

Sixty-fourth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2206

Introduced by

Senators Dever, J. Lee, Murphy

Representatives Holman, Owens, Weisz

1 A BILL for an Act to create and enact sections 50-06-05.8 and 50-06-20.1 of the North Dakota
2 Century Code, relating to the department of human services assuming certain costs of certain
3 social service programs and to the establishment of a human services grant program; to amend
4 and reenact sections 11-23-01, 50-01.2-00.1, 50-03-08, 50-06-20, 50-09-27, and 50-24.1-14,
5 subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7 of the North
6 Dakota Century Code, relating to county social service board budgets and programs funded at
7 state expense and reduction of county property tax levy authority for social service board
8 budgets to reflect county savings from programs funded at state expense; to repeal sections
9 50-03-09, 50-06.2-05.1, and 50-09-21.1 of the North Dakota Century Code, relating to the
10 county's share of medical assistance for therapeutic foster care, service payments to the elderly
11 and disabled, and the county share of foster care costs; to ~~establish a social services financing~~
12 ~~commission~~ provide for a legislative management study; to provide an effective date; ~~to provide~~
13 ~~an expiration date~~; and to declare an emergency.

14 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

15 **SECTION 1. AMENDMENT.** Section 11-23-01 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **11-23-01. Officers required to furnish commissioners with departmental budget.**

18 1. Every officer in charge of any institution, office, or undertaking supported wholly or in
19 part by the county shall file with the board of county commissioners a departmental
20 budget that is prescribed by the state auditor. The departmental budget must include
21 an itemized statement of the estimated amount of money that will be required for the
22 maintenance, operation, or improvement of the institution, office, or undertaking for the
23 ensuing year. The board of county commissioners may require additional information
24 to clarify the departmental budget.

1 2. a. The departmental budget submitted by the county social service board ~~beginning-~~
2 in 2015 for the 2016 budget ~~and continuing for succeeding years must-~~
3 ~~identify~~ may not exceed an amount determined using the departmental budget
4 submitted in 2014 by the county social service board as a starting point,
5 subtracting the reduction in the county's social service funding responsibility for
6 2014 derived from transferring the county social service costs identified in this
7 subdivision from the county social service board to the department of human
8 services, and applying to the resulting amount the percentage salary and benefits
9 increase provided by legislative appropriations for state employees for taxable
10 year 2015. For purposes of this subdivision, the reduction in the county's social
11 service funding responsibility derived from transferring the county social service
12 costs identified in this subdivision from the county social service board to the
13 department of human services includes the following:

- 14 (1) Foster care and subsidized adoption costs ~~incurred~~ that would have been
15 paid by the county after December 31, 2015;
- 16 (2) The county's share of grant costs for medical assistance in the form of
17 payments for care furnished to recipients of therapeutic foster care services
18 ~~incurred~~ which would have been paid by the county after December 31,
19 2015;
- 20 (3) The county's share of the costs for service payments to the elderly and
21 disabled ~~incurred~~ which would have been paid by the county after
22 December 15, 2015;
- 23 (4) The county's share of salary and benefits for family preservation services
24 pursuant to section 50-06-05.8 ~~incurred~~ which would have been paid by the
25 county after December 31, 2015;
- 26 (5) The county's share of the cost of the electronic benefits transfers for the
27 supplemental nutrition assistance program ~~incurred~~ which would have been
28 paid by the county after December 31, 2015; and
- 29 (6) The computer processing costs ~~incurred~~ which would have been paid by the
30 county after December 31, 2015, which exceed the county's costs of
31 operation of the technical eligibility computer system in calendar year 1995

1 increased by the increase in the consumer price index for all urban
2 consumers (all items, United States city average) after January 1, 1996.

3 b. The departmental budget submitted by the county social service board in 2016
4 for the 2017 budget may not exceed an amount determined using the 2015
5 departmental budget as a starting point and applying to that amount the
6 percentage salary and benefits increase provided by legislative appropriations for
7 state employees for 2016.

8 c. The budget must include a statement identifying the total savings to the county
9 as shown by a reduction in the amounts that otherwise would have been paid by
10 the county to the department of human services for the costs identified in
11 subdivision a. The department of human services shall determine the appropriate
12 amount of what each county's costs would have been to help identify each
13 county's total savings. ~~The amount reported must equal the full amount budgeted~~
14 ~~for these costs in the budget submitted by the county social service board and~~
15 ~~approved by the board of county commissioners in 2014. The full amount of the~~
16 ~~savings calculated for each year must be deducted from the county's mill levy~~
17 ~~calculation beginning in 2016 and continuing in each succeeding year. Each~~
18 ~~board of county commissioners shall report to the office of the tax commissioner~~
19 ~~the property tax reduction this action provided to property taxpayers in the~~
20 ~~board's county.~~

21 The county share of the human service budget must be funded entirely from
22 the county's property tax levy for that purpose and the county may not use funds
23 from any other source to supplement the human services budget, with the
24 exception that the county may make use of the identifiable amount of other
25 sources the county has used to supplement its human services budget for 2015
26 and the county may use grant funds that may be available to the county under
27 section 50-06-20.1.

28 d. The department of human services shall develop a process to review a request
29 from a county social service board for any proposed increase in staff needed as a
30 result of significantly increased caseloads for state-funded human services
31 programs, if the increase in staff would result in the county exceeding the budget

1 limitation established under this subsection. As part of its review process, the
2 department shall review countywide caseload information and consider the option
3 of multicounty sharing of staff. If the department approves a request for a
4 proposed increase in staff, the county budget limitation established under
5 subdivision b may be increased by the amount determined necessary by the
6 department to fund the approved additional staff.

7 **SECTION 2. AMENDMENT.** Section 50-01.2-00.1 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **50-01.2-00.1. Definitions.**

10 In this chapter, unless the context otherwise requires:

- 11 1. "Department" means the department of human services.
- 12 2. "Local expenses of administration" includes costs for personnel, space, equipment,
13 computer software, materials, travel, utilities, and related costs, and the indirect costs
14 properly allocated to those costs. The term does not include initial acquisition of
15 computers and related hardware approved by the department for the temporary
16 assistance for needy families program, custom computer programs, custom software
17 development, computer operations undertaken at the direction of the department, and
18 computer processing costs ~~to the extent those costs exceed, in any calendar year, that~~
19 ~~county's costs of operation of the technical eligibility computer system in calendar year~~
20 ~~1995 increased by the increase in the consumer price index for all urban consumers~~
21 ~~(all items, United States city average) after January 1, 1996, or, unless agreed to by~~
22 the county social service board, any costs related to pilot programs before the
23 programs are implemented on a statewide basis.
- 24 3. "Locally administered economic assistance programs" means those primary economic
25 assistance programs that need to be accessible to all citizens of the state through a
26 county social service office and include:
 - 27 a. Temporary assistance for needy families;
 - 28 b. Employment and training programs;
 - 29 c. Child care assistance programs;
 - 30 d. Medical assistance, including early periodic screening, diagnosis, and treatment;

- 1 e. Supplemental nutrition assistance programs, including employment and training
- 2 programs;
- 3 f. Refugee assistance programs;
- 4 g. Basic care services;
- 5 h. Energy assistance programs; and
- 6 i. Information and referral.

7 **SECTION 3. AMENDMENT.** Section 50-03-08 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **50-03-08. Appropriation for county social service board administration and of locally**
10 **administered economic assistance programs.**

11 The board of county commissioners of each county annually shall appropriate and make
12 available to the human services fund an amount sufficient to pay:

- 13 1. ~~The the local expenses of administration of locally administered economic assistance~~
14 ~~programs;~~
- 15 2. ~~That county's share of fifteen percent of the amount expended in this state, in excess~~
16 ~~of the amount provided by the federal government, for medical assistance in the form~~
17 ~~of payments for care furnished to recipients of therapeutic foster care services; and~~
- 18 3. ~~That county's share of the cost of other family preservation services, including~~
19 ~~intensive in-home services, provided under title VI-B, subpart 2, of the Social Security~~
20 ~~Act [Pub. L. 103-66, title XIII, 13711(a)(2); 107 Stat. 649 et seq.; 42 U.S.C. 629 et~~
21 ~~seq.], as amended, as may be agreed to by the department and the county social~~
22 ~~service board.~~

23 **SECTION 4.** Section 50-06-05.8 of the North Dakota Century Code is created and enacted
24 as follows:

25 **50-06-05.8. Department to assume certain costs of certain social service programs.**

26 Notwithstanding section 50-06.2-05, or any other provision in title 50 to the contrary, and in
27 addition to the programs identified in section 50-06-20, the department of human services shall
28 pay the local expenses of administration incurred by a county after December 31, 2015, for
29 family preservation programs; a county's share of the cost of the electronic benefits transfers for
30 the supplemental nutrition assistance program incurred after December 31, 2015; and the
31 computer processing costs incurred by the county after December 31, 2015, which exceed the

1 county's costs of operation of the technical eligibility computer system in calendar year 1995
2 increased by the increase in the consumer price index for all urban consumers (all items, United
3 States city average) after January 1, 1996.

4 **SECTION 5. AMENDMENT.** Section 50-06-20 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **50-06-20. Programs funded at state expense - Interpretation.**

7 1. The state shall bear the cost, in excess of the amount provided by the federal
8 government, of:

- 9 a. ~~Except as~~As provided in section 50-24.1-14, medical assistance services
10 provided under chapter 50-24.1;
11 b. ~~Benefits~~Energy assistance program benefits provided under subsection 19 of
12 section 50-06-05.1;
13 c. Supplements provided under chapter 50-24.5 as basic care services;
14 d. ~~Services provided under chapter 50-09 as child care assistance;~~
15 ~~Services provided under chapter 50-09 as employment and training~~
16 ~~programs~~Services, programs, and costs listed in section 50-09-27;
17 f.e. Welfare fraud detection programs;
18 g. ~~Temporary assistance for needy families;~~ and
19 h.f. Special projects approved by the department and agreed to by any affected
20 county social service board.

21 2. The state shall bear the costs of amounts expended for service payments to the
22 elderly and disabled.

23 3. This section does not grant any recipient of services, benefits, or supplements
24 identified in subsection 1, any service, benefit, or supplement that a recipient could not
25 claim in the absence of this section.

26 **SECTION 6.** Section 50-06-20.1 of the North Dakota Century Code is created and enacted
27 as follows:

28 **50-06-20.1. Human services grant program - Eligible counties - Reports.**

29 1. If the authority for counties to use emergency expenditures to address an emergency
30 created by unusual and unanticipated demands on the counties' human services fund
31 under chapter 50-03 is eliminated, the department shall establish a grant program to

1 assist certain counties. An eligible county is one that historically has utilized the
2 emergency expenditures process set forth in chapter 50-03 and which is adjacent to or
3 part of an Indian reservation in this state, which contains Indian trust lands within the
4 service area of a federally recognized Indian tribe which are occupied by enrolled
5 members of that tribe, or which includes the state hospital created pursuant to
6 subsection 8 of section 12 of article IX of the Constitution of North Dakota.

7 2. The grant program established in this section ~~is not subject to~~ **must be implemented**
8 **through** rulemaking under chapter 28-32. The department ~~shall develop~~ **may adopt**
9 **emergency rules, without application of the grounds for emergency rulemaking**
10 **otherwise required under section 28-32-03, to set out the** policies and **procedures for**
11 the disbursement of grants and may not award more than one million nine hundred
12 thousand dollars during the first year of a biennium, and no more than two million
13 dollars during the second year of a biennium. The department shall notify a county of
14 its approved funding no later than September first of each year of the biennium. The
15 department shall issue an annual payment to counties receiving funds under this
16 chapter in January of each year of the biennium.

17 3. The department shall report to the budget section annually and to the appropriations
18 committees of the sixty-fifth legislative assembly and each succeeding legislative
19 assembly on the funding approved under this section.

20 **SECTION 7. AMENDMENT.** Section 50-09-27 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **50-09-27. Programs funded at state expense - Interpretation.**

- 23 1. The state shall bear the cost, in excess of the amount provided by the federal
24 government, of:
- 25 a. Services provided under ~~section 50-06-06.8~~ and this chapter as child care
26 assistance;
 - 27 b. Services provided under this chapter as employment and training programs; ~~and~~
 - 28 c. Temporary assistance for needy families benefits provided under this chapter;
29 and
 - 30 d. Foster care and subsidized adoption costs under this chapter.

- 1 2. This section does not grant any recipient of services, benefits, or supplements
2 identified in subsection 1, any service, benefit, or supplement that a recipient could not
3 claim in the absence of this section.

4 **SECTION 8. AMENDMENT.** Section 50-24.1-14 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **50-24.1-14. Responsibility for expenditures –Exceptions.**

- 7 1. ~~Except as otherwise specifically provided in subsection 2 and section 50-03-08,~~
8 expenditures Expenditures required under this chapter are the responsibility of the
9 federal government or the state of North Dakota.
10 2. ~~Each county shall reimburse the department of human services the amount required to~~
11 ~~be appropriated under subsection 3 of section 50-03-08.~~

12 **SECTION 9. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota
13 Century Code is amended and reenacted as follows:

- 14 3. A taxing district may elect to levy the amount levied in dollars in the base year. Any
15 levy under this section must be specifically approved by a resolution approved by the
16 governing body of the taxing district. Before determining the levy limitation under this
17 section, the dollar amount levied in the base year must be:
18 a. Reduced by an amount equal to the sum determined by application of the base
19 year's calculated mill rate for that taxing district to the final base year taxable
20 valuation of any taxable property and property exempt by local discretion or
21 charitable status which is not included in the taxing district for the budget year but
22 was included in the taxing district for the base year.
23 b. Increased by an amount equal to the sum determined by the application of the
24 base year's calculated mill rate for that taxing district to the final budget year
25 taxable valuation of any taxable property or property exempt by local discretion or
26 charitable status which was not included in the taxing district for the base year
27 but which is included in the taxing district for the budget year.
28 c. Reduced to reflect expired temporary mill levy increases authorized by the
29 electors of the taxing district. For purposes of this subdivision, an expired
30 temporary mill levy increase does not include a school district general fund mill

1 rate exceeding one hundred ten mills which has expired or has not received
2 approval of electors for an extension under subsection 2 of section 57-64-03.

3 d. If the base year is a taxable year before 2013, reduced by the amount of state aid
4 under chapter 15.1-27, which is determined by multiplying the budget year
5 taxable valuation of the school district by the lesser of:

- 6 (1) The base year mill rate of the school district minus sixty mills; or
7 (2) Fifty mills.

8 e. If the base year is a taxable year before 2016, the base year human services
9 county levy in dollars must be reduced to the amount of the county social service
10 board budget levy for the budget year as determined under section 11-23-01.

11 **SECTION 10. AMENDMENT.** Subsection 34 of section 57-15-06.7 of the North Dakota
12 Century Code is amended and reenacted as follows:

13 34. Counties levying an annual tax for human services purposes as provided in section
14 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the number of
15 mills determined by dividing the county budget limitation in dollars as determined
16 under section 11-23-01 by the taxable valuation of the county.

17 **SECTION 11. REPEAL.** Sections 50-03-09, 50-06.2-05.1, and 50-09-21.1 of the North
18 Dakota Century Code are repealed.

19 ~~**SECTION 12. SOCIAL SERVICES FINANCING COMMISSION -- MEMBERSHIP --**~~
20 ~~**REPORT TO GOVERNOR AND LEGISLATIVE MANAGEMENT.**~~

21 ~~1. The department of human services shall establish a social services financing~~
22 ~~commission consisting of the following voting members:~~

23 ~~a. The governor, or the governor's designee;~~

24 ~~b. The tax commissioner, or the commissioner's designee;~~

25 ~~c. Two members representing elected county officials identified in section 11-10-02~~
26 ~~as selected by the North Dakota association of counties;~~

27 ~~d. The following six members of the sixty-fourth legislative assembly: the chairman~~
28 ~~of the senate standing committee responsible for hearing issues related to~~
29 ~~human services during the sixty-fourth legislative assembly, the chairman of the~~
30 ~~house of representatives standing committee responsible for hearing issues~~
31 ~~related to human services during the sixty-fourth legislative assembly, the~~

1 chairman of the senate subcommittee on appropriations responsible for the
2 department of human services budget during the sixty-fourth legislative assembly
3 or designee, the chairman of the subcommittee of the house committee on
4 appropriations responsible for the department of human services budget during
5 the sixty-fourth legislative assembly, one member of the senate who served
6 during the sixty-fourth legislative assembly appointed by the senate minority
7 leader, and one member of the house who served during the sixty-fourth
8 legislative assembly appointed by the house minority leader;

9 ~~e.~~ The director of the department of human services or the director's designee; and

10 ~~f.~~ The chief financial officer of the department of human services.

11 ~~2.~~ The social services financing commission includes the following nonvoting members:

12 ~~a.~~ Two county social service directors, selected by the North Dakota county social
13 service association; and

14 ~~b.~~ One member representing the North Dakota association of counties.

15 ~~3.~~ The governor or the governor's designee shall serve as chairman of the commission.

16 The commission shall assist in the development of a transition plan for transferring the
17 cost of operating social service programs from county property tax levies to state
18 general fund appropriations. The commission shall develop a report to be provided to
19 the governor and legislative management by October 1, 2016. The report must include
20 a timeline for the major milestones of the transition plan, considerations for the
21 transition, estimated costs, a plan to require a property tax reduction for the amount of
22 budgeted savings brought about by the transfer of county social services costs to the
23 state, a plan resulting in the elimination of the county social services levy under
24 section 50-06.2-05, and proposed legislation to implement recommended changes.

25 **SECTION 12. LEGISLATIVE MANAGEMENT STUDY - SOCIAL SERVICES FINANCE**
26 **PROGRAM TRANSITION.**

27 1. During the 2015-16 interim, the legislative management shall conduct a study to
28 develop a proposed transition plan for transferring the costs of operating social
29 services programs from county property tax levies to state general fund
30 appropriations.

- 1 2. If a county social services finance working group is established, upon request of the
2 legislative management the working group shall report its progress and findings. The
3 membership of the working group may include:
 - 4 a. The director of the department of human services or the director's designee;
 - 5 b. The chief financial officer of the department of humans services;
 - 6 c. Two members representing elected county officials identified in section 11-10-02
7 as selected by the North Dakota association of counties;
 - 8 d. The tax commissioner or the commissioner's designee;
 - 9 e. The director of the office of management and budget or the director's designee;
 - 10 f. Two county social services directors selected by the North Dakota county social
11 services directors association; and
 - 12 g. One member representing the North Dakota association of counties.
- 13 3. Under this section, a proposed transition plan must include a timeline for the major
14 milestones of the transition plan, considerations for the transition, estimated costs, a
15 plan to require a property tax reduction for the amount of the budgeted savings
16 brought about by the transfer of county social services costs to the state, a plan
17 resulting in the elimination of the county social services levy under section 50-06.2-05,
18 and potential legislation to implement recommended changes. The study must include
19 consideration of the feasibility of implementing the proposed transition plan.
- 20 4. The legislative management shall report its findings and recommendations, together
21 with any legislation required to implement the recommendations, to the sixty-fifth
22 legislative assembly.

23 **SECTION 13. EFFECTIVE DATE.** Sections 1, ~~2, 3, 4, 5, 7, 8, and 9~~, and 10 of this Act
24 become effective on August 1, 2015. Sections 2, 3, 4, 5, 7, 8, and 11 of this Act are effective for
25 taxable years beginning after December 31, 2015.

26 ~~—SECTION 14. EXPIRATION DATE. Section 10 of this Act effective through July 31, 2017,~~
27 ~~and after that date is ineffective.~~

28 **SECTION 14. EMERGENCY.** Section 6 of this Act is declared to be an emergency
29 measure.