

**FIRST ENGROSSMENT  
with House Amendments  
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 provide for a legislative management  
12 study; to provide an effective date; to provide an expiration date; and to declare an emergency.

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

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

16 **11-23-01. Officers required to furnish commissioners with departmental budget.**

17 1. Every officer in charge of any institution, office, or undertaking supported wholly or in  
18 part by the county shall file with the board of county commissioners a departmental  
19 budget that is prescribed by the state auditor. The departmental budget must include  
20 an itemized statement of the estimated amount of money that will be required for the  
21 maintenance, operation, or improvement of the institution, office, or undertaking for the  
22 ensuing year. The board of county commissioners may require additional information  
23 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 identify  
 3           the reduction in the county's social service funding responsibility derived from  
 4           transferring the county social service costs identified in this subdivision from the  
 5           county social service board to the department of human services:
- 6           (1)   Foster care and subsidized adoption costs incurred by the county after  
 7           December 31, 2015;
- 8           (2)   The county's share of grant costs for medical assistance in the form of  
 9           payments for care furnished to recipients of therapeutic foster care services  
 10          incurred after December 31, 2015;
- 11          (3)   The county's share of the costs for service payments to the elderly and  
 12          disabled incurred after December 15, 2015;
- 13          (4)   The county's share of salary and benefits for family preservation services  
 14          pursuant to section 50-06-05.8 incurred after December 31, 2015;
- 15          (5)   The county's share of the cost of the electronic benefits transfers for the  
 16          supplemental nutrition assistance program incurred after December 31,  
 17          2015; and
- 18          (6)   The computer processing costs incurred after December 31, 2015, which  
 19          exceed the county's costs of operation of the technical eligibility computer  
 20          system in calendar year 1995 increased by the increase in the consumer  
 21          price index for all urban consumers (all items, United States city average)  
 22          after January 1, 1996.
- 23          b.    The budget must include a statement identifying the total savings to the county  
 24          as shown by a reduction in the amounts that otherwise would have been paid to  
 25          the department of human services for the costs identified in subdivision a. The  
 26          department of human services shall determine the appropriate amount of what  
 27          each county's costs would have been to help identify each county's total savings.  
 28          The department of human services shall compute the amount of budget savings  
 29          for each county created by the department's assumption of program costs in  
 30          subdivision a and shall report that amount to the tax commissioner. The amount  
 31          reported must equal the full amount budgeted for these costs in the budget

1           submitted by the county social service board and approved by the board of  
2           county commissioners in 2014. The tax commissioner shall calculate the mill levy  
3           reduction in each county made possible by the program costs assumed in  
4           subdivision a and deduct that amount from the human services mill levy of the  
5           county in effect for taxable year 2014, apply to the resulting mill levy amount the  
6           percentage salary and benefits increase provided by legislative appropriations for  
7           state employees for taxable year 2015, and shall inform the auditor in each  
8           county that the amount so determined for the county is the mill levy limit for that  
9           county's human services mill levy for taxable year 2015. The tax commissioner  
10          shall increase the taxable year 2015 human services mill levy limit determined  
11          under this subdivision for each county by the percentage salary and benefits  
12          increase provided by legislative appropriations for state employees for taxable  
13          year 2016, and shall inform the auditor in each county that the amount so  
14          determined for the county is the mill levy limit for that county's human services  
15          mill levy for taxable year 2016 and each taxable year thereafter. The county  
16          share of the human service budget must be funded entirely from the county's  
17          property tax levy for that purpose and the county may not use funds from any  
18          other source available to the county for that purpose, with the exception of grant  
19          funds that may be available to the county under section 50-06-20.1.

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

22          **50-01.2-00.1. Definitions.**

23          In this chapter, unless the context otherwise requires:

- 24          1. "Department" means the department of human services.
- 25          2. "Local expenses of administration" includes costs for personnel, space, equipment,  
26          computer software, materials, travel, utilities, and related costs, and the indirect costs  
27          properly allocated to those costs. The term does not include initial acquisition of  
28          computers and related hardware approved by the department for the temporary  
29          assistance for needy families program, custom computer programs, custom software  
30          development, computer operations undertaken at the direction of the department, and  
31          computer processing costs ~~to the extent those costs exceed, in any calendar year, that~~

1            ~~county's costs of operation of the technical eligibility computer system in calendar year~~  
2            ~~1995 increased by the increase in the consumer price index for all urban consumers~~  
3            ~~(all items, United States city average) after January 1, 1996, or, unless agreed to by~~  
4            the county social service board, any costs related to pilot programs before the  
5            programs are implemented on a statewide basis.

6            3. "Locally administered economic assistance programs" means those primary economic  
7            assistance programs that need to be accessible to all citizens of the state through a  
8            county social service office and include:

- 9            a. Temporary assistance for needy families;
- 10           b. Employment and training programs;
- 11           c. Child care assistance programs;
- 12           d. Medical assistance, including early periodic screening, diagnosis, and treatment;
- 13           e. Supplemental nutrition assistance programs, including employment and training  
14           programs;
- 15           f. Refugee assistance programs;
- 16           g. Basic care services;
- 17           h. Energy assistance programs; and
- 18           i. Information and referral.

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

21           **50-03-08. Appropriation for county social service board administration and of locally**  
22 **administered economic assistance programs.**

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

- 25           1. ~~The the local expenses of administration of locally administered economic assistance~~  
26           ~~programs;~~
- 27           2. ~~That county's share of fifteen percent of the amount expended in this state, in excess~~  
28           ~~of the amount provided by the federal government, for medical assistance in the form~~  
29           ~~of payments for care furnished to recipients of therapeutic foster care services; and~~
- 30           3. ~~That county's share of the cost of other family preservation services, including~~  
31           ~~intensive in-home services, provided under title VI-B, subpart 2, of the Social Security~~

1 Act [~~Pub. L. 103-66, title XIII, 13711(a)(2); 107 Stat. 649 et seq.; 42 U.S.C. 629 et~~  
2 ~~seq.~~], as amended, as may be agreed to by the department and the county social  
3 service board.

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

6 **50-06-05.8. Department to assume certain costs of certain social service programs.**

7 Notwithstanding section 50-06.2-05, or any other provision in title 50 to the contrary, and in  
8 addition to the programs identified in section 50-06-20, the department of human services shall  
9 pay the local expenses of administration incurred by a county after December 31, 2015, for  
10 family preservation programs; a county's share of the cost of the electronic benefits transfers for  
11 the supplemental nutrition assistance program incurred after December 31, 2015; and the  
12 computer processing costs incurred by the county after December 31, 2015, which exceed the  
13 county's costs of operation of the technical eligibility computer system in calendar year 1995  
14 increased by the increase in the consumer price index for all urban consumers (all items, United  
15 States city average) after January 1, 1996.

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

18 **50-06-20. Programs funded at state expense - Interpretation.**

- 19 1. The state shall bear the cost, in excess of the amount provided by the federal  
20 government, of:
- 21 a. ~~Except as~~As provided in section 50-24.1-14, medical assistance services  
22 provided under chapter 50-24.1;
  - 23 b. ~~Benefits~~Energy assistance program benefits provided under subsection 19 of  
24 section 50-06-05.1;
  - 25 c. Supplements provided under chapter 50-24.5 as basic care services;
  - 26 d. ~~Services provided under chapter 50-09 as child care assistance;~~
  - 27 e. ~~Services provided under chapter 50-09 as employment and training~~  
28 programsServices, programs, and costs listed in section 50-09-27;
  - 29 f.~~e.~~ Welfare fraud detection programs;
  - 30 g. ~~Temporary assistance for needy families; and~~

1           h.f. Special projects approved by the department and agreed to by any affected  
2           county social service board.

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

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

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

10           **50-06-20.1. Human services grant program - Eligible counties - Reports.**

11           1. If the authority for counties to use emergency expenditures to address an emergency  
12           created by unusual and unanticipated demands on the counties' human services fund  
13           under chapter 50-03 is eliminated, the department shall establish a grant program to  
14           assist certain counties. An eligible county is one that historically has utilized the  
15           emergency expenditures process set forth in chapter 50-03 and which is adjacent to or  
16           part of an Indian reservation in this state, which contains Indian trust lands within the  
17           service area of a federally recognized Indian tribe which are occupied by enrolled  
18           members of that tribe, or which includes the state hospital created pursuant to  
19           subsection 8 of section 12 of article IX of the Constitution of North Dakota.

20           2. The grant program established in this section is not subject to rulemaking under  
21           chapter 28-32. The department shall develop policies and procedures for the  
22           disbursement of grants and may not award more than one million nine hundred  
23           thousand dollars during the first year of a biennium, and no more than two million  
24           dollars during the second year of a biennium. The department shall notify a county of  
25           its approved funding no later than September first of each year of the biennium. The  
26           department shall issue an annual payment to counties receiving funds under this  
27           chapter in January of each year of the biennium.

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

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

3       **50-09-27. Programs funded at state expense - Interpretation.**

- 4       1. The state shall bear the cost, in excess of the amount provided by the federal  
5 government, of:
- 6       a. Services provided under ~~section 50-06-06.8~~ and this chapter as child care  
7 assistance;
  - 8       b. Services provided under this chapter as employment and training programs; and
  - 9       c. Temporary assistance for needy families benefits provided under this chapter;  
10 and
  - 11 d. Foster care and subsidized adoption costs under this chapter.
- 12       2. This section does not grant any recipient of services, benefits, or supplements  
13 identified in subsection 1, any service, benefit, or supplement that a recipient could not  
14 claim in the absence of this section.

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

17       **50-24.1-14. Responsibility for expenditures - Exceptions.**

- 18       ~~1. Except as otherwise specifically provided in subsection 2 and section 50-03-08,~~  
19 expendituresExpenditures required under this chapter are the responsibility of the  
20 federal government or the state of North Dakota.
- 21       ~~2. Each county shall reimburse the department of human services the amount required to~~  
22 be appropriated under subsection 3 of section 50-03-08.

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

- 25       3. A taxing district may elect to levy the amount levied in dollars in the base year. Any  
26 levy under this section must be specifically approved by a resolution approved by the  
27 governing body of the taxing district. Before determining the levy limitation under this  
28 section, the dollar amount levied in the base year must be:
- 29       a. Reduced by an amount equal to the sum determined by application of the base  
30 year's calculated mill rate for that taxing district to the final base year taxable  
31 valuation of any taxable property and property exempt by local discretion or

1 charitable status which is not included in the taxing district for the budget year but  
2 was included in the taxing district for the base year.

3 b. Increased by an amount equal to the sum determined by the application of the  
4 base year's calculated mill rate for that taxing district to the final budget year  
5 taxable valuation of any taxable property or property exempt by local discretion or  
6 charitable status which was not included in the taxing district for the base year  
7 but which is included in the taxing district for the budget year.

8 c. Reduced to reflect expired temporary mill levy increases authorized by the  
9 electors of the taxing district. For purposes of this subdivision, an expired  
10 temporary mill levy increase does not include a school district general fund mill  
11 rate exceeding one hundred ten mills which has expired or has not received  
12 approval of electors for an extension under subsection 2 of section 57-64-03.

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

16 (1) The base year mill rate of the school district minus sixty mills; or

17 (2) Fifty mills.

18 e. If the base year is a taxable year before 2016, reduced by the amount of the  
19 savings from the reduction in the county's social service funding responsibility  
20 derived from transferring the county social service costs to the department of  
21 human services as calculated for the budget year and adjusted for the  
22 percentage salary and benefits increase provided by legislative appropriations for  
23 state employees for the taxable year under subsection 2 of section 11-23-01.

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

26 34. Counties levying an annual tax for human services purposes as provided in section  
27 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the limitation as  
28 determined under section 11-23-01.

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

31 **SECTION 12. SOCIAL SERVICES FINANCING - LEGISLATIVE MANAGEMENT STUDY.**



- 1           1.    During the 2015-16 interim, the legislative management shall study the feasibility and  
2                    desirability of developing a proposal and options for transferring the cost of operating  
3                    social service programs from county property tax levies to state general fund  
4                    appropriations, the tax ramifications of the transfer, and the cost and benefits of the  
5                    transfer to the state and the state's citizens. If developed, the proposal and options  
6                    may include a timeline for the major milestones of a transition plan, considerations for  
7                    a transition, estimated costs, the property tax reduction for the amount of budgeted  
8                    savings brought about by a transfer of county social services costs to the state, and  
9                    the elimination of the county social services levy under section 50-06.2-05. The study  
10                  may include input from counties and affected executive branch agencies.
- 11           2.    The legislative management shall assign the study to an interim committee that  
12                    studies taxation issues.
- 13           3.    The legislative management shall report its findings and recommendations, together  
14                    with any legislation required to implement the recommendations, to the sixty-fifth  
15                    legislative assembly.

16           **SECTION 13. EFFECTIVE DATE.** Sections 1, 2, 3, 4, 5, 7, 8, 9, 10, and 11 are effective for  
17 taxable years beginning after December 31, 2015.

18           **SECTION 14. EXPIRATION DATE.** Sections 1 and 12 of this Act are effective through July  
19 31, 2017, and after that date are ineffective.

20           **SECTION 15. EMERGENCY.** Section 6 of this Act is declared to be an emergency  
21 measure.