

JOURNAL OF THE SENATE

Sixty-third Legislative Assembly

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Bismarck, May 2, 2013

The Senate convened at 8:00 a.m., with President Wrigley presiding.

The prayer was offered by Sen. Dever, District 32.

The roll was called and all members were present.

A quorum was declared by the President.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

SEN. OEHLKE 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 Fourteenth 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 45 YEAS, 2 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

YEAS: Anderson; Andrist; Armstrong; Axness; Berry; Burckhard; Campbell; Carlisle; Cook; Dever; Dotzenrod; Erbele; Flakoll; Grabinger; Grindberg; Heckaman; Hogue; Holmberg; Kilzer; Klein; Krebsbach; Laffen; Larsen; Lee, G.; Lee, J.; Lyson; Marcellais; Mathern; Miller; Murphy; Nelson; O'Connell; Oehlke; Poolman; Robinson; Schaible; Schneider; Sinner; Sitte; Sorvaag; Triplett; Unruh; Wanzek; Wardner; Warner

NAYS: Bowman; Luick

Reengrossed HB 1358, as amended, passed.

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

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

SEN. WANZEK 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 Fourteenth 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 47 YEAS, 0 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

YEAS: Anderson; Andrist; Armstrong; Axness; Berry; Bowman; Burckhard; Campbell;

Carlisle; Cook; Dever; Dotzenrod; Erbele; Flakoll; Grabinger; Grindberg; Heckaman; Hogue; Holmberg; Kilzer; Klein; Krebsbach; Laffen; Larsen; Lee, G.; Lee, J.; Luick; Lyson; Marcellais; Mathern; Miller; Murphy; Nelson; O'Connell; Oehlke; Poolman; Robinson; Schaible; Schneider; Sinner; Sitte; Sorvaag; Triplett; Unruh; Wanzek; Wardner; Warner

Engrossed HB 1006, as amended, passed.

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	<u>7,489,091</u>	<u>(1,403,216)</u>	<u>6,085,875</u>
Total all funds	\$22,742,179	\$7,292,191	\$30,034,370
Less estimated income	<u>11,641,532</u>	<u>359,199</u>	<u>12,000,731</u>
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	<u>\$773,699</u>	<u>\$1,450,000</u>	<u>\$2,223,699</u>
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	<u>11,641,532</u>	<u>359,199</u>	<u>12,000,731</u>
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	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)
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 ⁶
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

SEN. KREBSBACH MOVED that the conference committee report on Engrossed HB 1019 be adopted, which motion prevailed on a voice vote.

Engrossed HB 1019, as amended, was placed on the Fourteenth 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 44 YEAS, 3 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

YEAS: Anderson; Andrist; Armstrong; Axness; Berry; Bowman; Burckhard; Campbell; Carlisle; Cook; Dever; Dotzenrod; Erbele; Flakoll; Grabinger; Grindberg; Heckaman; Hogue; Holmberg; Kilzer; Klein; Krebsbach; Laffen; Larsen; Lee, G.; Lee, J.; Luick; Lyson; Mathern; Murphy; Nelson; O'Connell; Oehlke; Poolman; Robinson; Schneider; Sinner; Sitte; Sorvaag; Triplett; Unruh; Wanzek; Wardner; Warner

NAYS: Marcellais; Miller; Schaible

Engrossed HB 1019, 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 Speaker has appointed Rep. Owens to replace Rep. Belter on the Conference Committee on HB 1198.

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

MR. PRESIDENT: The House has reconsidered its action whereby it did not concur with the Senate amendments to HB 1233 and wishes to inform you that the House does now concur with the Senate amendments to HB 1233 and subsequently failed to pass the same. Also, the House has dissolved the House Conference Committee on HB 1233.

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 1006, HB 1358.

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 1019.

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: SB 2021, SB 2171.

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 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 2012.

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

MR. SPEAKER: Your signature is respectfully requested on: SB 2014, SB 2020, SB 2298.

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

MR. PRESIDENT: Your signature is respectfully requested on: HB 1012.

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

MR. PRESIDENT: Your signature is respectfully requested on: HB 1029, HB 1258.

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

MR. PRESIDENT: The Speaker has signed: SB 2014, SB 2020, SB 2298.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)
MR. SPEAKER: The President has signed: HB 1012.

DELIVERY OF ENROLLED BILLS AND RESOLUTIONS

The following bills were delivered to the Governor for approval on May 2, 2013: SB 2004, SB 2015, SB 2018, SB 2187, SB 2205.

MOTION

SEN. KLEIN MOVED that the Senate stand in recess until 1:00 p.m., which motion prevailed.

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

REPORT OF CONFERENCE COMMITTEE

SB 2013, as engrossed: Your conference committee (Sens. Krebsbach, Holmberg, Warner and Reps. Kempenich, Thoreson, Guggisberg) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1393-1395, adopt amendments as follows, and place SB 2013 on the Seventh order:

That the House recede from its amendments as printed on pages 1393-1395 of the Senate Journal and pages 1493-1495 of the House Journal and that Engrossed Senate Bill No. 2013 be amended as follows:

Page 1, line 2, after the second semicolon insert "and"

Page 1, line 3, remove "subsection 1 of section 57-51-15 and"

Page 1, line 4, remove "oil and gas gross production taxes and"

Page 1, line 5, remove "; to provide an effective date; to provide an expiration date; and to declare an emergency"

Page 1, replace lines 15 through 22 with:

"Salaries and wages	\$4,145,824	\$1,011,191	\$5,157,015
Accrued leave payments	0	108,541	108,541
Operating expenses	1,431,096	544,767	1,975,863
Capital assets	0	65,550	65,550
Grants	99,778,269	(99,778,269)	0
Energy infrastructure and impact office	0	700,826	700,826
Contingencies	<u>100,000</u>	<u>100,000</u>	<u>200,000</u>
Total special funds	\$105,455,189	(\$97,247,394)	\$8,207,795
Full-time equivalent positions	24.75	6.25	31.00"

Page 2, remove lines 7 through 9

Page 2, after line 10, insert:

"Private lands study	0	50,000"
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Page 2, replace lines 12 through 14 with:

"Total all funds	\$65,010,000	\$115,550
Less estimated income	<u>35,010,000</u>	<u>115,550</u>
Total general fund	\$30,000,000	\$0"

Page 2, line 20, after "grants" insert "in House Bill No. 1358, as approved by the sixty-third legislative assembly, or to the energy infrastructure and impact office line item"

Page 3, remove lines 20 through 31

Page 4, replace lines 1 through 24 with:

"SECTION 7. PRIVATE LAND STUDY - EMERGENCY COMMISSION
APPROVAL FOR ADDITIONAL FUNDS. The operating expenses line item in

section 1 of this Act includes the sum of \$50,000 from the strategic investment and improvements fund for a study provided for in House Bill No. 1338, as approved by the sixty-third legislative assembly, of private lands owned adjacent to lands under control of the United States army corps of engineers. If the \$50,000 provided for the study is insufficient, the department of trust lands may seek emergency commission approval for additional funding from the state contingencies appropriation of up to \$50,000 for the biennium beginning July 1, 2013, and ending June 30, 2015."

Page 4, remove lines 25 through 31

Page 5, remove lines 1 through 23

Page 6, replace lines 9 through 15 with:

"SECTION 9. OIL AND GAS IMPACT GRANT DISTRIBUTION - DUST CONTROL. If the dust control pilot project provided for in House Bill No. 1358, as approved by the sixty-third legislative assembly, is deemed effective by the director of the energy infrastructure and impact office, the board of university and school lands may approve up to \$3,000,000 of additional oil and gas impact grants to counties for dust control.

SECTION 10. OIL AND GAS IMPACT GRANT DISTRIBUTION - NEW COUNTIES - OTHER USES. Notwithstanding any other provisions of this Act, the director of the energy infrastructure and impact office may include within recommendations to the board of university and school lands for oil and gas impact grants up to \$5,000,000 of the funds designated for counties experiencing oil and gas development in House Bill No. 1358, as approved by the sixty-third legislative assembly, to any eligible political subdivision if, by January 1, 2015, the funds have not been committed to counties meeting the eligibility requirements for this funding, under provisions of House Bill No. 1358, as approved by the sixty-third legislative assembly."

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

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

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$5,312,873	\$5,319,551	(\$162,536)	\$5,157,015	\$5,067,657	\$89,358
Operating expenses	1,925,863	1,925,863	50,000	1,975,863	1,975,863	
Capital assets	65,550	65,550		65,550	65,550	
Energy infrastructure and impact office	214,000,000	224,000,000	(223,299,174)	700,826	217,000,000	(216,299,174)
Contingencies	200,000	200,000		200,000	200,000	
Accrued leave payments			108,541	108,541	108,541	
Total all funds	\$221,504,286	\$231,510,964	(\$223,303,169)	\$8,207,795	\$224,417,611	(\$216,209,816)
Less estimated income	221,504,286	231,510,964	(223,303,169)	8,207,795	224,417,611	(216,209,816)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	31.00	31.00	0.00	31.00	31.00	0.00

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

	Adjusts State Employee Compensation and Benefits Package ¹	Provides Separate Line Item for Accrued Leave Payments ²	Adds Funding for Study ³	Removes Funding for Oil and Gas Impact Grants ⁴	Total Conference Committee Changes
Salaries and wages	(\$53,995)	(\$108,541)			(\$162,536)
Operating expenses			50,000		50,000
Capital assets					
Energy infrastructure and impact office				(223,299,174)	(223,299,174)
Contingencies					
Accrued leave payments		108,541			108,541
	(\$53,995)	\$0	\$50,000	(\$223,299,174)	(\$223,303,169)

Total all funds					
Less estimated income	(53,995)	0	50,000	(223,299,174)	(223,303,169)
General fund	\$0	\$0	\$0	\$0	\$0
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 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.

³ Funding is added from the strategic investment and improvements fund to conduct a study of private lands owned adjacent to lands under control of the United States Army Corps of Engineers included in House Bill No. 1338, the same as the House version.

⁴ Funding included in the executive budget for oil and gas impact grants to political subdivisions and grants for airports and higher education and funding added by the Senate for dust control is removed. Funding relating to salaries and operating expenses for the energy infrastructure and impact office is retained.

A section is added relating to funding for a study of private lands included in House Bill No. 1338 and authorizing the department to seek additional funding for the study from the Emergency Commission, the same as the House version.

Sections added by the Senate relating to oil and gas impact grant funding for dust control are removed.

Sections included in the executive budget relating to increasing the allocation of oil and gas tax revenue to the oil and gas impact grant fund and oil and gas impact grant distributions for airports and higher education are removed.

Sections are added to provide for additional funding from the oil and gas impact grant fund for dust control and redistribution of certain oil and gas impact grant funding if not used by January 1, 2015.

Engrossed SB 2013 was placed on the Seventh order of business on the calendar.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

SEN. KREBSBACH MOVED that the conference committee report on Engrossed SB 2013 be adopted, which motion prevailed on a voice vote.

Engrossed SB 2013, as amended, was placed on the Eleventh order of business.

SECOND READING OF SENATE BILL

SB 2013: A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; to provide for distributions from permanent funds; and to amend and reenact section 57-62-04 of the North Dakota Century Code, relating to the energy infrastructure and impact office.

ROLL CALL

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

YEAS: Anderson; Andrist; Armstrong; Axness; Berry; Bowman; Burckhard; Campbell; Carlisle; Cook; Dever; Dotzenrod; Erbele; Flakoll; Grabinger; Grindberg; Heckaman; Hogue; Holmberg; Kilzer; Klein; Krebsbach; Laffen; Larsen; Lee, G.; Lee, J.; Luick; Lyson; Marcellais; Mathern; Miller; Murphy; Nelson; O'Connell; Oehlke; Poolman; Robinson; Schaible; Schneider; Sinner; Sitte; Sorvaag; Triplett; Unruh; Wanzek; Wardner; Warner

Reengrossed SB 2013 passed and the emergency clause was declared carried.

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

MR. PRESIDENT: The Speaker has appointed Rep. Owens to replace Rep. Belter on the Conference Committee on HB 1290.

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 2013.

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 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 1003.

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

MR. SPEAKER: Your signature is respectfully requested on: SB 2012, SB 2021, SB 2171.

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

MR. PRESIDENT: Your signature is respectfully requested on: HB 1006, HB 1019, HB 1358.

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

MR. PRESIDENT: Your signature is respectfully requested on: HB 1016.

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

MR. SPEAKER: The President has signed: SB 2014, SB 2020, SB 2298.

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

MR. SPEAKER: The President has signed: HB 1016.

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

MR. SPEAKER: The President has signed: HB 1029, HB 1258.

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

MR. PRESIDENT: The Speaker has signed: HB 1012.

DELIVERY OF ENROLLED BILLS AND RESOLUTIONS

The following bills were delivered to the Governor for approval on May 2, 2013: SB 2014, SB 2020, SB 2298.

COMMUNICATION FROM GOVERNOR JACK DALRYMPLE

This is to inform you that on May 2, 2013, I have signed the following: SB 2001, SB 2004, SB 2019, SB 2205, SB 2242, and SB 2369.

REPORT OF CONFERENCE COMMITTEE

HB 1286, as engrossed: Your conference committee (Sens. Laffen, Sorvaag, Murphy and Reps. Kasper, B. Koppelman, Boehning) recommends that the **HOUSE ACCEDE** to the Senate amendments as printed on HJ page 1170 and place HB 1286 on the Seventh order.

Engrossed HB 1286 was placed on the Seventh order of business on the calendar.

REPORT OF CONFERENCE COMMITTEE

HB 1003, as engrossed: Your conference committee (Sens. Kilzer, Erbele, Warner and Reps. Brandenburg, Kempenich, Glassheim) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1511-1515, adopt amendments as follows, and place HB 1003 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1511-1515 of the House Journal and pages 1323-1327 of the Senate Journal and that Engrossed House Bill No. 1003 be amended as follows:

Page 1, line 2, replace "sections" with "section"

Page 1, line 2, remove "and 54-59-22"

Page 1, line 3, remove "and to required use of information technology"

Page 1, line 4, remove "services"

Page 1, remove lines 13 through 24

Page 2, replace lines 1 and 2 with:

"Salaries and wages	\$29,506,046	\$5,478,516	\$34,984,562
Accrued leave payments	0	1,057,247	1,057,247
Operating expenses	16,418,016	10,576,040	26,994,056
Capital assets	1,943,783	419,294	2,363,077
Grants	3,420,000	(1,046,053)	2,373,947
Litigation fees	50,000	0	50,000
Abortion litigation fees	0	400,000	400,000
Medical examinations	660,000	0	660,000
North Dakota lottery	3,700,242	433,579	4,133,821
Arrest and return of fugitives	10,000	0	10,000
Gaming commission	7,368	0	7,368
Total all funds	\$55,715,455	\$17,318,623	\$73,034,078
Less estimated income	<u>24,485,610</u>	<u>10,896,840</u>	<u>35,382,450</u>
Total general fund	\$31,229,845	\$6,421,783	\$37,651,628
Full-time equivalent positions	204.00	9.50	213.50"

Page 2, line 26, replace "forty-two" with "forty-three"

Page 2, line 27, replace "three" with "six"

Page 2, line 27, replace "four" with "eighty-five"

Page 2, line 28, replace "forty-six" with "forty-seven"

Page 2, line 28, replace "five" with "nine"

Page 2, line 28, replace "seventy-three" with "ninety-six"

Page 2, remove lines 29 and 30

Page 3, replace lines 1 through 13 with:

"SECTION 5. FULL-TIME EQUIVALENT POSITION - LIMITED

AUTHORIZATION. The full-time equivalent line item in section 1 of this Act includes one full-time equivalent position for computerized business projects. This position is authorized only for the biennium beginning July 1, 2013, and ending June 30, 2015. The attorney general shall reevaluate the position and determine if the position will be requested as part of the agency's 2015-17 biennium budget request as an optional item."

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

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

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$35,825,800	\$32,664,181	\$2,320,381	\$34,984,562	\$36,931,418	(\$1,946,856)
Operating expenses	20,946,586	20,685,614	6,308,442	26,994,056	20,553,975	6,440,081
Capital assets	2,363,077	2,303,077	60,000	2,363,077	2,363,077	
Grants	2,373,947	2,373,947		2,373,947	2,373,947	
Litigation fees	50,000	50,000		50,000	50,000	
Medical examinations	660,000	660,000		660,000	660,000	
North Dakota Lottery	4,133,821	4,133,821		4,133,821	4,133,821	
Arrest and return of fugitives	10,000	10,000		10,000	10,000	
Gaming Commission	7,368	7,368		7,368	7,368	
Accrued leave payments		1,057,247		1,057,247		1,057,247
Abortion litigation fees			400,000	400,000	400,000	
Energy impact - law enforcement					10,000,000	(10,000,000)
Total all funds	\$66,370,599	\$63,945,255	\$9,088,823	\$73,034,078	\$77,483,606	(\$4,449,528)
Less estimated income	29,012,463	28,124,131	7,258,319	35,382,450	39,166,620	(3,784,170)
General fund	\$37,358,136	\$35,821,124	\$1,830,504	\$37,651,628	\$38,316,986	(\$665,358)
FTE	211.50	205.00	8.50	213.50	215.50	(2.00)

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

	Removes House Changes to Executive Compensation Package ¹	Adjusts State Employee Compensation and Benefits Package ²	Restores Concealed Weapons Permit FTE Position ³	Restores FTE Positions for Western North Dakota ⁴	Restores Uniform Crime Reporting System Position ⁵	Restores Attorney Position ⁶
Salaries and wages	\$1,334,630	(\$640,400)	\$39,074	\$386,237	\$98,780	\$198,738
Operating expenses				100,559	14,676	41,115
Capital assets				40,000		
Grants						
Litigation fees						
Medical examinations						
North Dakota Lottery						
Arrest and return of fugitives						
Gaming Commission						
Accrued leave payments						
Abortion litigation fees						
Energy impact - law enforcement						
Total all funds	\$1,334,630	(\$640,400)	\$39,074	\$526,796	\$113,456	\$239,853
Less estimated income	252,572	(120,668)	0	69,650	113,456	239,853
General fund	\$1,082,058	(\$519,732)	\$39,074	\$457,146	\$0	\$0
FTE	0.00	0.00	0.50	3.00	1.00	1.00

	Restores Investigator Position ⁷	Adds Sex Offender Registry FTE Position ⁸	Workforce Safety Insurance Premium Increase ⁹	Adds Equity Increase for Scientists ¹⁰	Adds Funding for Abortion Litigation Fees ¹¹	Adds Computerized Business Project FTE Position ¹²
Salaries and wages	\$143,729	\$101,737		\$171,000		\$486,856
Operating expenses	47,742	14,676	79,568			(486,856)
Capital assets	20,000					
Grants						
Litigation fees						
Medical examinations						
North Dakota Lottery						
Arrest and return of fugitives						
Gaming Commission						
Accrued leave payments						
Abortion litigation fees					400,000	
Energy impact - law enforcement						
Total all funds	\$211,471	\$116,413	\$79,568	\$171,000	\$400,000	\$0
Less estimated income	211,471	116,413	0	0	0	0
General fund	\$0	\$0	\$79,568	\$171,000	\$400,000	\$0
FTE	1.00	1.00	0.00	0.00	0.00	1.00

	Adds Funding for Operating Expenses ¹³	Total Conference Committee Changes
Salaries and wages		\$2,320,381
Operating expenses	6,496,962	6,308,442
Capital assets		60,000
Grants		
Litigation fees		
Medical examinations		
North Dakota Lottery		
Arrest and return of fugitives		
Gaming Commission		
Accrued leave payments		
Abortion litigation fees		400,000
Energy impact - law enforcement		
Total all funds	\$6,496,962	\$9,088,823
Less estimated income	6,375,572	7,258,319
General fund	\$121,390	\$1,830,504
FTE	0.00	8.50

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 This amendment restores a .5 FTE position for processing concealed weapons permits removed by the House, the same as the Senate version. The executive budget recommendation added 2 FTE positions for this purpose, of which 1.5 FTE positions were previously paid for with federal funds related to the National Instant Check System (NICS).

⁴ Funding included in the executive budget recommendation but removed by the House for 2 FTE criminal investigator positions and related operating and motor vehicle expenses for law enforcement activities in western North Dakota is restored. The Senate restored 3 FTE positions for western North Dakota.

⁵ Funding is restored for 1 FTE administrative assistant position and related operating expenses for the uniform crime reporting system added in the executive budget but removed by the House, the same as the Senate version.

⁶ Funding is restored for 1 FTE attorney position and related operating expenses added in the executive budget to review mineral leases and other legal information relating to the

Department of Trust Lands, the same as the Senate version. This position was removed by the House.

⁷ Funding is restored for 1 FTE organized crime investigator position and related operating and motor vehicle expenses added in the executive budget recommendation but removed by the House, the same as the Senate version.

⁸ Funding is added for a sexual offender registry FTE position, the same as the Senate version. This position was not included in the executive budget recommendation or the House version.

⁹ Funding is added for Workforce Safety and Insurance premium increases, the same as the Senate version. This funding was not included in the executive budget recommendation or the House version.

¹⁰ Funding is added to provide equity increases of \$3,000 per year per scientist at the State Crime Laboratory. The Senate version included \$342,000 for \$6,000 increases per year per scientist. This funding was not included in the executive budget recommendation or the House version.

¹¹ This amendment adds funding for litigation fees associated with any legal challenges of abortion-related legislation approved by the 63rd Legislative Assembly, the same as the Senate version. This funding was not included in the executive budget recommendation or the House version.

¹² Funding is moved from the operating expenses line item to the salaries and wages line item and 1 FTE position is added for computerized business projects. A portion of the funding is for 2 temporary positions. The FTE position is for the 2013-15 biennium only.

¹³ Funding is added to the operating expenses line item for the following bills approved by the 63rd Legislative Assembly which have a fiscal impact but do not include an appropriation:

- House Bill No. 1302 - Increases participation in 24/7 sobriety program - \$6,243,901.
- House Bill No. 1327 - Requires criminal history checks for concealed weapons licenses - \$232,761.
- House Bill No. 1389 - Requires fingerprint record checks for appraisal management companies and employees - \$5,800.
- Senate Bill No. 2304 - Requires fingerprint record checks for insurance producers - \$14,500.

This amendment removes a section added by the House to amend Section 54-59-22 to remove the exemption for the Attorney General, the Public Employees Retirement System,

and the Retirement and Investment Office from the use of information technology services of the Information Technology Department.

A section and funding added by the Senate to provide funding from the oil and gas impact grant fund for law enforcement needs are removed.

Section 4 of the bill is changed to provide a 4 percent annual salary increase for the first year and a 3 percent annual increase for the second year for the Attorney General. The House provided 3 percent annual increases and the Senate provided 4 percent annual increases, the same as the executive budget.

A section is added to provide a computerized business project FTE position for the 2013-15 biennium only.

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

MOTION

SEN. KLEIN MOVED that the Senate stand in recess until 4:30 p.m., which motion prevailed.

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

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

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

Engrossed HB 1003, as amended, was placed on the Fourteenth order of business.

SECOND READING OF HOUSE BILL

HB 1003: A BILL for an Act to provide an appropriation for defraying the expenses of the attorney general; to amend and reenact section 54-12-11 of the North Dakota Century Code, relating to the salary of the attorney general; 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 46 YEAS, 0 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

YEAS: Anderson; Andrist; Armstrong; Axness; Berry; Bowman; Burckhard; Campbell; Carlisle; Cook; Dever; Dotzenrod; Erbele; Flakoll; Grabinger; Grindberg; Heckaman; Hogue; Holmberg; Kilzer; Klein; Krebsbach; Laffen; Larsen; Lee, G.; Lee, J.; Luick; Lyson; Marcellais; Mathern; Miller; Murphy; O'Connell; Oehlke; Poolman; Robinson; Schaible; Schneider; Sinner; Sitte; Sorvaag; Triplett; Unruh; Wanzek; Wardner; Warner

ABSENT AND NOT VOTING: Nelson

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

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

SEN. LAFFEN MOVED that the conference committee report on Engrossed HB 1286 be adopted, which motion prevailed on a voice vote.

MOTION

SEN. KLEIN MOVED that the Senate stand in recess until 7:00 p.m., which motion prevailed.

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

REPORT OF CONFERENCE COMMITTEE

SB 2325, as reengrossed: Your conference committee (Sens. Burckhard, Dotzenrod, Oehlke and Reps. Klein, Dockter, Strinden) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ page 918, adopt amendments as follows, and place SB 2325 on the Seventh order:

That the House recede from its amendments as printed on page 918 of the Senate Journal and page 1010 of the House Journal and that Reengrossed Senate Bill No. 2325 be amended as follows:

Page 1, line 1, after "to" insert "create and enact a new section to chapter 57-38, two new subsections to section 57-38-34, a new subsection to section 57-38-38, and a new subsection to section 57-38-40 of the North Dakota Century Code, relating to corporate and individual income tax credits and transition of financial institutions to corporate income tax treatment; to"

Page 1, line 1, after "reenact" insert "subsection 5 of section 11-37-08, subsection 8 of section 40-63-01, subsection 5 of section 40-63-04, section 40-63-06, subsections 3 and 4 of section 40-63-07,"

Page 1, line 1, replace the second "and" with a comma

Page 1, line 2, after "57-33.2-03" insert ", subsection 3 of section 57-38-01.3, subsections 1 and 3 of section 57-38-01.26, subsections 5 and 7 of section 57-38-01.32, subdivisions c, d, and f of subsection 2 of section 57-38-30.3, and section 57-39.2-26.1"

Page 1, line 3, after "electricity" insert ", individual and corporation income tax rates, and credits and increased allocations from the state aid distribution fund; to repeal chapter 57-35.3 of the North Dakota Century Code, relating to elimination of the financial institutions tax"

Page 1, after line 4, insert:

"SECTION 1. AMENDMENT. Subsection 5 of section 11-37-08 of the North Dakota Century Code is amended and reenacted as follows:

5. Bonds issued by a commerce authority under this section are declared to be issued for an essential public government purpose, and together with interest and income on the bonds, are exempt from all individual and corporate taxes imposed under sections ~~57-35.3-03~~, 57-38-30, and 57-38-30.3.

SECTION 2. AMENDMENT. Subsection 8 of section 40-63-01 of the North Dakota Century Code is amended and reenacted as follows:

8. "Taxpayer" means an individual, corporation, ~~financial institution~~, or trust subject to the taxes imposed by chapter ~~57-35.3~~ or 57-38 and includes a partnership, subchapter S corporation, limited partnership, limited liability company, or any other passthrough entity.

SECTION 3. AMENDMENT. Subsection 5 of section 40-63-04 of the North Dakota Century Code is amended and reenacted as follows:

5. The exemptions provided by this section do not eliminate any duty to file a return or to report income as required under chapter ~~57-35.3~~ or 57-38.

SECTION 4. AMENDMENT. Section 40-63-06 of the North Dakota Century Code is amended and reenacted as follows:

40-63-06. Historic preservation and renovation tax credit.

A credit against state tax liability as determined under sections ~~57-35.3-03, 57-38-30, and 57-38-30.3~~ is allowed for investments in the historic preservation or renovation of property within the renaissance zone. The amount of the credit is twenty-five percent of the amount invested, up to a maximum of two hundred fifty thousand dollars. The credit may be claimed in the year in which the preservation or renovation is completed. Any excess credit may be carried forward for a period of up to five taxable years.

SECTION 5. AMENDMENT. Subsections 3 and 4 of section 40-63-07 of the North Dakota Century Code are amended and reenacted as follows:

3. A renaissance fund organization is exempt from any tax imposed by chapter ~~57-35.3 or~~ 57-38. An exemption under this section may be passed through to any shareholder, partner, and owner if the renaissance fund organization is a passthrough entity for tax purposes. A corporation ~~or financial institution~~ entitled to the exemption provided by this subsection shall file required returns and report income to the tax commissioner as required by the provisions of ~~these chapters~~ chapter 57-38 as if the exemption did not exist. If an employer, this subsection does not exempt a renaissance fund organization from complying with the income tax withholding laws.
4. A credit against state tax liability as determined under section ~~57-35.3-03, 57-38-30, or 57-38-30.3~~ is allowed for investments in a renaissance fund organization. The amount of the credit is fifty percent of the amount invested in the renaissance fund organization during the taxable year. Any amount of credit which exceeds a taxpayer's tax liability for the taxable year may be carried forward for up to five taxable years after the taxable year in which the investment was made."

Page 1, line 22, replace "eighty-five" with "eighty"

Page 2, after line 2, insert:

"SECTION 8. AMENDMENT. Subsection 3 of section 57-38-01.3 of the North Dakota Century Code is amended and reenacted as follows:

3. The sum calculated pursuant to subsection 1 must be reduced by the amount of any net operating loss that is attributable to North Dakota sources, including a net operating loss calculated under chapter 57-35.3 for tax years beginning before January 1, 2013. If the net operating loss that is attributable to North Dakota sources exceeds the sum calculated pursuant to subsection 1, the excess may be carried forward for the same time period that an identical federal net operating loss may be carried forward. If a corporation uses an apportionment formula to determine the amount of income that is attributable to North Dakota, the corporation must use the same formula to determine the amount of net operating loss that is attributable to North Dakota. In addition, no deduction may be taken for a carryforward when determining the amount of net operating loss that is attributable to North Dakota sources.

SECTION 9. AMENDMENT. Subsections 1 and 3 of section 57-38-01.26 of the North Dakota Century Code are amended and reenacted as follows:

1. A taxpayer is entitled to a credit against state income tax liability under section 57-38-30 or 57-38-30.3 for an investment made in an angel fund that is a domestic organization created under the laws of this state. The amount of the credit to which a taxpayer is entitled is forty-five percent of the amount remitted by the taxpayer to an angel fund during the taxable year. The aggregate annual credit for which a taxpayer may obtain a tax credit is not more than forty-five thousand dollars. The aggregate lifetime credits under this section that may be obtained by an individual, married couple, passthrough entity and its affiliates, or other taxpayer is ~~one~~five.

hundred fifty thousand dollars. The investment used to calculate the credit under this section may not be used to calculate any other income tax deduction or credit allowed by law.

3. An angel fund must:
 - a. Be a partnership, limited partnership, corporation, limited liability company, limited liability partnership, trust, or estate organized on a for-profit basis which is headquartered in this state.
 - b. Be organized for the purpose of investing in a portfolio of at least three primary sector companies that are early-stage and mid-stage private, nonpublicly traded enterprises with strong growth potential. For purposes of this section, an early-stage entity means an entity with annual revenues of up to two million dollars and a mid-stage entity means an entity with annual revenues over two million dollars not to exceed ten million dollars. Early stage and mid stage entities do not include those that have more than twenty-five percent of their revenue from income-producing real estate. Investments in real estate or real estate holding companies are not eligible investments by certified angel funds. Any angel fund certified before January 1, 2013, which has invested in real estate or a real estate holding company is not eligible for recertification.
 - c. Consist of at least six accredited investors as defined by securities and exchange commission regulation D, rule 501.
 - d. Not have more than twenty-five percent of its capitalized investment assets owned by an individual investor.
 - e. Have at least five hundred thousand dollars in commitments from accredited investors and that capital must be subject to call to be invested over an unspecified number of years to build a portfolio of investments in enterprises.
 - f. Be member-managed or a manager-managed limited liability company and the investor members or a designated board that includes investor members must make decisions as a group on which enterprises are worthy of investments.
 - g. Be certified as an angel fund that meets the requirements of this section by the department of commerce.
 - h. Be in compliance with the securities laws of this state.
 - i. Within thirty days after the date on which an investment in an angel fund is made, the angel fund shall file with the tax commissioner and provide to the investor completed forms prescribed by the tax commissioner which show as to each investment in the angel fund the following:
 - (1) The name, address, and social security number or federal employer identification number of the taxpayer or passthrough entity that made the investment;
 - (2) The dollar amount remitted by the taxpayer or passthrough entity; and
 - (3) The date the payment was received by the angel fund for the investment.
 - j. Within thirty days after the end of a calendar year, the angel fund shall file with the tax commissioner a report showing the name and principal place of business of each enterprise in which the angel fund has an investment.

SECTION 10. AMENDMENT. Subsections 5 and 7 of section 57-38-01.32 of the North Dakota Century Code are amended and reenacted as follows:

5. The aggregate amount of tax credits allowed to all eligible contributors is limited to fifteen 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.~~
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.

SECTION 11. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Financial institutions - Net operating losses - Credit carryovers.

1. A subchapter S corporation that was a financial institution under chapter 57-35.3 may elect to be treated as a taxable corporation under chapter 57-38. If an election is made under this section, the election:
 - a. Must be made in the form and manner prescribed by the tax commissioner on the return filed for the tax year beginning on January 1, 2013, or the return filed for the short period required under subsection 8 of section 57-38-34; and
 - b. Is binding until the earlier of:
 - (1) The end of the tax year for which the taxpayer reports a tax liability after tax credits; or
 - (2) The beginning of the tax year for which the taxpayer elects to be recognized as a subchapter S corporation under section 57-38-01.4.
2. If an election is made under this section, the following apply:
 - a. A subchapter S corporation may not file a consolidated return.
 - b. Any unused credit carryovers earned by a financial institution under chapter 57-35.3 for tax years beginning before January 1, 2013, may be carried forward in the same number of years the financial institution would have been entitled under chapter 57-35.3.
 - c. Any unused net operating losses incurred by a financial institution under chapter 57-35.3 for tax years beginning before January 1, 2013, may be carried forward for the same number of years the financial institution would have been entitled under chapter 57-35.3.

SECTION 12. AMENDMENT. Subdivisions c, d, and f of subsection 2 of section 57-38-30.3 of the North Dakota Century Code are amended and reenacted as follows:

- c. Reduced by the amount equal to the earnings that are passed through to a taxpayer in connection with an allocation and apportionment to North Dakota under ~~chapter 57-35.3~~section 11 of this Act.
- d. Reduced by ~~thirty~~forty percent of:
 - (1) The excess of the taxpayer's net long-term capital gain for the taxable year over the net short-term capital loss for that year, as computed for purposes of the Internal Revenue Code of

1986, as amended. The adjustment provided by this subdivision is allowed only to the extent the net long-term capital gain is allocated to this state.

- (2) ~~The qualified dividend income that is taxed at the same rate as long-term capital gain for federal income tax purposes under Internal Revenue Code provisions in effect on December 31, 2008. Qualified dividends as defined under Internal Revenue Code section 1(h)(11), added by section 302(a) of the Jobs and Growth Tax Relief Reconciliation Act of 2003 [Pub. L. 108-27; 117 Stat. 752; 2 U.S.C. 963 et seq.], but only if taxed at a federal income tax rate that is lower than the regular federal income tax rates applicable to ordinary income. If, for any taxable year, qualified dividends are taxed at the regular federal income tax rates applicable to ordinary income, the reduction allowed under this subdivision is equal to thirty percent of all dividends included in federal taxable income.~~ The adjustment provided by this subdivision is allowed only to the extent the qualified dividend income is allocated to this state.

- f. Increased by an amount equal to the losses that are passed through to a taxpayer in connection with an allocation and apportionment to North Dakota under ~~chapter 57-35.3~~ section 11 of this Act.

SECTION 13. Two new subsections to section 57-38-34 of the North Dakota Century Code are created and enacted as follows:

For a person that was subject to the tax under chapter 57-35.3 for the calendar year ending December 31, 2012, payment of the tax under this chapter is due six months after the due date of the return as required under this section. The provisions of subdivision a of subsection 1 of section 57-38-45 do not apply to the tax due under this subsection. This subsection applies to the first tax year beginning after December 31, 2012.

A person that previously reported under chapter 57-35.3 on a calendar year basis and files its federal income tax return on a fiscal year basis must file a short period return for the period beginning January 1, 2013, and ending on the last day of the tax year in calendar year 2013.

SECTION 14. A new subsection to section 57-38-38 of the North Dakota Century Code is created and enacted as follows:

This section applies if additional tax would be due under the provisions of chapter 57-35.3 in effect for taxable years beginning before January 1, 2013.

SECTION 15. A new subsection to section 57-38-40 of the North Dakota Century Code is created and enacted as follows:

A person that would have been entitled to a credit or refund under chapter 57-35.3 for a taxable year beginning before January 1, 2013, may file a claim for refund or credit of an overpayment of tax.

SECTION 16. AMENDMENT. Section 57-39.2-26.1 of the North Dakota Century Code is amended and reenacted as follows:

57-39.2-26.1. Allocation of revenues among political subdivisions.

Notwithstanding any other provision of law, a portion of sales, gross receipts, use, and motor vehicle excise tax collections, equal to ~~forty~~ forty-three and one-half percent of an amount determined by multiplying the quotient of one percent divided by the general sales tax rate, that was in effect when the taxes were collected, times the net sales, gross receipts, use, and motor vehicle excise tax collections under chapters 57-39.2, 57-39.5, 57-39.6, 57-40.2, and 57-40.3 must be deposited by the

state treasurer in the state aid distribution fund. The state tax commissioner shall certify to the state treasurer the portion of sales, gross receipts, use, and motor vehicle excise tax net revenues that must be deposited in the state aid distribution fund as determined under this section. Revenues deposited in the state aid distribution fund are provided as a standing and continuing appropriation and must be allocated as follows:

1. Fifty-three and seven-tenths percent of the revenues must be allocated to counties in the first month after each quarterly period as provided in this subsection.
 - a. Sixty-four percent of the amount must be allocated among the seventeen counties with the greatest population, in the following manner:
 - (1) Thirty-two percent of the amount must be allocated equally among the counties; and
 - (2) The remaining amount must be allocated based upon the proportion each such county's population bears to the total population of all such counties.
 - b. Thirty-six percent of the amount must be allocated among all counties, excluding the seventeen counties with the greatest population, in the following manner:
 - (1) Forty percent of the amount must be allocated equally among the counties; and
 - (2) The remaining amount must be allocated based upon the proportion each such county's population bears to the total population of all such counties.

A county shall deposit all revenues received under this subsection in the county general fund. Each county shall reserve a portion of its allocation under this subsection for further distribution to, or expenditure on behalf of, townships, rural fire protection districts, rural ambulance districts, soil conservation districts, county recreation service districts, county hospital districts, the Garrison Diversion Conservancy District, the southwest water authority, and other taxing districts within the county, excluding school districts, cities, and taxing districts within cities. The share of the county allocation under this subsection to be distributed to a township must be equal to the percentage of the county share of state aid distribution fund allocations that township received during calendar year 1996. The governing boards of the county and township may agree to a different distribution.

2. Forty-six and three-tenths percent of the revenues must be allocated to cities in the first month after each quarterly period based upon the proportion each city's population bears to the total population of all cities.

A city shall deposit all revenues received under this subsection in the city general fund. Each city shall reserve a portion of its allocation under this subsection for further distribution to, or expenditure on behalf of, park districts and other taxing districts within the city, excluding school districts. The share of the city allocation under this subsection to be distributed to a park district must be equal to the percentage of the city share of state aid distribution fund allocations that park district received during calendar year 1996, up to a maximum of thirty percent. The governing boards of the city and park district may agree to a different distribution.

SECTION 17. REPEAL. Chapter 57-35.3 of the North Dakota Century Code is repealed."

Page 2, line 3, replace "This" with "Section 16 of this Act is effective for taxable events occurring after June 30, 2014, and the remainder of this"

ReNUMBER accordingly

Reengrossed SB 2325 was placed on the Seventh order of business on the calendar.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

SEN. BURCKHARD MOVED that the conference committee report on Reengrossed SB 2325 be adopted, which motion prevailed on a voice vote.

Reengrossed SB 2325, as amended, was placed on the Eleventh order of business.

SECOND READING OF SENATE BILL

SB 2325: A BILL for an Act to create and enact a new section to chapter 57-38, two new subsections to section 57-38-34, a new subsection to section 57-38-38, and a new subsection to section 57-38-40 of the North Dakota Century Code, relating to corporate and individual income tax credits and transition of financial institutions to corporate income tax treatment; to amend and reenact subsection 5 of section 11-37-08, subsection 8 of section 40-63-01, subsection 5 of section 40-63-04, section 40-63-06, subsections 3 and 4 of section 40-63-07, subsection 3 of section 57-33.2-01, section 57-33.2-03, subsection 3 of section 57-38-01.3, subsections 1 and 3 of section 57-38-01.26, subsections 5 and 7 of section 57-38-01.32, subdivisions c, d, and f of subsection 2 of section 57-38-30.3, and section 57-39.2-26.1 of the North Dakota Century Code, relating to reduction of the distribution tax rate for companies engaged in the distribution of electricity, individual and corporation income tax rates, and credits and increased allocations from the state aid distribution fund; to repeal chapter 57-35.3 of the North Dakota Century Code, relating to elimination of the financial institutions tax; 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 46 YEAS, 0 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

YEAS: Anderson; Andrist; Armstrong; Axness; Berry; Bowman; Burckhard; Campbell; Carlisle; Cook; Dever; Dotzenrod; Erbele; Flakoll; Grabinger; Grindberg; Heckaman; Hogue; Holmberg; Kilzer; Klein; Krebsbach; Laffen; Larsen; Lee, G.; Lee, J.; Luick; Lyson; Marcellais; Mathern; Miller; Murphy; O'Connell; Oehlke; Poolman; Robinson; Schaible; Schneider; Sinner; Sitte; Sorvaag; Triplett; Unruh; Wanzek; Wardner; Warner

ABSENT AND NOT VOTING: Nelson

Reengrossed SB 2325 passed.

REPORT OF CONFERENCE COMMITTEE

SB 2011: Your conference committee (Sens. Krebsbach, Wanzek, O'Connell and Reps. Kempenich, Brandenburg, Guggisberg) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1237-1239, adopt amendments as follows, and place SB 2011 on the Seventh order:

That the House recede from its amendments as printed on pages 1237-1239 of the Senate Journal and pages 1314-1316 of the House Journal and that Senate Bill No. 2011 be amended as follows:

Page 1, replace lines 10 through 15 with:

"Administration	\$3,159,842	\$306,271	\$3,466,113
Field operations	40,651,139	8,969,638	49,620,777
Law enforcement training academy	1,602,488	5,200,555	6,803,043
Accrued leave payments	0	<u>1,110,651</u>	<u>1,110,651</u>
Total all funds	\$45,413,469	\$15,587,115	\$61,000,584

Less estimated income	11,364,325	2,028,217	13,392,542
Total general fund	\$34,049,144	\$13,558,898	\$47,608,042"

Page 1, remove lines 23 and 24

Page 2, replace line 1 with:

"Emergency vehicle operations course and weapons training range"	0	5,000,000
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Page 2, replace lines 6 through 8 with:

"Total all funds	\$1,237,000	\$6,145,000
Total special funds	<u>161,000</u>	<u>798,000</u>
Total general fund	\$1,076,000	\$5,347,000"

Page 2, line 14, replace "\$7,169,296" with "\$6,841,066"

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2011 - Highway Patrol - Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Administration	\$3,602,910	\$3,602,910	(\$136,797)	\$3,466,113	\$3,407,222	\$58,891
Field operations	51,492,863	51,492,863	(1,872,086)	49,620,777	48,866,470	754,307
Law Enforcement Training Academy	8,493,527	8,493,527	(1,690,484)	6,803,043	1,785,944	5,017,099
Accrued leave payments			1,110,651	1,110,651	1,110,651	
Total all funds	\$63,589,300	\$63,589,300	(\$2,588,716)	\$61,000,584	\$55,170,287	\$5,830,297
Less estimated income	<u>13,783,677</u>	<u>13,783,677</u>	(391,135)	<u>13,392,542</u>	<u>12,560,045</u>	832,497
General fund	\$49,805,623	\$49,805,623	(\$2,197,581)	\$47,608,042	\$42,610,242	\$4,997,800
FTE	213.00	213.00	0.00	213.00	213.00	0.00

Department No. 504 - Highway Patrol - Detail of Conference Committee Changes

	Corrects Executive Compensation Package ¹	Adjusts State Employee Compensation and Benefits Package ²	Provides Separate Line Item for Accrued Leave Payments ³	Reduces Funding for State Fleet Mileage Rates ⁴	Removes Energy Impact Housing Funding ⁵	Reduces Funding for Law Enforcement Training Academy Project ⁶
Administration	\$520	(\$41,258)	(\$94,419)	(\$1,640)		
Field operations	5,436	(432,484)	(989,038)	(156,000)	(300,000)	
Law Enforcement Training Academy	147	(11,649)	(27,194)	(788)		(1,651,000)
Accrued leave payments			1,110,651			
Total all funds	\$6,103	(\$485,391)	\$0	(\$158,428)	(\$300,000)	(\$1,651,000)
Less estimated income	<u>1,343</u>	<u>(104,532)</u>	<u>0</u>	<u>(34,316)</u>	<u>(39,000)</u>	<u>(214,630)</u>
General fund	\$4,760	(\$380,859)	\$0	(\$124,112)	(\$261,000)	(\$1,436,370)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Total Conference Committee Changes
Administration	(\$136,797)
Field operations	(1,872,086)
Law Enforcement Training Academy	(1,690,484)
Accrued leave payments	1,110,651

Total all funds	(\$2,588,716)
Less estimated income	(391,135)
General fund	(\$2,197,581)
FTE	0.00

¹ Funding is added due to a calculation error in the executive compensation package.

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 (\$866,641) and from other funds (\$244,010) 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 also provided a separate line item for accrued leave payments.

⁴ Funding for State Fleet Services mileage is reduced to reflect an estimated mileage rate of 72 cents per mile for Highway Patrol vehicles rather than 74 cents per mile as provided in the Senate version. The House version provided funding for 70 cents per mile.

⁵ One-time funding from the general fund (\$261,000) and the highway tax distribution fund (\$39,000) included in the executive budget recommendation to address employee housing issues in areas affected by energy development is removed. The House also removed the funding.

⁶ Funding for Phase 1 of the law enforcement training academy project is reduced from \$6,651,000 to \$5,000,000.

SB 2011 was placed on the Seventh order of business on the calendar.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

SEN. KREBSBACH MOVED that the conference committee report on SB 2011 be adopted, which motion prevailed on a voice vote.

SB 2011, as amended, was placed on the Eleventh order of business.

SECOND READING OF SENATE BILL

SB 2011: A BILL for an Act to provide an appropriation for defraying the expenses of the highway patrol.

ROLL CALL

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

YEAS: Anderson; Andrist; Armstrong; Axness; Berry; Bowman; Burckhard; Carlisle; Cook; Dever; Dotzenrod; Erbele; Flakoll; Grabinger; Grindberg; Heckaman; Hogue; Holmberg; Kilzer; Klein; Krebsbach; Larsen; Lee, G.; Lee, J.; Luick; Lyson; Marcellais; Mathern; Miller; Murphy; O'Connell; Oehlke; Poolman; Robinson; Schaible; Schneider; Sinner; Sitte; Sorvaag; Triplett; Unruh; Wanzek; Wardner; Warner

NAYS: Campbell; Laffen

ABSENT AND NOT VOTING: Nelson

Engrossed SB 2011 passed.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)
MR. PRESIDENT: The House has passed, unchanged: SB 2156.

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 2011, SB 2325.

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 1286.

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 1003.

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 2013.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)
MR. PRESIDENT: The Speaker has signed: SB 2012, SB 2021, SB 2171.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)
MR. SPEAKER: The President has signed: SB 2012, SB 2021, SB 2171.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)
MR. SPEAKER: The President has signed: HB 1006, HB 1019, HB 1358.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)
MR. PRESIDENT: The Speaker has signed: HB 1008, HB 1018, HB 1038.

MOTION

SEN. KLEIN MOVED that the absent member be excused, which motion prevailed.

MOTION

SEN. KLEIN MOVED that the Senate be on the Fourth, Fifth, Seventh, and Sixteenth orders of business and at the conclusion of those orders, the Senate stand adjourned until 8:00 a.m., Friday, May 3, 2013, which motion prevailed.

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

William R. Horton, Secretary

