjutant General - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$7,844,116	\$6,677,011	\$656,158	\$7,333,169	\$8,028,861	(\$695,692)
Operating expenses	4,062,891	4,062,891	50,000	4,112,891	4,112,891	
Capital assets	1,370,632	1,370,632		1,370,632	1,370,632	
Grants	1,109,514	1,109,514		1,109,514	1,109,514	
Civil Air Patrol	290,771	287,451		287,451	290,771	(3,320)
Tuition, recruiting, and retention	2,517,500	2,517,500		2,517,500	2,517,500	
Air Guard contract	11,748,127	11,483,158		11,483,158	11,748,127	(264,969)
Army Guard contract	58,533,992	58,182,671		58,182,671	58,533,992	(351,321)
Veterans' Cemetery	662,824	647,005		647,005	662,824	(15,819)
Reintegration program	1,501,593	1,486,980		1,486,980	1,501,593	(14,613)
Accrued leave payments		812,098		812,098		812,098
Contingent tuition assistance			375,000	375,000	375,000	
Total all funds	\$89,641,960	\$88,636,911	\$1,081,158	\$89,718,069	\$90,251,705	(\$533,636)
Less estimated income	70,547,829	69,885,679	433,064	70,318,743	70,669,760	(351,017)
General fund	\$19,094,131	\$18,751,232	\$648,094	\$19,399,326	\$19,581,945	(\$182,619)
FTE	178.00	178.00	0.00	178.00	178.00	0.00

Department No. 540 - Adjutant General - Detail of Conference Committee Changes

	Removes House Changes to Executive Compensation Package ¹	Adjusts State Employee Compensation and Benefits Package ²	Adds Contingent Appropriation for Tuition Assistance ³	Adds Funding for Veterans' Book ⁴	Total Conference Committee Changes
Salaries and wages	\$1,189,794	(\$533,636)			\$656,158
Operating expenses				50,000	50,000
Capital assets					
Grants					
Civil Air Patrol					
Tuition, recruiting, and retention					
Air Guard contract					
Army Guard contract					
Veterans' Cemetery					
Reintegration program					
Accrued leave payments					
Contingent tuition assistance			375,000		375,000
Total all funds	\$1,189,794	(\$533,636)	\$375,000	\$50,000	\$1,081,158
Less estimated income	784,081	(351,017)	0	0	433,064
General fund	\$405,713	(\$182,619)	\$375,000	\$50,000	\$648,094
FTE	0.00	0.00	0.00	0.00	0.00

¹ Changes made by the House to the executive compensation package are removed.

² This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

³ A section is added to provide a contingent general fund appropriation for tuition assistance for eligible members of the National Guard. The funding is contingent upon the Adjutant General certifying to the Office of Management and Budget that the National Guard has received a new assignment in association with the Grand Forks Air Force Base. The Senate also added the section.

⁴ Funding is added for the Adjutant General to coordinate the writing, publishing, and distribution of a book of all veterans having a relationship with the state. The Senate also added the funding.

This amendment:

- Adds a section to allow the Adjutant General to continue unspent 2011-13 biennium appropriations into the 2013-15 biennium relating to tuition assistance for eligible members of the National Guard. The Adjutant General estimates \$500,000 from the general fund will be unspent at the end of the 2011-13 biennium and continued into the 2013-15 biennium. The Senate also added this section.
- Does not include a section added by the Senate to provide statutory changes relating to the uses of the state disaster relief fund.

House Bill No. 1016 - Department of Emergency Services - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$10,571,028	\$10,298,920		\$10,298,920	\$10,571,028	(\$272,108)
Operating expenses	9,919,488	9,719,488	200,000	9,919,488	9,919,488	
Capital assets	923,240	923,240		923,240	923,240	
Grants	19,373,247	19,373,247		19,373,247	19,373,247	
Disaster costs	147,730,354	147,718,567		147,718,567	149,230,354	(1,511,787)
Radio communications	3,710,000	2,460,000	275,000	2,735,000	2,735,000	
Accrued leave payments		283,895		283,895		283,895
Total all funds	\$192,227,357	\$190,777,357	\$475,000	\$191,252,357	\$192,752,357	(\$1,500,000)
Less estimated income	179,525,854	179,325,854	200,000	179,525,854	181,025,854	(1,500,000)
General fund	\$12,701,503	\$11,451,503	\$275,000	\$11,726,503	\$11,726,503	\$0
FTE	68.00	68.00	0.00	68.00	68.00	0.00

Department No. 542 - Department of Emergency Services - Detail of Conference Committee Changes

	Restores Funding for Volunteer Disaster Response Coordination ¹	Restores a Portion of Funding for State Radio Towers ²	Total Conference Committee Changes
Salaries and wages			
Operating expenses	200,000		200,000
Capital assets			
Grants			
Disaster costs			
Radio communications		275,000	275,000
Accrued leave payments			
Total all funds	\$200,000	\$275,000	\$475,000
Less estimated income	200,000	0	200,000
General fund	\$0	\$275,000	\$275,000
FTE	0.00	0.00	0.00

¹ Funding of \$200,000 from the state disaster relief fund removed by the House for volunteer

disaster response coordination is restored, the same level as the Senate version. The executive budget recommendation provided for total funding of \$400,000 from the state disaster relief fund for volunteer disaster response coordination.

² One-time funding of \$275,000 from the general fund is added for new State Radio towers to provide total funding of \$1,175,000 from the general fund, the same as the Senate version. The executive budget included funding of \$1,500,000 from the general fund for State Radio towers. The House version provided \$900,000 from the general fund for State Radio towers.

Engrossed HB 1016 was placed on the Seventh order of business on the calendar.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. BRANDENBURG MOVED that the conference committee report on Engrossed HB 1016 be adopted, which motion prevailed on a voice vote.

Engrossed HB 1016, as amended, was placed on the Eleventh order of business.

SECOND READING OF HOUSE BILL

HB 1016: A BILL for an Act to provide an appropriation for defraying the expenses of the office of adjutant general; to provide for a contingent appropriation; to provide an appropriation to the housing finance agency; to provide for transfers; to provide exemptions; to provide for a budget section report; and to declare an emergency.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 92 YEAS, 0 NAYS, 0 EXCUSED, 2 ABSENT AND NOT VOTING.

YEAS: Anderson; Beadle; Becker; Bellew; Belter; Boe; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Dockter; Dosch; Drovdal; Fehr; Frantsvog; Froseth; Glassheim; Grande; Gruchalla; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Heilman; Heller; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, N.; Karls; Kasper; Keiser; Kelsh, J.; Kelsh, S.; Kempenich; Kiefert; Klein; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Kreun; Laning; Larson; Looyen; Louser; Maragos; Martinson; Meier; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Onstad; Oversen; Owens; Paur; Pollert; Porter; Rohr; Ruby; Rust; Sanford; Schatz; Schmidt; Silbernagel; Skarphol; Steiner; Streyle; Strinden; Sukut; Thoreson; Toman; Trottier; Vigasaa; Wall; Weisz; Wieland; Williams; Speaker Devlin

ABSENT AND NOT VOTING: Amerman; Zaiser

Reengrossed HB 1016 passed and the emergency clause was declared carried.

MOTION

REP. VIGESAA MOVED that Rep. Boehning replace Rep. Amerman on the Conference Committee on HB 1286, which motion prevailed on a voice vote.

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

MR. PRESIDENT: The Speaker has appointed Rep. Boehning to replace Rep. Amerman on the Conference Committee on HB 1286.

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

MR. PRESIDENT: The House has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1016.

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

MR. PRESIDENT: The House has adopted the conference committee report and subsequently failed to pass: HB 1234.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: The Senate has adopted the conference committee report and

subsequently passed: HB 1012.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)
MR. SPEAKER: The Senate has adopted the conference committee report and subsequently passed: SB 2021.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)
MR. PRESIDENT: Your signature is respectfully requested on: HCR 3047.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)
MR. PRESIDENT: The Speaker has signed: HB 1422.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)
MR. SPEAKER: The President has signed: HB 1008, HB 1018, HB 1038.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)
MR. SPEAKER: The President has signed: SB 2004, SB 2015, SB 2187.

ANNOUNCEMENT

SPEAKER DEVLIN ANNOUNCED that the House would stand in recess until 7:00 p.m.

THE HOUSE RECONVENED pursuant to recess taken, with Speaker Devlin presiding.

COMMUNICATION FROM GOVERNOR JACK DALRYMPLE

This is to inform you that on May 1, 2013, I have signed the following: HB 1001, HB 1007, HB 1009, HB 1010, HB 1011, HB 1017, HB 1041, and HB 1452.

REPORT OF CONFERENCE COMMITTEE

HB 1358, as reengrossed: Your conference committee (Sens. Cook, Oehlke, Dotzenrod and Reps. Belter, Delzer, Boe) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1825-1832, adopt amendments as follows, and place HB 1358 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1825-1832 of the House Journal and pages 1678-1686 of the Senate Journal and that Reengrossed House Bill No. 1358 be amended as follows:

Page 1, line 1, remove "a new section to chapter 23-01 and"

Page 1, line 5, remove "; to provide a continuing appropriation"

Page 1, line 5, remove the second "a"

Page 1, line 6, replace "statement of legislative intent" with "for reports to the budget section"

Page 1, line 6, replace "declare an emergency" with "provide an expiration date"

Page 1, remove lines 8 through 24

Page 2, remove lines 1 through 22

Page 3, line 9, replace "seven" with "three"

Page 3, line 9, replace "fifty" with "seventy-five"

Page 3, line 18, replace "two" with "one"

Page 3, line 18, replace "fifty" with "twenty-five"

Page 3, remove lines 21 through 31

Page 4, remove lines 1 through 24

Page 4, line 25, replace "e." with "c."

Page 4, line 26, overstrike "one" and insert immediately thereafter "two"

Page 4, line 26, replace "fifty" with "forty"

Page 4, remove lines 27 through 30

Page 5, line 1, replace "g." with "d."

Page 5, line 1, remove "If there are no remaining"

Page 5, remove lines 2 through 6

Page 5, line 11, overstrike "the next"

Page 5, line 11, replace "four" with "all annual revenue exceeding five"

Page 5, line 11, overstrike "seventy-five" and insert immediately thereafter "twenty-five"

Page 5, line 12, overstrike "c. Of the next"

Page 5, line 12, remove "three"

Page 5, line 12, overstrike "million dollars, fifty percent is allocated to the county."

Page 5, line 13, overstrike "d. Of"

Page 5, line 13, remove "all remaining annual revenue"

Page 5, line 13, overstrike ", twenty-five"

Page 5, overstrike line 14

Page 6, line 1, after "received" insert "less than"

Page 6, line 1, remove "or more"

Page 6, line 3, remove "under subsections 1 and 2"

Page 6, line 3, replace "credited" with "distributed"

Page 6, line 3, replace "county" with "state"

Page 6, line 4, remove the overstrike over "Forty-five"

Page 6, line 4, remove "Sixty"

Page 6, line 5, overstrike "credited by" and insert immediately thereafter "distributed to"

Page 6, line 5, after "treasurer" insert "and credited"

Page 6, line 11, remove the overstrike over "Thirty-five percent of all revenues allocated to any county for allocation under this"

Page 6, line 12, remove the overstrike over "subsection must be apportioned by the"

Page 6, line 12, after "county" insert "state"

Page 6, line 12, remove the overstrike over "treasurer no less than quarterly to"

Page 6, line 13, remove the overstrike over "school districts within the county" and insert immediately thereafter ", excluding consideration of and allocation to any hub city school district in the county."

Page 6, line 13, remove the overstrike over "on the average daily attendance distribution"

Page 6, line 14, remove the overstrike over "~~basis, as certified to the~~"

Page 6, line 14, after the first "~~county~~" insert "state"

Page 6, line 14, remove the overstrike over "~~treasurer by the county superintendent of~~"

Page 6, line 15, remove the overstrike over "~~schools-~~"

Page 7, line 25, remove the overstrike over "~~e.~~"

Page 8, remove lines 7 through 30

Page 9, remove lines 1 through 16

Page 9, line 17, replace "did not reach a level of" with "received"

Page 9, line 17, after "dollars" insert "or more"

Page 9, line 19, replace "credited" with "distributed"

Page 9, line 19, replace the second "county" with "state"

Page 9, line 20, replace "Forty-five" with "Sixty"

Page 9, line 20, replace "credited by" with "distributed to"

Page 9, line 20, after "treasurer" insert "and credited"

Page 9, line 25, replace "Thirty-five" with "Five"

Page 9, line 25, replace "county" with "state"

Page 9, line 28, replace the second "county" with "state"

Page 9, line 29, after "from" insert "consideration and"

Page 9, line 30, remove "The total annual apportionment to school districts under"

Page 9, remove line 31

Page 10, after line 8, insert:

- "d. Three percent must be apportioned no less than quarterly by the state treasurer among the organized and unorganized townships of the county. The state treasurer shall apportion the funds available under this subdivision among townships in the proportion that township road miles in the township bears to the total township road miles in the county. The amount apportioned to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.
- e. Three percent must be allocated by the state treasurer among the organized and unorganized townships in all the counties that received five million dollars or more of allocations under subsection 2 in the most recently completed state fiscal year. The amount available under this subdivision must be allocated no less than quarterly by the state treasurer in an equal amount to each eligible organized and unorganized township. The amount allocated to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.

- f. Nine percent must be allocated by the state treasurer among hub cities. The amount available for allocation under this subdivision must be apportioned by the state treasurer no less than quarterly among hub cities. Sixty percent of funds available under this subdivision must be distributed to the hub city receiving the greatest percentage of allocations to hub cities under subdivision a of subsection 1 for the quarterly period, thirty percent of funds available under this subdivision must be distributed to the hub city receiving the second greatest percentage of such allocations, and ten percent of funds available under this subdivision must be distributed to the hub city receiving the third greatest percentage of such allocations."

Page 11, line 16, remove the overstrike over "~~of school districts~~"

Page 11, line 17, remove the overstrike over "~~of school district~~"

Page 11, line 18, remove the overstrike over "~~of school district~~"

Page 11, line 21, remove the overstrike over "~~of school districts~~"

Page 12, line 13, overstrike "must be considered"

Page 12, line 31, replace "\$150,000" with "\$120,000"

Page 13, line 5, remove "**STATE TREASURER - STRATEGIC INVESTMENT AND**"

Page 13, line 6, replace "**IMPROVEMENTS FUND**" with "**DEPARTMENT OF TRANSPORTATION**"

Page 13, line 6, remove "strategic investment"

Page 13, line 7, replace "and improvements" with "general"

Page 13, line 8, replace "\$190,000,000" with "\$160,000,000"

Page 13, line 8, replace "state treasurer" with "department of transportation"

Page 13, line 9, after "allocation" insert "as provided in this section"

Page 13, line 9, after "counties" insert "that received \$5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the state fiscal year ending June 30, 2012"

Page 13, line 9, replace "period" with "biennium"

Page 13, line 9, replace "May" with "July"

Page 13, line 10, remove "The amounts available for allocation under this section must be allocated"

Page 13, replace lines 11 through 20 with:

- "1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads and bridges needed to support oil and gas production and distribution in North Dakota.
 - a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.
 - b. Counties identified in the data supplied by the upper great plains transportation institute which received \$5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.

2. Each county requesting funding under this section for county road and bridge projects shall submit the request in accordance with criteria developed by the department of transportation.
 - a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads and bridges within the county.
 - b. The plan must be based on data supplied by the upper great plains transportation institute, actual road and bridge conditions, and integration with state highway and other county projects.
 - c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].
 - d. Funds may not be used for routine maintenance.
3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.
4. The funding appropriated in this section may be used for:
 - a. Ninety percent of the cost of the approved projects not to exceed the funding available for that county.
 - b. Funding may be used for construction, engineering, and plan development costs.
5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.
6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township rehabilitation and reconstruction projects.
7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.
8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.
9. For purposes of this section, a "bridge" is a structure that has an opening of more than 20 feet [6.096 meters] as measured along the centerline of the roadway. It may also be the clear openings of more than 20 feet [6.096 meters] of a group of pipes as long as the pipes are spaced less than half the distance apart of the smallest diameter pipe.
10. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section."

Page 13, line 23, replace "\$150,000,000" with "\$120,000,000"

Page 13, line 24, remove "in equal amounts in each fiscal year"

Page 13, line 25, remove "of the biennium"

Page 13, line 26, remove "most recently completed"

Page 13, line 26, after "year" insert "ending June 30, 2012"

Page 13, line 26, replace "period" with "biennium"

Page 13, line 27, replace "May" with "July"

Page 13, line 28, remove "allocated in the amount of \$45,000,000 on or before May 1, 2013, and in"

Page 13, line 29, replace "the amount of \$105,000,000 on or before May 1," with "distributed on or after February 1,"

Page 13, line 29, remove "Allocations among counties under this"

Page 13, remove lines 30 and 31

Page 14, replace lines 1 and 2 with:

- "1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads and bridges needed to support economic activity in North Dakota.
 - a. To be eligible to receive an allocation under this section, a county may not have received \$5,000,000 or more of allocations under subsection 2 of section 57-51-15 during the state fiscal year ending June 30, 2012.
 - b. Allocations among eligible counties under this section must be based on the miles of roads defined by the department of transportation as county major collector roadways in each county.
 - c. The department of transportation may use data supplied by the upper great plains transportation institute in determining the projects to receive funding under this section.
2. Each county requesting funding under this section shall submit the request in accordance with criteria developed by the department of transportation.
 - a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads and bridges within the county.
 - b. The plan must be based on actual road and bridge conditions and the integration of projects with state highway and other county projects.
 - c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].
 - d. Funds may not be used for routine maintenance.
3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.
4. The funding appropriated in this section may be used for:
 - a. Ninety percent of the cost of the approved projects not to exceed the funding available for that county.

- b. Funding may be used for construction, engineering, and plan development costs.
5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.
6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township rehabilitation and reconstruction projects.
7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.
8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.
9. For purposes of this section, a "bridge" is a structure that has an opening of more than 20 feet [6.096 meters] as measured along the centerline of the roadway. It may also be the clear openings of more than 20 feet [6.096 meters] of a group of pipes as long as the pipes are spaced less than half the distance apart of the smallest diameter pipe.
10. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section."

Page 14, line 6, replace "period" with "biennium"

Page 14, line 7, replace "May" with "July"

Page 14, line 8, replace "on or before May 1," with "in July"

Page 14, line 8, remove the second comma

Page 14, line 8, remove "1,"

Page 14, line 13, remove "If any funds remain after the distributions provided under this"

Page 14, remove lines 14 through 19

Page 14, line 20, remove "township is not levying at least ten mills for township purposes."

Page 14, line 26, replace "for" with "in"

Page 14, line 26, remove "preceding"

Page 14, line 26, after "year" insert "ending June 30, 2012"

Page 14, remove lines 27 through 31

Page 15, remove lines 1 through 21

Page 15, line 23, after "FUND" insert "- REPORT TO BUDGET SECTION"

Page 15, line 25, replace "\$6,000,000" with "\$2,000,000"

Page 16, line 1, remove "The annual allocation for each full-time equivalent"

Page 16, line 2, remove "position may not exceed \$90 per month."

Page 16, line 5, remove "legislative management"

Page 16, line 6, replace "during the 2013-14 interim" with "budget section annually"

Page 16, replace lines 10 through 27 with:

"SECTION 9. APPROPRIATION - OIL AND GAS IMPACT GRANT FUND - GRANT RECOMMENDATIONS. There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of \$239,299,174, or so much of the sum as may be necessary, to the board of university and school lands for the purpose of oil and gas impact grants, for the biennium beginning July 1, 2013, and ending June 30, 2015.

Grants awarded under this section are not subject to section 54-44.1-11. The funding provided in this section is considered a one-time funding item.

During the biennium beginning July 1, 2013, and ending June 30, 2015, the energy infrastructure and impact office director shall include in recommendations to the board of university and school lands on grants to eligible entities in oil and gas development impact areas:

1. \$5,000,000, or so much of the sum as may be necessary, for the purpose of providing distributions to eligible counties experiencing new oil and gas development activities. As determined by the director of the department of mineral resources, a county is eligible for a distribution under this subsection if the county produced fewer than 100,000 barrels of oil for the month of November 2012 and after November 2012 the number of active oil rigs operating in the county in any one month exceeds four rigs. Upon the determination by the director of the department of mineral resources that a county is eligible for a distribution under this section, the commissioner of university and school lands shall provide \$1,250,000 to the county for defraying expenses associated with oil and gas development impacts in the county. The county, in determining the use of the funds received, shall consider and, to the extent possible, address the needs of other political subdivisions in the county resulting from the impact of oil and gas development.
2. \$60,000,000, or so much of the sum as may be necessary, for grants to airports impacted by oil and gas development. The director of the energy infrastructure and impact office shall adopt grant procedures and requirements necessary for distribution of grants under this subsection, which must include cost-share requirements. Cost-share requirements must consider the availability of local funds to support the project. Grant funds must be distributed giving priority to projects that have been awarded or are eligible to receive federal funding.
3. \$4,000,000, or so much of the sum as may be necessary, for grants to public institutions of higher education impacted by oil and gas development. Notwithstanding the provisions of chapter 57-62, public institutions of higher education are eligible to receive oil and gas impact grants under this subsection. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this subsection.
4. \$3,000,000, or so much of the sum as may be necessary, for grants of \$1,000,000 each to three counties in oil-impacted areas for a pilot project for dust control. The county commission from each county awarded a grant shall file a report with the director of the energy infrastructure and impact office by January 1, 2014, regarding any product used to control dust and the success or failure of the product in controlling dust. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section. The director of the energy infrastructure and impact office shall consult with the state department of health and the industrial

commission relating to the use of oilfield-produced saltwater and products previously tested for dust control.

5. \$7,000,000, or so much of the sum as may be necessary, to counties for the benefit of county sheriff's departments to offset oil and gas development impact causing a need for increased sheriff's department services, staff, funding, equipment, coverage, and personnel training.
6. \$7,000,000, or so much of the sum as may be necessary, for grants to emergency medical services providers for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting emergency medical services providers providing service in oil-producing counties, including need for increased emergency medical services providers services, staff, funding, equipment, coverage, and personnel training. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this subsection.
7. \$3,500,000, or so much of the sum as may be necessary, for grants to fire protection districts for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting fire protection districts providing service in oil-producing counties, including need for increased fire protection districts services, staff, funding, equipment, coverage, and personnel training.
8. \$14,000,000, or so much of the sum as may be necessary, for grants to hub cities. A hub city as defined in section 57-51-01 is eligible to receive grants from the oil and gas impact grant fund only to the extent provided for under this subsection. Of the funding allocation provided for in this subsection, \$2,000,000 is available for grants to the hub city receiving the greatest percentage of allocations to hub cities under subdivision a of subsection 1 of section 57-51-15, \$7,000,000 is available for grants to the hub city receiving the second greatest percentage of allocations to hub cities under subdivision a of subsection 1 of section 57-51-15, and \$5,000,000 is available for grants to the hub city receiving the third greatest percentage of allocations to hub cities under subdivision a of subsection 1 of section 57-51-15.

SECTION 10. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - REPORT TO BUDGET SECTION.

There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of \$9,600,000, or so much of the sum as may be necessary, to the department of human services for the purpose of administering a grant program for critical access hospitals in oil-producing counties and in counties contiguous to an oil-producing county to address the effects of oil and gas and related economic development activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department of human services shall develop policies and procedures for the disbursement of the grant funding and may not award more than \$4,800,000 during each year of the biennium. The department of human services shall allocate funding in January of each year of the biennium. This funding is considered one-time funding for the 2013-15 biennium. The department of human services shall report to the budget section annually and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding. For the purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than \$500,000 for the preceding state fiscal year.

SECTION 11. APPROPRIATION - LAW ENFORCEMENT - ATTORNEY GENERAL'S OFFICE - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - REPORT TO BUDGET SECTION.

There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of \$9,600,000, or so much of the sum as may be necessary, to the attorney general's office for the purpose of awarding grants to law enforcement agencies, for crime-related needs of the attorney general's office, and for the

development of a uniform law enforcement and custody manual, for the biennium beginning July 1, 2013, and ending June 30, 2015. The drug and violent crime policy board of the attorney general shall, with approval of the board of university and school lands, grant funds to law enforcement agencies in oil-impacted counties where crime-related activities have increased or in other counties if the crime-related activities in oil-impacted counties originated in any of those counties. The attorney general may spend up to ten percent of the funding provided under this section for defraying the expenses of additional staffing needs or other needs necessary to accomplish the role of the attorney general's office as an assisting agency in ensuring public safety in the affected areas. The funding provided in this section is considered a one-time funding item. The attorney general shall report to the budget section annually and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding, including the impact the grant funding has had on crime-related activities.

SECTION 12. HUB CITIES - REPORT TO BUDGET SECTION. A

representative of a hub city as defined in section 57-51-01 shall report to the budget section annually on the use of funding received from allocations under section 57-51-15."

Page 16, line 28, after "DATE" insert "- EXPIRATION DATE"

Page 16, line 28, after "Sections" insert "1 and"

Page 16, line 28, remove "and 3"

Page 16, line 29, after "2013" insert ", and before July 1, 2015, and are thereafter ineffective"

Page 16, remove lines 30 and 31

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1358 - Summary of Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
State Treasurer						
Total all funds	\$0	\$198,760,000	(\$190,000,000)	\$8,760,000	\$8,760,000	\$0
Less estimated income	0	190,000,000	(190,000,000)	0	0	0
General fund	\$0	\$8,760,000	\$0	\$8,760,000	\$8,760,000	\$0
Attorney General						
Total all funds	\$0	\$0	\$9,600,000	\$9,600,000	\$10,000,000	(\$400,000)
Less estimated income	0	0	9,600,000	9,600,000	10,000,000	(400,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Department of Trust Lands						
Total all funds	\$0	\$5,000,000	\$234,299,174	\$239,299,174	\$72,000,000	\$167,299,174
Less estimated income	0	5,000,000	234,299,174	239,299,174	72,000,000	167,299,174
General fund	\$0	\$0	\$0	\$0	\$0	\$0
State Department of Health						
Total all funds	\$0	\$6,250,000	(\$6,250,000)	\$0	\$0	\$0
Less estimated income	0	0	0	0	0	0
General fund	\$0	\$6,250,000	(\$6,250,000)	\$0	\$0	\$0
Department of Human Services						
Total all funds	\$0	\$10,000,000	(\$400,000)	\$9,600,000	\$0	\$9,600,000
Less estimated income	0	10,000,000	(400,000)	9,600,000	0	9,600,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Job Service North Dakota						
Total all funds	\$0	\$150,000	(\$30,000)	\$120,000	\$120,000	\$0
Less estimated income	0	0	0	0	0	0
General fund	\$0	\$150,000	(\$30,000)	\$120,000	\$120,000	\$0
Department of Commerce						
Total all funds	\$0	\$6,000,000	(\$4,000,000)	\$2,000,000	\$0	\$2,000,000
Less estimated income	0	6,000,000	(4,000,000)	2,000,000	0	2,000,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0

Department of Transportation						
Total all funds	\$0	\$150,000,000	\$130,000,000	\$280,000,000	\$260,000,000	\$20,000,000
Less estimated income	0	0	0	0	0	0
General fund	\$0	\$150,000,000	\$130,000,000	\$280,000,000	\$260,000,000	\$20,000,000
Bill total						
Total all funds	\$0	\$376,160,000	\$173,219,174	\$549,379,174	\$350,880,000	\$198,499,174
Less estimated income	0	211,000,000	49,499,174	260,499,174	82,000,000	178,499,174
General fund	\$0	\$165,160,000	\$123,720,000	\$288,880,000	\$268,880,000	\$20,000,000

House Bill No. 1358 - State Treasurer - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Oil-producing county allocations		\$190,000,000	(\$190,000,000)			
Township transportation grants		8,760,000		8,760,000	8,760,000	
Total all funds	\$0	\$198,760,000	(\$190,000,000)	\$8,760,000	\$8,760,000	\$0
Less estimated income	0	190,000,000	(190,000,000)	0	0	0
General fund	\$0	\$8,760,000	\$0	\$8,760,000	\$8,760,000	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

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

	Removes Funding for Oil-Producing Counties ¹	Total Conference Committee Changes
Oil-producing county allocations	(\$190,000,000)	(\$190,000,000)
Township transportation grants		
Total all funds	(\$190,000,000)	(\$190,000,000)
Less estimated income	(190,000,000)	(190,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$190 million from the strategic investment and improvements fund for allocation among oil-producing counties is removed, the same as the Senate version. The House version provided \$190 million.

House Bill No. 1358 - Attorney General - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Law enforcement grants			\$9,600,000	\$9,600,000	\$10,000,000	(\$400,000)
Total all funds	\$0	\$0	\$9,600,000	\$9,600,000	\$10,000,000	(\$400,000)
Less estimated income	0	0	9,600,000	9,600,000	10,000,000	(400,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

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

	Adds Funding for Law Enforcement ¹	Total Conference Committee Changes
Law enforcement grants	\$9,600,000	\$9,600,000
Total all funds	\$9,600,000	\$9,600,000
Less estimated income	9,600,000	9,600,000
General fund	\$0	\$0
FTE	0.00	0.00

¹ The amendment adds funding of \$9.6 million from the strategic investment and improvements fund to the Attorney General for law enforcement grants, for crime-related needs of the Attorney General, and for the development of a uniformed law enforcement manual. The House version did not include this funding, but the Senate version provided \$10 million from the oil and gas impact grant fund.

House Bill No. 1358 - Department of Trust Lands - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
New oil-producing county grants		\$5,000,000		\$5,000,000	\$5,000,000	
Oil impacted airport grants			60,000,000	60,000,000	60,000,000	
Oil impacted higher education grants			4,000,000	4,000,000	4,000,000	
Dust control pilot project			3,000,000	3,000,000	3,000,000	
Oil impacted sheriff's departments			7,000,000	7,000,000		7,000,000
Oil impacted emergency medical services			7,000,000	7,000,000		7,000,000
Oil impacted fire protection districts			3,500,000	3,500,000		3,500,000
Grants to hub cities			14,000,000	14,000,000		14,000,000
Undesignated oil impact grants			135,799,174	135,799,174		135,799,174
Total all funds	\$0	\$5,000,000	\$234,299,174	\$239,299,174	\$72,000,000	\$167,299,174
Less estimated income	0	5,000,000	234,299,174	239,299,174	72,000,000	167,299,174
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

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

	Adds Funding for Airport Grants ¹	Adds Funding for Higher Education Grants ²	Adds Funding for Dust Control Pilot Project ³	Adds Funding for Sheriff's Departments ⁴	Adds Funding for Emergency Medical Service Providers ⁵	Adds Funding for Fire Protection Districts ⁶
New oil-producing county grants						
Oil impacted airport grants	60,000,000					
Oil impacted higher education grants		4,000,000				
Dust control pilot project			3,000,000			
Oil impacted sheriff's departments				7,000,000		
Oil impacted emergency medical services					7,000,000	
Oil impacted fire protection districts						3,500,000
Grants to hub cities						
Undesignated oil impact grants						
Total all funds	\$60,000,000	\$4,000,000	\$3,000,000	\$7,000,000	\$7,000,000	\$3,500,000
Less estimated income	60,000,000	4,000,000	3,000,000	7,000,000	7,000,000	3,500,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds Funding for Hub Cities ⁷	Adds Funding for Undesignated Oil Impact Grants ⁸	Total Conference Committee Changes
New oil-producing county grants			
Oil impacted airport grants			60,000,000
Oil impacted higher education grants			4,000,000
Dust control pilot project			3,000,000
Oil impacted sheriff's			7,000,000

departments			
Oil impacted emergency medical services			7,000,000
Oil impacted fire protection districts			3,500,000
Grants to hub cities	14,000,000		14,000,000
Undesignated oil impact grants		135,799,174	135,799,174
Total all funds	\$14,000,000	\$135,799,174	\$234,299,174
Less estimated income	14,000,000	135,799,174	234,299,174
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

¹ Funding of \$60 million from the oil and gas impact grant fund is added for grants to airports impacted by oil and gas development, which is the same as the Senate version. The House version did not include this funding.

² This amendment adds funding of \$4 million from the oil and gas impact grant fund for grants to institutions of higher education impacted by oil and gas development. The Senate version provided \$4 million, but the House version did not include this funding.

³ Funding of \$3 million from the oil and gas impact grant fund is added for a dust control pilot project in three oil-producing counties, which is the same as the Senate version. The House version did not provide funding for dust control.

⁴ This amendment adds funding of \$7 million from the oil and gas impact grant fund for grants to county sheriff's departments impacted by oil and gas development.

⁵ This amendment adds funding of \$7 million from the oil and gas impact grant fund for grants to emergency medical service providers impacted by oil and gas development.

⁶ Funding of \$3.5 million from the oil and gas impact grant fund to fire protection districts impacted by oil and gas development is added.

⁷ This amendment adds funding of \$14 million from the oil and gas impact grant fund for grants to hub cities. Grants from the oil and gas impact grant fund for hub cities are limited to \$2 million for Williston, \$7 million for Dickinson, and \$5 million for Minot.

⁸ Funding of \$135,799,174 from the oil and gas impact grant fund is added for undesignated oil impact grants.

House Bill No. 1358 - State Department of Health - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Emergency medical services allocations		\$6,250,000	(\$6,250,000)			
Total all funds	\$0	\$6,250,000	(\$6,250,000)	\$0	\$0	\$0
Less estimated income	0	0	0	0	0	0
General fund	\$0	\$6,250,000	(\$6,250,000)	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 301 - State Department of Health - Detail of Conference Committee Changes

	Removes Funding for Emergency Medical Services ¹	Total Conference Committee Changes
Emergency medical services allocations	(\$6,250,000)	(\$6,250,000)
	(\$6,250,000)	(\$6,250,000)

Total all funds		
Less estimated income	0	0
General fund	(\$6,250,000)	(\$6,250,000)
FTE	0.00	0.00

¹ This amendment removes funding of \$6.25 million from the general fund for allocations to emergency medical services providers in counties that received less than \$5 million in annual oil tax allocations, which is the same as the Senate version. The House version provided \$6.25 million.

House Bill No. 1358 - Department of Human Services - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Critical access hospital grants		\$10,000,000	(\$400,000)	\$9,600,000		\$9,600,000
Total all funds	\$0	\$10,000,000	(\$400,000)	\$9,600,000	\$0	\$9,600,000
Less estimated income	0	10,000,000	(400,000)	9,600,000	0	9,600,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 325 - Department of Human Services - Detail of Conference Committee Changes

	Reduces Funding for Grants to Critical Access Hospitals ¹	Total Conference Committee Changes
Critical access hospital grants	(\$400,000)	(\$400,000)
Total all funds	(\$400,000)	(\$400,000)
Less estimated income	(400,000)	(400,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ This amendment reduces funding from the strategic investment and improvements fund for grants to critical access hospitals in oil-producing counties by \$400,000, from \$10 million to \$9.6 million. The House version provided \$10 million, and the Senate version removed this funding.

House Bill No. 1358 - Job Service North Dakota - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Employment data updates		\$150,000	(\$30,000)	\$120,000	\$120,000	
Total all funds	\$0	\$150,000	(\$30,000)	\$120,000	\$120,000	\$0
Less estimated income	0	0	0	0	0	0
General fund	\$0	\$150,000	(\$30,000)	\$120,000	\$120,000	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

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

	Reduces Funding for Data Collection ¹	Total Conference Committee Changes
Employment data updates	(\$30,000)	(\$30,000)
Total all funds	(\$30,000)	(\$30,000)
Less estimated income	0	0
General fund	(\$30,000)	(\$30,000)
FTE	0.00	0.00

¹ Funding to Job Service North Dakota for data collection is reduced by \$30,000, from \$150,000 to \$120,000. The House provided \$150,000, and the Senate provided \$120,000.

House Bill No. 1358 - Department of Commerce - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Nursing home grants		\$6,000,000	(\$4,000,000)	\$2,000,000		\$2,000,000
Total all funds	\$0	\$6,000,000	(\$4,000,000)	\$2,000,000	\$0	\$2,000,000
Less estimated income	0	6,000,000	(4,000,000)	2,000,000	0	2,000,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 601 - Department of Commerce - Detail of Conference Committee Changes

	Reduces Funding for Nursing Home Grants ¹	Total Conference Committee Changes
Nursing home grants	(\$4,000,000)	(\$4,000,000)
Total all funds	(\$4,000,000)	(\$4,000,000)
Less estimated income	(4,000,000)	(4,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ This amendment reduces funding from the strategic investment and improvements fund for grants to nursing homes, basic care facilities, and providers serving individuals with developmental disabilities in oil-producing counties by \$4 million, from \$6 million to \$2 million. The House version provided \$6 million, and the Senate version removed this funding.

House Bill No. 1358 - Department of Transportation - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
County transportation allocations		\$150,000,000	(\$30,000,000)	\$120,000,000	\$100,000,000	\$20,000,000
Roads in oil-producing counties			160,000,000	160,000,000	160,000,000	
Total all funds	\$0	\$150,000,000	\$130,000,000	\$280,000,000	\$260,000,000	\$20,000,000
Less estimated income	0	0	0	0	0	0
General fund	\$0	\$150,000,000	\$130,000,000	\$280,000,000	\$260,000,000	\$20,000,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 801 - Department of Transportation - Detail of Conference Committee Changes

	Reduces Funding for Roads in Non- Oil-Producing Counties ¹	Adds Funding for Roads in Oil-Producing Counties ²	Total Conference Committee Changes
County transportation allocations	(\$30,000,000)		(\$30,000,000)
Roads in oil-producing counties		160,000,000	160,000,000
Total all funds	(\$30,000,000)	\$160,000,000	\$130,000,000
Less estimated income	0	0	0
General fund	(\$30,000,000)	\$160,000,000	\$130,000,000
FTE	0.00	0.00	0.00

¹ This amendment reduces funding from the general fund for allocation among counties that received less than \$5 million in annual oil tax allocations by \$30 million, from \$150 million to \$120 million. The House provided \$150 million, and the Senate provided \$100 million. This funding is provided for paved and unpaved road projects and also bridge projects.

² Funding of \$160 million from the general fund is added for road projects in counties that received \$5 million or more in annual oil tax allocations. The House provided \$190 million from the strategic investment and improvements fund for road projects in oil-producing counties, and the Senate provided \$160 million from the general fund. This funding is provided for paved and unpaved road projects and also bridge projects.

This amendment also:

- Removes a section to create an emergency medical service and fire protection district funding committee, the same as the Senate version.
- Changes the amounts allocated from the 1 percent of the 5 percent oil tax collections:
 - Reduces the allocation to hub cities based on each full or partial percentage point of employment in mining by \$375,000, from \$750,000 to \$375,000, the same as the Senate version.
 - Reduces the allocation to hub city school districts based on each full or partial percentage point of employment in mining by \$125,000, from \$250,000 to \$125,000, the same as the Senate version.
 - Increases the allocation to the oil and gas impact grant fund by \$90 million, from \$150 million to \$240 million. Current law provides \$100 million.
- Changes the amounts allocated to counties from the 4 percent of the 5 percent oil tax collections to provide 25 percent of all revenue above \$5 million to the counties, the same as the Senate version. The House version provided multiple thresholds with varying percentages.
- Changes the allocation of the counties' share of the 4 percent of the 5 percent oil tax allocations:
 - Allocates to a county that received less than \$5 million from oil tax allocations in the most recently completed state fiscal year:
 - 45 percent to the county general fund.

- 20 percent to cities.
- 35 percent to school districts.
- Allocates to a county that received \$5 million or more from oil tax allocations in the most recently completed state fiscal year:
 - 60 percent to the county general fund.
 - 20 percent to cities.
 - 5 percent to school districts.
 - 3 percent to organized and unorganized townships based on road miles.
 - 3 percent equally to organized and unorganized townships in all counties that received \$5 million or more from oil tax allocations.
 - 9 percent to hub cities, of which 60 percent is allocated to Williston, 30 percent to Dickinson, and 10 percent to Minot.
- Adds new requirements to the appropriation for road and bridge projects to provide Department of Transportation oversight.
- Adds new requirements for annual reports to the Budget Section on the use of funds provided for critical access hospitals, law enforcement grants, and hub cities.
- Changes the dates for the funding distributions and removes a section providing an emergency clause.
- Removes a section providing legislative intent.

Reengrossed HB 1358 was placed on the Seventh order of business on the calendar.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. DELZER MOVED that the conference committee report on Reengrossed HB 1358 be adopted, which motion prevailed on a voice vote.

Reengrossed HB 1358, as amended, was placed on the Eleventh order of business.

SECOND READING OF HOUSE BILL

HB 1358: A BILL for an Act to create and enact two new subsections to section 57-51-01 of the North Dakota Century Code, relating to definitions under the oil and gas gross production tax; to amend and reenact sections 57-51-15 and 57-62-05 of the North Dakota Century Code, relating to oil and gas gross production tax allocation and the impact aid program; to provide appropriations; to provide for reports to the budget section; to provide an effective date; and to provide an expiration date.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 90 YEAS, 0 NAYS, 0 EXCUSED, 4 ABSENT AND NOT VOTING.

YEAS: Anderson; Beadle; Becker; Bellew; Belter; Boe; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Dockter; Dosch; Drovdal; Fehr; Frantsovog; Froseth; Glassheim; Grande; Gruchalla; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Heilman; Heller; Hofstad; Hogan; Holman; Hunsakor; Johnson, D.; Johnson, N.; Karls; Kasper; Keiser; Kelsh, J.; Kelsh, S.; Kempenich; Kiefert; Klein; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Kreun; Laning; Larson; Looyson; Louser; Maragos; Martinson; Meier; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Onstad; Oversen; Owens; Paur;

Pollert; Rohr; Rust; Sanford; Schatz; Schmidt; Silbernagel; Skarphol; Steiner; Streyle; Strinden; Sukut; Thoreson; Toman; Trottier; Vigesaa; Wall; Weisz; Wieland; Williams; Speaker Devlin

ABSENT AND NOT VOTING: Amerman; Porter; Ruby; Zaiser

Reengrossed HB 1358 passed.

REPORT OF CONFERENCE COMMITTEE

HB 1233, as reengrossed: Your conference committee (Sens. J. Lee, Wanzek, Dotzenrod and Reps. Owens, Schmidt, Weisz), having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. OWENS MOVED that the conference committee report on Reengrossed HB 1233 be adopted, which motion prevailed on a voice vote.

MOTION

REP. WEISZ MOVED that the House reconsider its action whereby the House did not concur in the Senate amendments to Reengrossed HB 1233, which motion failed on a verification vote.

REPORT OF CONFERENCE COMMITTEE

HB 1019, as reengrossed: Your conference committee (Sens. Krebsbach, G. Lee, O'Connell and Reps. Dosch, Monson, Boe) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1454-1457, adopt amendments as follows, and place HB 1019 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1454-1457 of the House Journal and pages 1257-1260 of the Senate Journal and that Reengrossed House Bill No. 1019 be amended as follows:

Page 1, line 3, remove "and"

Page 1, line 3, after "exemption" insert "; and to declare an emergency"

Page 1, replace lines 15 through 22 with:

"Administration	\$2,484,885	\$188,708	\$2,673,593
Accrued leave payments	0	181,577	181,577
Natural resources	12,768,203	8,325,122	21,093,325
Recreation	7,489,091	(1,403,216)	6,085,875
Total all funds	\$22,742,179	\$7,292,191	\$30,034,370
Less estimated income	11,641,532	359,199	12,000,731
Total general fund	\$11,100,647	\$6,932,992	\$18,033,639
Full-time equivalent positions	54.00	1.00	55.00"

Page 2, replace lines 3 and 4 with:

"International Peace Garden	\$773,699	\$1,450,000	\$2,223,699
Total general fund	\$773,699	\$1,450,000	\$2,223,699"

Page 2, replace lines 9 through 11 with:

"Grand total general fund	\$11,874,346	\$8,382,992	\$20,257,338
Grand total special funds	11,641,532	359,199	12,000,731
Grand total all funds	\$23,515,878	\$8,742,191	\$32,258,069"

Page 2, replace lines 17 through 26 with:

"Parks capital projects and deferred maintenance	\$5,269,210	\$3,897,800
Parks equipment	116,000	350,000
Lewis and Clark interpretive center grant	0	1,350,000

Little Missouri state park trail leases	85,000	0
Parks SCORP plan	40,000	0
Parks strategic plans	0	100,000
Community grant program	0	500,000
International Peace Garden capital projects	<u>267,000</u>	<u>1,250,000</u>
Total all funds	\$5,777,210	\$7,447,800
Less estimated income	<u>1,028,000</u>	<u>1,270,300</u>
Total general fund	\$4,749,210	\$6,177,500"

Page 3, line 15, replace "\$400,000" with "\$500,000"

Page 3, remove lines 25 through 31

Page 4, replace lines 1 and 2 with:

"SECTION 7. MARINA PURCHASE - APPRAISAL - EMERGENCY COMMISSION APPROVAL. The natural resources line item in subdivision 1 of section 1 of this Act includes \$387,500 from the general fund and \$387,500 from other funds for the purchase of a marina. The parks and recreation department must obtain an appraisal from a certified appraiser prior to the purchase of the marina. If the appraisal value exceeds \$775,000, the department may request emergency commission approval to spend an additional \$25,000 of other funds for the marina.

SECTION 8. PEMBINA GORGE AREA PROJECT. The natural resources line item in subdivision 1 of section 1 of this Act includes \$300,000 from the general fund which the parks and recreation department may use to rent property in the Pembina gorge area for the purpose of providing office space for employees or individuals responsible for monitoring or patrolling the trail systems in the area, developing a plan for continued monitoring and patrolling of the trail systems, and to determine the feasibility of establishing an interpretive center.

SECTION 9. CONTINGENT FUNDING - INTERNATIONAL PEACE GARDEN CAPITAL PROJECTS. The sum of \$1,250,000 from the general fund included in subdivision 2 of section 1 of this Act is for an engineering study and repair of the peace tower at the International Peace Garden and to the extent funds remain, other infrastructure improvements. The funding is contingent upon the International Peace Garden raising matching funds on a dollar-for-dollar basis from nonstate sources. Up to ten percent of the funds provided from the general fund are for the engineering study and emergency repairs and are not subject to the match requirement. The parks and recreation department shall accept and review engineering proposals and recommendations of the study before committing additional funds to the project and shall assist with bidding and construction oversight of any repair work.

SECTION 10. EMERGENCY. The natural resources line item in subdivision 1 of section 1 of this Act includes \$3,730,000, of which \$2,930,000 is from the general fund and \$800,000 is from special funds derived from federal funds and other income for various capital projects, and subdivision 2 of section 1 of this Act includes \$125,000 from the general fund for an engineering study of the peace tower and emergency repairs at the International Peace Garden, which are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1019 - Summary of Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Parks and Recreation Department						
Total all funds	\$27,962,785	\$30,063,381	(\$479,011)	\$29,584,370	\$31,436,267	(\$1,851,897)
Less estimated income	<u>11,791,835</u>	<u>12,439,512</u>	<u>(663,781)</u>	<u>11,775,731</u>	<u>11,791,954</u>	<u>(16,223)</u>
General fund	\$16,170,950	\$17,623,869	\$184,770	\$17,808,639	\$19,644,313	(\$1,835,674)

International Peace Garden						
Total all funds	\$973,699	\$973,699	\$1,250,000	\$2,223,699	\$3,473,699	(\$1,250,000)
Less estimated income	0	0	0	0	0	0
General fund	\$973,699	\$973,699	\$1,250,000	\$2,223,699	\$3,473,699	(\$1,250,000)
Bill total						
Total all funds	\$28,936,484	\$31,037,080	\$770,989	\$31,808,069	\$34,909,966	(\$3,101,897)
Less estimated income	11,791,835	12,439,512	(663,781)	11,775,731	11,791,954	(16,223)
General fund	\$17,144,649	\$18,597,568	\$1,434,770	\$20,032,338	\$23,118,012	(\$3,085,674)

House Bill No. 1019 - Parks and Recreation Department - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Administration	\$2,719,322	\$2,652,000	\$21,593	\$2,673,593	\$2,720,017	(\$46,424)
Natural resources	19,234,022	21,256,353	(613,028)	20,643,325	22,506,409	(1,863,084)
Recreation	6,009,441	5,973,451	112,424	6,085,875	6,209,841	(123,966)
Accrued leave payments		181,577		181,577		181,577
Total all funds	\$27,962,785	\$30,063,381	(\$479,011)	\$29,584,370	\$31,436,267	(\$1,851,897)
Less estimated income	11,791,835	12,439,512	(663,781)	11,775,731	11,791,954	(16,223)
General fund	\$16,170,950	\$17,623,869	\$184,770	\$17,808,639	\$19,644,313	(\$1,835,674)
FTE	55.00	55.00	0.00	55.00	55.00	0.00

Department No. 750 - Parks and Recreation Department - Detail of Conference Committee Changes

	Removes House Changes to Executive Compensation Package ¹	Adjusts State Employee Compensation and Benefits Package ²	Restores Marina Funding ³	Adds Funding for Military Artifact Collection ⁴	Adds Funding for Equipment ⁵	Adds Funding for Community Grant Program ⁵
Administration	\$41,260	(\$19,667)				
Natural resources	290,386	(138,414)	325,000	10,000	50,000	
Recreation	23,740	(11,316)				100,000
Accrued leave payments						
Total all funds	\$355,386	(\$169,397)	\$325,000	\$10,000	\$50,000	\$100,000
Less estimated income	7,442	(3,723)	162,500	0	0	0
General fund	\$347,944	(\$165,674)	\$162,500	\$10,000	\$50,000	\$100,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds Funding for Lewis and Clark Interpretive Center Grant ⁷	Removes Funding for Walhalla Gorge Property ⁸	Adds Funding for Pembina Gorge Area Project ⁹	Total Conference Committee Changes
Administration				\$21,593
Natural resources	1,350,000	(2,800,000)	300,000	(613,028)
Recreation				112,424
Accrued leave payments				
Total all funds	\$1,350,000	(\$2,800,000)	\$300,000	(\$479,011)
Less estimated income	0	(830,000)	0	(663,781)
General fund	\$1,350,000	(\$1,970,000)	\$300,000	\$184,770
FTE	0.00	0.00	0.00	0.00

¹ Changes made by the House to the executive compensation package are removed.

² This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.

- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

³ Funding removed by the House for purchase of a marina is partially restored. The executive budget and the Senate version included \$800,000 for the purchase of the marina.

⁴ Funding is added to purchase cabinetry to house a military artifact collection on display at Fort Abraham Lincoln State Park. The artifact collection will be donated to the Parks and Recreation Department. The Senate version included \$42,500 for purchase of the cabinetry and collection.

⁵ Funding is added for one-time equipment purchases of picnic tables and fire rings. The Senate version added \$75,000 for this purpose.

⁶ Funding is added to increase the community grant program from \$400,000 included in the executive budget recommendation to \$500,000. The Senate version included an increase of \$200,000.

⁷ Funding is added for a one-time grant for expansion of the Lewis and Clark Interpretive Center. The Senate version included \$3,150,000 for this purpose.

⁸ Funding added by the House for the purchase and operation of property in the Walhalla Gorge and Frost Fire area is removed, the same as the Senate version.

⁹ Funding is added to rent property in the Pembina Gorge area for office space.

Sections are added to provide guidelines for the Pembina Gorge area project and an emergency clause for various capital projects.

House Bill No. 1019 - International Peace Garden - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
International Peace Garden	\$973,699	\$973,699	\$1,250,000	\$2,223,699	\$3,473,699	(\$1,250,000)
Total all funds	\$973,699	\$973,699	\$1,250,000	\$2,223,699	\$3,473,699	(\$1,250,000)
Less estimated income	0	0	0	0	0	0
General fund	\$973,699	\$973,699	\$1,250,000	\$2,223,699	\$3,473,699	(\$1,250,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 751 - International Peace Garden - Detail of Conference Committee Changes

	Adds Funding for Peace Garden Capital Projects ¹	Total Conference Committee Changes
International Peace Garden	\$1,250,000	\$1,250,000
Total all funds	\$1,250,000	\$1,250,000
Less estimated income	0	0
General fund	\$1,250,000	\$1,250,000
FTE	0.00	0.00

¹ Funding is added for capital projects at the International Peace Garden. The Senate version included \$2.5 million for this purpose.

A section is added requiring matching funds for capital projects of the International Peace Garden.

Reengrossed HB 1019 was placed on the Seventh order of business on the calendar.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. DOSCH MOVED that the conference committee report on Reengrossed HB 1019 be adopted, which motion prevailed on a voice vote.

Reengrossed HB 1019, as amended, was placed on the Eleventh order of business.

SECOND READING OF HOUSE BILL

HB 1019: A BILL for an Act to provide an appropriation for defraying the expenses of the parks and recreation department and for providing a grant to the International Peace Garden; to provide for matching funds; to provide an exemption; and to declare an emergency.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 65 YEAS, 25 NAYS, 0 EXCUSED, 4 ABSENT AND NOT VOTING.

YEAS: Anderson; Boe; Boschee; Brandenburg; Carlson; Damschen; Delmore; Delzer; Dosch; Fehr; Frantsvog; Froseth; Glassheim; Gruchalla; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Heilman; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, N.; Karls; Kasper; Keiser; Kelsh, J.; Kelsh, S.; Kempenich; Kiefert; Klein; Klemin; Kreidt; Kretschmar; Laning; Louser; Maragos; Martinson; Meier; Mock; Monson; Mooney; Muscha; Nelson, J.; Nelson, M.; Onstad; Oversen; Owens; Paur; Rust; Sanford; Silbernagel; Skarphol; Steiner; Streyle; Strinden; Sukut; Trottier; Vigesaa; Wall; Wieland; Williams

NAYS: Beadle; Becker; Bellew; Belter; Boehning; Brabandt; Dockter; Drovdal; Grande; Headland; Heller; Koppelman, B.; Koppelman, K.; Kreun; Larson; Looyesen; Nathe; Pollert; Rohr; Schatz; Schmidt; Thoreson; Toman; Weisz; Speaker Devlin

ABSENT AND NOT VOTING: Amerman; Porter; Ruby; Zaiser

Reengrossed HB 1019 passed and the emergency clause was declared carried.

REPORT OF CONFERENCE COMMITTEE

HB 1006, as engrossed: Your conference committee (Sens. Wanzek, Holmberg, Mathern and Reps. Brandenburg, Kempenich, Glassheim) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1508-1510, adopt amendments as follows, and place HB 1006 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1508-1510 of the House Journal and pages 1327-1329 of the Senate Journal and that Engrossed House Bill No. 1006 be amended as follows:

Page 1, line 4, after the semicolon insert "to provide an exemption;"

Page 1, replace lines 14 through 23 with:

"Salaries and wages	\$18,797,710	\$1,340,778	\$20,138,488
Accrued leave payments	0	624,818	624,818
Operating expenses	6,398,031	2,323,803	8,721,834
Capital assets	16,000	0	16,000
Homestead tax credit	8,792,788	11,207,212	20,000,000
Disabled veterans credit	4,243,920	3,434,080	7,678,000
Total all funds	\$38,248,449	\$18,930,691	\$57,179,140
Less estimated income	10,000	115,000	125,000

Total general fund	\$38,238,449	\$18,815,691	\$57,054,140
Full-time equivalent positions	134.00	0.00	134.00"

Page 2, after line 12, insert:

"SECTION 3. EXEMPTION. Up to \$50,000 of the general fund appropriation to the tax commissioner in section 1 of chapter 6 of the 2009 Session Laws continued into the 2011-13 biennium is not subject to provisions of section 54-44.1-11, and may be distributed by the tax commissioner as a grant to the North Dakota state university department of agribusiness and applied economics, for the purpose of converting the software of the core model used for the preparation of agricultural land valuations as required under section 57-02-27.2, during the biennium beginning July 1, 2013, and ending June 30, 2015."

Page 2, line 21, replace "four" with "five"

Page 2, line 22, replace "forty" with "fifty"

Page 2, line 22, replace "seven" with "eight"

Page 2, line 23, replace "one hundred sixty-one" with "two hundred two"

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1006 - State Tax Commissioner - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$21,151,815	\$19,758,455	\$380,033	\$20,138,488	\$21,073,894	(\$935,406)
Operating expenses	8,684,314	8,606,834	115,000	8,721,834	8,671,834	50,000
Capital assets	66,000	16,000		16,000	66,000	(50,000)
Homestead tax credit	30,685,000	10,685,000	9,315,000	20,000,000	26,185,000	(6,185,000)
Disabled veterans credit	7,178,000	7,178,000	500,000	7,678,000	7,678,000	
Accrued leave payments		624,818		624,818		624,818
Total all funds	\$67,765,129	\$46,869,107	\$10,310,033	\$57,179,140	\$63,674,728	(\$6,495,588)
Less estimated income	125,000	10,000	115,000	125,000	125,000	0
General fund	\$67,640,129	\$46,859,107	\$10,195,033	\$57,054,140	\$63,549,728	(\$6,495,588)
FTE	134.00	134.00	0.00	134.00	134.00	0.00

Department No. 127 - State Tax Commissioner - Detail of Conference Committee Changes

	Removes House Changes to Executive Compensation Package ¹	Adjusts State Employee Compensation and Benefits Package ²	Restores Funding for Homestead Tax Credit Expansion ³	Adds Funding for the Disabled Veterans Credit ⁴	Restores Funding for Motor Fuel Tax Enforcement ⁵	Total Conference Committee Changes
Salaries and wages	\$690,621	(\$310,588)				\$380,033
Operating expenses					115,000	115,000
Capital assets						
Homestead tax credit			9,315,000			9,315,000
Disabled veterans credit				500,000		500,000
Accrued leave payments						
Total all funds	\$690,621	(\$310,588)	\$9,315,000	\$500,000	\$115,000	\$10,310,033
Less estimated income	0	0	0	0	115,000	115,000
General fund	\$690,621	(\$310,588)	\$9,315,000	\$500,000	\$0	\$10,195,033
FTE	0.00	0.00	0.00	0.00	0.00	0.00

¹ Changes made by the House to the executive compensation package are removed.

² This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

³ Funding is provided for expanding the homestead tax credit program due to provisions for the tax credit included in Senate Bill No. 2171. The Senate version included \$15.5 million for the expansion. The executive budget recommendation included \$20 million for the expansion which the House removed.

⁴ Funding is added for the disabled veterans tax credit program to provide for a total of \$7,678,000, the same as the Senate version. This funding was not included in the House version.

⁵ Funding removed by the House for motor fuels tax enforcement program activities is restored to the Governor's recommended level, except that \$50,000 included in the capital assets line item in the executive budget recommendation is moved to the operating expenses line item. The Senate version included \$65,000 in the operating expenses line item and \$50,000 in the capital assets line item.

A section is added to allow general fund carryover authority of up to \$50,000 to provide as a grant to North Dakota State University for software conversion, the same as the Senate version.

Section 4 of the bill is amended to provide a 4 percent annual salary increase for the first year and a 3 percent annual salary increase for the second year for the Tax Commissioner. The executive budget recommendation and the Senate version provided 4 percent annual increases. The House provided 3 percent annual increases.

Engrossed HB 1006 was placed on the Seventh order of business on the calendar.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. BRANDENBURG MOVED that the conference committee report on Engrossed HB 1006 be adopted, which motion prevailed on a voice vote.

Engrossed HB 1006, as amended, was placed on the Eleventh order of business.

SECOND READING OF HOUSE BILL

HB 1006: A BILL for an Act to provide an appropriation for defraying the expenses of the office of the tax commissioner and for payment of state reimbursement under the homestead tax credit and disabled veterans credit; to amend and reenact section 57-01-04 of the North Dakota Century Code, relating to the tax commissioner's salary; to provide an exemption; and to provide for a transfer.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 89 YEAS, 1 NAYS, 0 EXCUSED, 4 ABSENT AND NOT VOTING.

YEAS: Anderson; Beadle; Bellew; Belter; Boe; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Dockter; Dosch; Drovdal; Fehr; Frantsvog; Froseth; Glasheim; Grande; Gruchalla; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Heilman; Heller; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, N.; Karls; Kasper; Keiser; Kelsh, J.; Kelsh, S.; Kempenich; Kiefert; Klein; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Kreun;

Laning; Larson; Looyesen; Louser; Maragos; Martinson; Meier; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Onstad; Oversen; Owens; Paur; Pollert; Rohr; Rust; Sanford; Schatz; Schmidt; Silbernagel; Skarphol; Steiner; Streytle; Strinden; Sukut; Thoreson; Toman; Trottier; Vigesaa; Wall; Weisz; Wieland; Williams; Speaker Devlin

NAYS: Becker

ABSENT AND NOT VOTING: Amerman; Porter; Ruby; Zaiser

Reengrossed HB 1006 passed.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)
MR. PRESIDENT: The House has adopted the conference committee report and subsequently passed: HB 1006.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)
MR. PRESIDENT: The House has adopted the conference committee report and subsequently passed: HB 1358.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)
MR. PRESIDENT: The House has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1019.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)
MR. SPEAKER: The Senate has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1016.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)
MR. SPEAKER: The Senate has adopted the conference committee report, subsequently passed, and the emergency clause carried: SB 2012.

MOTION

REP. VIGESAA MOVED that the absent member be excused, which motion prevailed.

MOTION

REP. VIGESAA MOVED that the House be on the Fourth, Fifth, Seventh, and Sixteenth orders of business and at the conclusion of those orders, the House stand adjourned until 8:00 a.m., Thursday, May 2, 2013, which motion prevailed.

REPORT OF CONFERENCE COMMITTEE

SB 2012, as engrossed: Your conference committee (Sens. G. Lee, Holmberg, O'Connell and Reps. Brandenburg, Thoreson, Guggisberg) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1491-1499, adopt amendments as follows, and place SB 2012 on the Seventh order:

That the House recede from its amendments as printed on pages 1491-1499 of the Senate Journal and pages 1558-1566 of the House Journal and that Engrossed Senate Bill No. 2012 be amended as follows:

Page 1, line 3, after "distributions" insert "; to provide an appropriation to the department of corrections and rehabilitation for costs related to a general license plate issue"

Page 1, line 3, replace the second "and" with a comma

Page 1, line 3, after "39-04-09" insert ", and 57-43.2-19"

Page 1, line 4, after "Code" insert "and section 27 of chapter 579 of the 2011 Session Laws"

Page 1, line 4, replace "and" with a comma

Page 1, line 5, after "plates" insert ", deposits of special fuels excise taxes, and transportation funding distributions to non-oil-producing political subdivisions"

Page 1, line 6, remove "a"

Page 1, line 7, replace "study" with "studies; to provide an effective date; to provide an expiration date"

Page 1, remove lines 17 through 24

Page 2, replace lines 1 through 3 with:

"Salaries and wages	\$165,966,396	\$21,511,189	\$187,477,585
Accrued leave payments	0	7,280,897	7,280,897
Operating expenses	204,090,250	172,631,465	376,721,715
Capital assets	709,079,831	560,431,376	1,269,511,207
Grants	<u>67,767,407</u>	<u>22,020,623</u>	<u>89,788,030</u>
Total all funds	\$1,146,903,884	\$783,875,550	\$1,930,779,434
Less estimated income	<u>1,146,903,884</u>	<u>773,875,550</u>	<u>1,920,779,434</u>
Total general fund	\$0	\$10,000,000	\$10,000,000"

Page 2, replace lines 13 and 14 with:

"County and township road reconstruction program	142,000,000	0"
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Page 2, replace lines 20 through 22 with:

"Total all funds	\$608,000,575	\$551,600,000
Total special funds	<u>602,150,575</u>	<u>541,600,000</u>
Total general fund	\$5,850,000	\$10,000,000"

Page 3, remove lines 1 through 29

Page 4, remove lines 1 through 29

Page 5, remove lines 1 through 28

Page 5, line 29, after "**FUND**" insert "**- PILOT PROGRAM**"

Page 6, line 2, after the period insert:

"The grants line item in section 1 of this Act includes the sum of \$500,000 from the highway-rail grade crossing safety projects fund for a highway-rail grade crossing safety pilot program during the biennium beginning July 1, 2013, and ending June 30, 2015. The director of the department of transportation shall develop guidelines for the distribution of program funds for rail safety projects the director deems necessary for public safety. An eligible project may be located on a paved or unpaved roadway and a local match of 10 percent of total project costs must be provided for any approved project that is not located on the state highway system."

Page 6, remove lines 16 through 31

Page 7, replace lines 1 through 14 with:

"SECTION 6. APPROPRIATION - STATE TREASURER - 2011-13 BIENNIUM - TOWNSHIP TRANSPORTATION FUNDING DISTRIBUTIONS CORRECTION - EXEMPTION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$720,000, or so much of the sum as may be necessary, to the state treasurer for the purpose of providing transportation funding distributions to counties and townships in accordance with this section, for the period beginning with the effective date of this Act and ending June 30, 2013. The state treasurer shall distribute the funding provided under this section to counties and townships that are eligible to receive a distribution under subsection 3 of section 27 of chapter 579 of the 2011 Session Laws and have not already received a distribution under that subsection. Beginning with the effective date of this Act, section 27 of chapter 579 of the 2011 Session Laws is not subject to section 54-11-01 and the state treasurer may not require a political subdivision to return an overpayment of funds received from distributions under the section."

Page 7, line 18, replace "\$415,000" with "\$385,000"

Page 7, line 28, after "ISSUE" insert "- BUDGET SECTION APPROVAL"

Page 7, line 29, replace "\$6,200,000" with "\$6,820,000"

Page 8, line 1, after "The" insert "department of transportation may not use embossed printed license plates for the general license plate issue. The department of transportation shall develop a process to select a new design to be used for the general license plate issue and shall develop guidelines regarding the administration of the license plate issue. The department shall provide its recommendation for the new license plate design to the budget section, and budget section approval must be received prior to the issuance of the new license plates. The one-time general fund"

Page 8, line 6, replace "\$4,280,000" with "\$4,900,000"

Page 8, line 12, replace "\$683,600,000" with "\$541,600,000"

Page 9, line 21, replace "plate" with "plates"

Page 9, after line 25, insert:

"SECTION 15. AMENDMENT. Section 57-43.2-19 of the North Dakota Century Code is amended and reenacted as follows:

57-43.2-19. Transfer, deposit, and distribution of funds.

All taxes, license fees, penalties, and interest collected under this chapter must be transferred to the state treasurer who shall deposit moneys in a highway tax distribution fund, except all special fuels excise taxes collected on sales of diesel fuel to a railroad under section 57-43.2-03 of up to two hundred fifty thousand dollars per year must be transferred to the state treasurer who shall deposit the moneys in the highway-rail grade crossing safety projects fund. The highway tax distribution fund must be distributed in the manner as prescribed by section 54-27-19.

SECTION 16. AMENDMENT. Section 27 of chapter 579 of the 2011 Session Laws is amended and reenacted as follows:

SECTION 27. CONTINGENT APPROPRIATION - STATE TREASURER - TRANSPORTATION FUNDING DISTRIBUTIONS TO NON-OIL-PRODUCING POLITICAL SUBDIVISIONS.

If the tax commissioner certifies that total oil and gas tax revenue collections for the period July 1, 2011, through February 29, 2012, exceed total oil and gas tax revenue collection projections for that period by at least \$48,000,000, based on legislative estimates made at the close of the 2011 regular legislative session, there is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$23,000,000, or so much of the sum as may be necessary, to the state treasurer for the purpose of providing transportation funding distributions, for the period beginning with the effective date of this Act and ending June 30, 2013. The funding provided in this section is considered a one-time funding item. The state treasurer shall distribute the funds provided under this section on April 1, 2012, as follows:

1. Six million eight hundred thousand dollars to non-oil-producing counties and cities pursuant to subsection 4 of section 54-27-19.
2. One million seven hundred thousand dollars to counties and townships in non-oil-producing counties pursuant to section 54-27-19.1. Organized townships are not required to provide matching funds to receive distributions under this section.
3. Fourteen million five hundred thousand dollars to counties and townships in non-oil-producing counties through a distribution of \$10,000 to each organized township and a distribution of \$10,000 for

each unorganized township to the county in which the unorganized township is located. If any funds remain after the distributions provided under this subsection, the state treasurer shall distribute eighty percent of the remaining funds to counties and cities pursuant to the method provided in subsection 1 of this section and shall distribute twenty percent of the remaining funds to counties and townships pursuant to the method provided in subsection 2 of this section.

For purposes of this section, a "non-oil-producing county" means a county that received no allocation of funding or a total allocation under section 57-51-15 of less than \$500,000 for state fiscal year ~~2014~~2010. Any funds received by a county under this section for an unorganized township distribution must be used for roadway purposes in those unorganized townships located in the county. All funds distributed under this section must be used for extraordinary roadway maintenance purposes.

SECTION 17. LEGISLATIVE MANAGEMENT STUDY - RAILROAD ASSISTANCE PROGRAMS. During the 2013-14 interim, the legislative management shall consider studying state railroad assistance programs. The study, if conducted, must review existing programs and funding levels and whether the existing programs and funding levels are adequate to meet current industry needs. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 18. LEGISLATIVE MANAGEMENT STUDY - TRANSPORTATION COSTS AND FUNDING. During the 2013-14 interim, the legislative management shall consider studying the the long-term costs of transportation infrastructure maintenance and improvement projects and methods for funding these projects. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 19. LEGISLATIVE MANAGEMENT STUDY - RENEWABLE FUEL STANDARDS. During the 2013-14 interim, the legislative management shall consider studying potential statutory or administrative changes that could be made to assist parties in the fuel supply chain in complying with federal renewable fuel standards, including compliance with the renewable identification number credits requirements. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly."

Page 10, after line 4, insert:

"SECTION 21. EFFECTIVE DATE - EXPIRATION DATE. Section 15 of this Act is effective for taxable events occurring after June 30, 2013, and before July 1, 2015, and is thereafter ineffective."

Page 10, line 5, replace "4, 5, 8, 9, and 10" with "6, 7, and 16"

Page 10, line 5, remove "and funding of"

Page 10, remove lines 6 and 7

Page 10, line 8, remove "item in section 1 of this Act,"

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2012 - Summary of Conference Committee Action

	Budget	Version	Committee Changes	Committee Version	Version	to House
State Treasurer						
Total all funds	\$0	\$10,415,000	(\$10,030,000)	\$385,000	\$9,515,000	(\$9,130,000)
Less estimated income	0	0	0	0	0	0
General fund	\$0	\$10,415,000	(\$10,030,000)	\$385,000	\$9,515,000	(\$9,130,000)
DOCR						
Total all funds	\$0	\$4,280,000	\$620,000	\$4,900,000	\$4,900,000	\$0
Less estimated income	0	4,280,000	620,000	4,900,000	4,900,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Department of Transportation						
Total all funds	\$3,389,303,578	\$2,804,267,812	(\$323,968,378)	\$2,480,299,434	\$2,978,899,082	(\$498,599,648)
Less estimated income	2,695,703,578	2,103,367,812	(182,588,378)	1,920,779,434	2,079,379,082	(158,599,648)
General fund	\$693,600,000	\$700,900,000	(\$141,380,000)	\$559,520,000	\$899,520,000	(\$340,000,000)
Bill total						
Total all funds	\$3,389,303,578	\$2,818,962,812	(\$333,378,378)	\$2,485,584,434	\$2,993,314,082	(\$507,729,648)
Less estimated income	2,695,703,578	2,107,647,812	(181,968,378)	1,925,679,434	2,084,279,082	(158,599,648)
General fund	\$693,600,000	\$711,315,000	(\$151,410,000)	\$559,905,000	\$909,035,000	(\$349,130,000)

Senate Bill No. 2012 - State Treasurer - Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Grants to townships		\$10,000,000	(\$10,000,000)		\$9,100,000	(\$9,100,000)
Township distribution corrections		415,000	(30,000)	385,000	415,000	(30,000)
Total all funds	\$0	\$10,415,000	(\$10,030,000)	\$385,000	\$9,515,000	(\$9,130,000)
Less estimated income	0	0	0	0	0	0
General fund	\$0	\$10,415,000	(\$10,030,000)	\$385,000	\$9,515,000	(\$9,130,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

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

	Removes Funding for Grants to Townships ¹	Adjusts Funding for Township Distribution Corrections ²	Total Conference Committee Changes
Grants to townships	(\$10,000,000)		(\$10,000,000)
Township distribution corrections		(30,000)	(30,000)
Total all funds	(\$10,000,000)	(\$30,000)	(\$10,030,000)
Less estimated income	0	0	0
General fund	(\$10,000,000)	(\$30,000)	(\$10,030,000)
FTE	0.00	0.00	0.00

¹ Funding of \$10 million added by the Senate for grants to townships in oil-producing counties is removed. The House version reduced the grant funding from \$10 million to \$9.1 million.

² Funding to correct grant distributions to townships made in Senate Bill No. 2176 is reduced by \$30,000 to reflect revised estimates for amounts needed for corrections.

This amendment also amends Section 27 of Chapter 579 of the 2011 Session Laws to provide that a political subdivision eligible to receive a transportation funding distribution under that section must have received an allocation under Section 57-51-15 (oil and gas gross production tax allocations) of \$500,000 or less in state fiscal year 2010 rather than state fiscal year 2011. Section 9 of the bill which provided a \$590,000 general fund appropriation to correct earlier township distributions is replaced with an appropriation of \$720,000 from the general fund to the State Treasurer to distribute funding to any political subdivision eligible to receive a distribution under subsection 3 of Section 27 of Chapter 579

of the 2011 Session Laws which has not already received a distribution under that subsection. The House also added these sections and provided funding of \$700,000.

Senate Bill No. 2012 - DOCR - Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
License plate issue		\$4,280,000	\$620,000	\$4,900,000	\$4,900,000	
Total all funds	\$0	\$4,280,000	\$620,000	\$4,900,000	\$4,900,000	\$0
Less estimated income	0	4,280,000	620,000	4,900,000	4,900,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 530 - DOCR - Detail of Conference Committee Changes

	Increases Special Funds Authority for License Plate Issue ¹	Total Conference Committee Changes
License plate issue	\$620,000	\$620,000
Total all funds	\$620,000	\$620,000
Less estimated income	620,000	620,000
General fund	\$0	\$0
FTE	0.00	0.00

¹ Special funds authority for the general license plate issue is increased by \$620,000 due to increased expenses associated with the issuance of digitally printed license plates rather than embossed license plates, the same as the House version.

Senate Bill No. 2012 - Department of Transportation - Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$198,822,626	\$198,846,860	(\$11,369,275)	\$187,477,585	\$184,577,233	\$2,900,352
Operating expenses	456,821,715	377,821,715	(1,100,000)	376,721,715	376,721,715	
Capital assets	1,810,511,207	1,269,511,207		1,269,511,207	1,269,511,207	
County and township road program	142,000,000	142,000,000	(142,000,000)		190,000,000	(190,000,000)
Grants	97,548,030	98,188,030	(8,400,000)	89,788,030	89,288,030	500,000
General fund transfer to highway fund	683,600,000	683,600,000	(142,000,000)	541,600,000	683,600,000	(142,000,000)
Transfer to public transportation fund		1,100,000		1,100,000	1,100,000	
License plate issue		6,200,000	620,000	6,820,000	6,820,000	
County and township bridge program		27,000,000	(27,000,000)		20,000,000	(20,000,000)
Non-oil county distributions					150,000,000	(150,000,000)
Accrued leave payments			7,280,897	7,280,897	7,280,897	
Total all funds	\$3,389,303,578	\$2,804,267,812	(\$323,968,378)	\$2,480,299,434	\$2,978,899,082	(\$498,599,648)
Less estimated income	2,695,703,578	2,103,367,812	(182,588,378)	1,920,779,434	2,079,379,082	(158,599,648)
General fund	\$693,600,000	\$700,900,000	(\$141,380,000)	\$559,520,000	\$899,520,000	(\$340,000,000)
FTE	1079.50	1079.50	0.00	1079.50	1079.50	0.00

Department No. 801 - Department of Transportation - Detail of Conference Committee Changes

	Adjusts State Employee Compensation and Benefits Package ¹	Provides Separate Line Item for Accrued Leave Payments ²	Removes Funding for Employees Affected by Energy Development ³	Removes Funding for Oil-Impacted Counties Road Program ⁴	Removes Public Transportation Fund Appropriation Authority ⁵	Adds Funding for Rail Safety Pilot Program ⁶
Salaries and wages	(\$1,543,379)	(\$7,280,897)	(\$2,544,999)			
Operating expenses			(1,100,000)			
Capital assets						
County and township road program				(142,000,000)		
Grants					(8,900,000)	500,000
General fund transfer to highway fund						
Transfer to public transportation fund						
License plate issue						
County and township bridge program						
Non-oil county distributions						
Accrued leave payments		7,280,897				
Total all funds	(\$1,543,379)	\$0	(\$3,644,999)	(\$142,000,000)	(\$8,900,000)	\$500,000
Less estimated income	(1,543,379)	0	(3,644,999)	(142,000,000)	(8,900,000)	500,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adjusts General Fund Transfer to Highway Fund ⁷	Adjusts Funding for License Plate Issue ⁸	Removes Funding for County and Township Bridge Program ⁹	Total Conference Committee Changes
Salaries and wages				(\$11,369,275)
Operating expenses				(1,100,000)
Capital assets				
County and township road program				(142,000,000)
Grants				(8,400,000)
General fund transfer to highway fund	(142,000,000)			(142,000,000)
Transfer to public transportation fund				
License plate issue		620,000		620,000
County and township bridge program			(27,000,000)	(27,000,000)
Non-oil county distributions				
Accrued leave payments				7,280,897
Total all funds	(\$142,000,000)	\$620,000	(\$27,000,000)	(\$323,968,378)
Less estimated income	0	0	(27,000,000)	(182,588,378)
General fund	(\$142,000,000)	\$620,000	\$0	(\$141,380,000)
FTE	0.00	0.00	0.00	0.00

¹ This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

² A portion of salaries and wages funding for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees. The House version also included an accrued leave payments line item.

³ Funding included in the executive budget for salary enhancements (\$2,544,999) and rental assistance (\$1,100,000) for employees living in areas affected by energy development is removed. The House also removed this funding.

⁴ Funding from the general fund for the county and township road reconstruction program in areas impacted by oil and gas development is removed. The House version provided total program funding of \$190 million which was an increase of \$48 million from the executive budget and Senate versions of \$142 million.

⁵ Appropriation authority to provide grants from the public transportation fund is removed. House Bill No. 1142, as approved by the 63rd Legislative Assembly, provides continuing appropriation authority for any funds deposited in the public transportation fund.

⁶ Grant funding of \$500,000 from the highway-rail grade crossing projects safety fund is added for a highway-rail grade safety pilot program during the 2013-15 biennium. Guidelines are also added for the program.

⁷ The general fund transfer to the state highway fund is reduced by \$142 million to reflect the removal of the county and township road reconstruction program in areas affected by oil and gas development.

⁸ Funding for the general license plate issue is increased by \$620,000 to provide for a general license plate issue to be made on nonembossed license plates. The House also added this funding.

⁹ Funding from the strategic investment and improvements fund for a county and township bridge reconstruction program is removed. The Senate added funding of \$27 million for the program and the House reduced funding for the program to \$20 million.

This amendment also:

- Adds a section to deposit \$250,000 of special fuels excise tax funding in the highway-rail grade crossing safety program during each year of the 2013-15 biennium.
- Adds sections to provide for the Legislative Management studies of state railroad assistance programs, transportation costs and funding, and renewable fuel standards.

- Removes sections that provided program guidelines regarding the oil-producing county and township road reconstruction program and the county and township bridge reconstruction program.

Engrossed SB 2012 was placed on the Seventh order of business on the calendar.

REPORT OF CONFERENCE COMMITTEE

SB 2021, as reengrossed: Your conference committee (Sens. Wanzek, G. Lee, Robinson and Reps. Thoreson, Streyle, Glassheim) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1249-1251, adopt amendments as follows, and place SB 2021 on the Seventh order:

That the House recede from its amendments as printed on pages 1249-1251 of the Senate Journal and pages 1332-1334 of the House Journal and that Reengrossed Senate Bill No. 2021 be amended as follows:

Page 1, line 2, after "54-59" insert "; to amend and reenact sections 54-59-15 and 54-59-22 of the North Dakota Century Code, relating to acceptance of funds and to agencies exempted from certain services of the information technology department; to provide for studies; to provide for a report to the budget section"

Page 1, remove lines 13 through 24

Page 2, replace lines 1 through 4 with:

"Salaries and wages	\$47,383,177	\$4,170,074	\$51,553,251
Accrued leave payments	0	2,626,084	2,626,084
Operating expenses	69,218,477	(4,383,834)	64,834,643
Capital assets	15,035,666	(2,535,066)	12,500,600
Center for distance education	6,649,238	(780,847)	5,868,391
Statewide longitudinal data system	1,869,243	1,511	1,870,754
Educational technology council	1,075,403	739,206	1,814,609
EduTech	7,926,447	125,647	8,052,094
K-12 wide area network	5,206,992	(278,815)	4,928,177
Geographic information system	1,112,065	348,229	1,460,294
Health information technology office	13,959,238	(9,208,515)	4,750,723
Criminal justice information sharing	2,781,394	1,087,967	3,869,361
Federal stimulus funds	0	6,800,000	6,800,000
Total all funds	\$172,217,340	(\$1,288,359)	\$170,928,981
Less estimated income	153,165,136	(3,490,583)	149,674,553
Total general fund	\$19,052,204	\$2,202,224	\$21,254,428
Full-time equivalent positions	336.30	4.00	340.30"

Page 3, after line 11, insert:

"SECTION 6. AMENDMENT. Section 54-59-15 of the North Dakota Century Code is amended and reenacted as follows:

54-59-15. Acceptance of funds.

The department may accept federal or other funds, which must be deposited in the information technology operating account or other accounts specified by the office of management and budget and which may be spent subject to legislative appropriation. The department may apply for any public or private grants available for the improvement of information technology.

SECTION 7. AMENDMENT. Section 54-59-22 of the North Dakota Century Code is amended and reenacted as follows:

54-59-22. Required use of electronic mail, file and print server administration, database administration, application server, and hosting services.

Each state agency and institution, excluding the legislative and judicial branches, the institutions under the control of the state board of higher education,

~~the public employees retirement system, the retirement and investment office, the attorney general, and any entity exempted by the office of management and budget after advisement by the information technology department, shall obtain electronic mail, file and print server administration, database administration, storage, application server, and hosting services through a delivery system established by the information technology department in conjunction with the office of management and budget. The office of management and budget, after receiving advice from the information technology department, shall establish policies and guidelines for the delivery of services, including the transition from existing systems to functional consolidation, with consideration given to the creation of efficiencies, cost-savings, and improved quality of service.~~

SECTION 8. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - INFORMATION TECHNOLOGY HARDWARE RELOCATION AND CONSOLIDATION STUDY. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$200,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of contracting with a private consultant to conduct an information technology relocation and consolidation study of information technology equipment operated by the attorney general and by agencies that have been exempted by the office of management and budget under section 54-59-22, for the biennium beginning July 1, 2013, and ending in June 30, 2015.

1. The study:
 - a. Must include input from the attorney general and representatives from the exempted agencies and a review of the feasibility and the desirability of relocating and consolidating information technology hardware of the attorney general and the agencies exempted by the office of management and budget to the information technology department's secure data center.
 - b. Must address the issues of cost, physical security, cybersecurity, redundancy, staffing, impact on service to stakeholders, and impact on contractual relationships for software and hardware with federal partnerships.
 - c. Must be completed before December 31, 2013.
2. The office of management and budget shall report its findings and recommendations to the budget section and the legislative management's information technology committee by March 31, 2014, and submit any proposed legislation necessary to implement the consolidation or relocation to the legislative management's information technology committee by July 1, 2014. If the findings of the study indicate that a partial or full consolidation of information technology services or relocation of information technology hardware, are feasible and desirable, the office of management and budget and the information technology department shall assist any affected agency in developing an implementation plan as a part of the agency's 2015-17 budget request.

SECTION 9. INFORMATION TECHNOLOGY DESKTOP SUPPORT STUDY - REPORT TO BUDGET SECTION. Prior to January 1, 2014, the information technology department shall conduct a study of all state agencies' information technology desktop support to determine the feasibility and desirability of centralization of desktop support services through the information technology department for all state agencies. The study must include a review of the support staff, associated costs to the respective agency, use of third-party information technology contractors, and a cost benefit comparison of current state agencies' desktop support self services and desktop support services provided by the information technology department. The information technology department shall report its findings and recommendations to the office of management and budget, the budget section, and the interim information technology committee prior to January 1, 2014. The office of management and budget shall provide a report to the

budget section regarding the findings, recommendations, and any legislation required to implement the recommendations of the study."

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2021 - Summary of Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Office of Management and Budget						
Total all funds	\$0	\$0	\$200,000	\$200,000	\$0	\$200,000
Less estimated income	0	0	0	0	0	0
General fund	\$0	\$0	\$200,000	\$200,000	\$0	\$200,000
Information Technology Department						
Total all funds	\$171,053,947	\$171,677,462	(\$748,481)	\$170,928,981	\$169,771,768	\$1,157,213
Less estimated income	150,290,886	150,311,698	(637,145)	149,674,553	148,685,136	989,417
General fund	\$20,763,061	\$21,365,764	(\$111,336)	\$21,254,428	\$21,086,632	\$167,796
Bill total						
Total all funds	\$171,053,947	\$171,677,462	(\$548,481)	\$171,128,981	\$169,771,768	\$1,357,213
Less estimated income	150,290,886	150,311,698	(637,145)	149,674,553	148,685,136	989,417
General fund	\$20,763,061	\$21,365,764	\$88,664	\$21,454,428	\$21,086,632	\$367,796

Senate Bill No. 2021 - Office of Management and Budget - Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Operating expenses			\$200,000	\$200,000		\$200,000
Total all funds	\$0	\$0	\$200,000	\$200,000	\$0	\$200,000
Less estimated income	0	0	0	0	0	0
General fund	\$0	\$0	\$200,000	\$200,000	\$0	\$200,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

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

	Provides Funding for an IT Study ¹	Total Conference Committee Changes
Operating expenses	\$200,000	\$200,000
Total all funds	\$200,000	\$200,000
Less estimated income	0	0
General fund	\$200,000	\$200,000
FTE	0.00	0.00

¹ This amendment provides an appropriation to the Office of Management and Budget in the amount of \$200,000, all of which is from the general fund, to contract with a private consultant for an information technology study to determine the feasibility and desirability of relocating appropriate information technology equipment and providing agencies full or partial exemptions from consolidation with the Information Technology Department services.

Senate Bill No. 2021 - Information Technology Department - Conference Committee Action

Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
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Salaries and wages	\$54,437,801	\$54,461,316	(\$2,908,065)	\$51,553,251	\$49,929,538	\$1,623,713
Operating expenses	64,834,643	64,834,643		64,834,643	64,834,643	
Capital assets	12,500,600	12,500,600		12,500,600	12,500,600	
Center for Distance Education	6,072,187	6,072,187	(203,796)	5,868,391	6,072,187	(203,796)
Statewide Longitudinal Data System	1,870,754	1,870,754		1,870,754	1,870,754	
Educational Technology Council	1,814,609	1,814,609		1,814,609	1,814,609	
EduTech	8,279,530	8,279,530	(227,436)	8,052,094	8,279,530	(227,436)
K-12 wide area network	4,928,177	4,928,177		4,928,177	4,928,177	
Geographic Information System	1,460,294	1,460,294		1,460,294	1,460,294	
Health Information Technology Office	4,785,991	4,785,991	(35,268)	4,750,723	4,785,991	(35,268)
Criminal Justice Information Sharing	3,269,361	3,869,361		3,869,361	3,869,361	
Federal stimulus funds	6,800,000	6,800,000		6,800,000	6,800,000	
Accrued leave payments			2,626,084	2,626,084	2,626,084	
Total all funds	\$171,053,947	\$171,677,462	(\$748,481)	\$170,928,981	\$169,771,768	\$1,157,213
Less estimated income	150,290,886	150,311,698	(637,145)	149,674,553	148,685,136	989,417
General fund	\$20,763,061	\$21,365,764	(\$111,336)	\$21,254,428	\$21,086,632	\$167,796
FTE	340.30	340.30	0.00	340.30	340.30	0.00

Department No. 112 - Information Technology Department - Detail of Conference Committee Changes

	Adjusts State Employee Compensation and Benefits Package ¹	Provides Separate Line Item for Accrued Leave Payments ²	Total Conference Committee Changes
Salaries and wages	(\$748,481)	(\$2,159,584)	(\$2,908,065)
Operating expenses			
Capital assets			
Center for Distance Education		(203,796)	(203,796)
Statewide Longitudinal Data System			
Educational Technology Council			
EduTech		(227,436)	(227,436)
K-12 wide area network			
Geographic Information System			
Health Information Technology Office		(35,268)	(35,268)
Criminal Justice Information Sharing			
Federal stimulus funds			
Accrued leave payments		2,626,084	2,626,084
Total all funds	(\$748,481)	\$0	(\$748,481)
Less estimated income	(637,145)	0	(637,145)
General fund	(\$111,336)	\$0	(\$111,336)
FTE	0.00	0.00	0.00

¹ This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

² A portion of salaries and wages funding from the general fund (\$373,087) and from other funds (\$2,252,997) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

Agency Division	General Fund	Special Funds	Total
Salaries and Wages	(\$24,553)	(\$2,135,031)	(\$2,159,584)
Center For Distance Education	(202,760)	(1,036)	(203,796)
EduTech	(132,181)	(95,255)	(227,436)
Health Information Technology Office	(13,593)	(21,675)	(35,268)
Accrued Leave Payments	373,087	2,252,997	2,626,084

This amendment also:

- Amends Section 54-59-15, regarding acceptance of federal or other funds, same version as the House.
- Amends Section 54-59-22, removing selected agency exemptions from the certain services of the Information Technology Department. The House removed exemptions for the Public Employees Retirement System, Attorney General, State Water Commission, and any entity exempted by the Office of Management and Budget.
- Provides for an information technology study.
- Provides for an information technology desktop support study.

Reengrossed SB 2021 was placed on the Seventh order of business on the calendar.

REPORT OF CONFERENCE COMMITTEE

SB 2171, as engrossed: Your conference committee (Sens. Miller, Oehlke, Dotzenrod and Reps. Owens, Dockter, S. Kelsh) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1239-1241, adopt amendments as follows, and place SB 2171 on the Seventh order:

That the House recede from its amendments as printed on pages 1239-1241 of the Senate Journal and pages 1316 and 1317 of the House Journal and that Engrossed Senate Bill No. 2171 be amended as follows:

Page 1, line 16, replace "twenty-six" with "twenty-two"

Page 1, line 20, replace "twenty-six" with "twenty-two"

Page 1, line 21, replace "thirty" with "twenty-six"

Page 2, line 1, replace "thirty" with "twenty-six"

Page 2, line 2, replace "thirty-four" with "thirty"

Page 2, line 6, replace "thirty-four" with "thirty"

Page 2, line 7, replace "thirty-eight" with "thirty-four"

Page 2, line 11, replace "thirty-eight" with "thirty-four"

Page 2, line 12, replace "forty-two" with "thirty-eight"

Page 2, line 26, overstrike ", excluding the"

Page 2, overstrike line 27

Page 2, line 28, overstrike "homestead,"

Page 2, line 28, remove "two hundred"

Page 2, line 28, overstrike "seventy-five" and insert immediately thereafter "five hundred"

Page 3, after line 5, insert:

"SECTION 2. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2012."

Renumber accordingly

Engrossed SB 2171 was placed on the Seventh order of business on the calendar.

The House stood adjourned pursuant to Representative Vigesaa's motion.

Buell J. Reich, Chief Clerk