

2023 SENATE APPROPRIATIONS

SB 2005

Department 120 - State Treasurer
Senate Bill No. 2005

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$1,956,826	\$0	\$1,956,826
2023-25 Base Level	1,705,918	0	1,705,918
Increase (Decrease)	\$250,908	\$0	\$250,908

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases of which \$97,394 is for salary increases and \$36,008 is for health insurance increases	\$133,402	\$0	\$133,402
2. Increases funding for operating expenses related to IT rate increases (\$10,802), travel to professional development conferences (\$12,000), and a new Capitol space rent model (\$82,936)	\$105,738	\$0	\$105,738

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Salary of State Treasurer - Section 3 provides the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$114,486 to \$121,355 (6 percent) effective July 1, 2023, and to \$126,209 (4 percent) effective July 1, 2024.

Continuing Appropriations

There are no continuing appropriations for this agency.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The operational audit for the State Treasurer's office conducted by the State Auditor's office during the 2021-22 interim identified no significant audit findings.

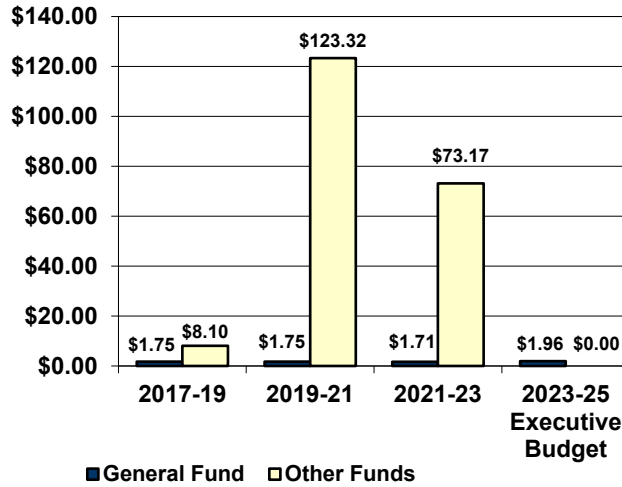
Major Related Legislation

At this time, no major related legislation has been introduced affecting this agency.

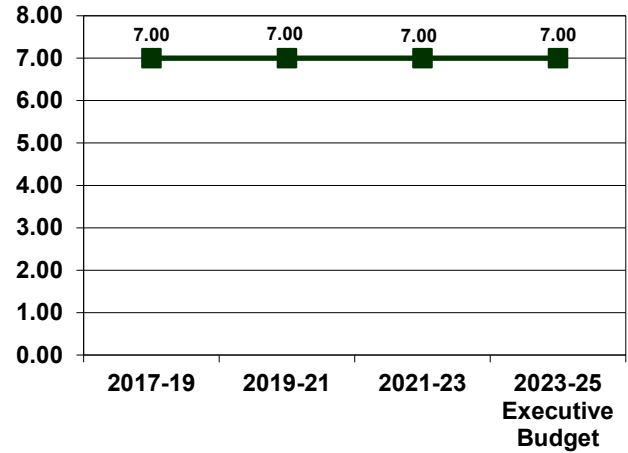
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$1,856,899	\$1,747,399	\$1,746,370	\$1,705,918	\$1,956,826
Increase (decrease) from previous biennium	N/A	(\$109,500)	(\$1,029)	(\$40,452)	\$250,908
Percentage increase (decrease) from previous biennium	N/A	(5.9%)	(0.1%)	(2.3%)	14.7%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(5.9%)	(6.0%)	(8.1%)	5.4%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

1. Removed 1 FTE deputy state treasurer position and reduced funding for temporary staff (\$132,696)
2. Added funding for operating expenses primarily related to IT costs \$50,646
3. Decreased funding for coal severance shortfall payments (\$48,952)

2019-21 Biennium

1. Decreased funding for operating expenses primarily related to IT costs (\$59,031)
2. Decreased funding for the estimated coal severance payments related to the phase-in of the allocation formula change in Section 4 of House Bill No. 1005 (2017) (\$9,000)

2021-23 Biennium

1. Decreased funding for operating expenses primarily related to IT costs (\$47,577)
2. Decreased funding for the estimated coal severance payments related to the allocation formula change in Section 4 of House Bill No. 1005 (2017) (\$53,000)

2023-25 Biennium (Executive Budget Recommendation)

1. Increases funding for operating expenses related to IT rate increases (\$10,802), travel to professional development conferences (\$12,000), and a new Capitol space rent model (\$82,936) \$105,738

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$241,166,699	\$0	\$0	\$0	\$0

Major One-Time General Fund Appropriations

2017-19 Biennium

1. None \$0

2019-21 Biennium

1. None \$0

2021-23 Biennium

1. None \$0

2023-25 Biennium (Executive Budget Recommendation)

1. None \$0

State Treasurer - Budget No. 120
Senate Bill No. 2005
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	7.00	\$1,705,918	\$0	\$1,705,918
2023-25 Ongoing Funding Changes				
Cost to continue salary increases		\$11,768		\$11,768
Salary increase		97,394		97,394
Health insurance increase		36,008		36,008
Transfers \$25 from salaries to operating expenses				0
Adds funding for ITD rate increases		10,802		10,802
Adds funding for travel for professional development		12,000		12,000
Adds funding for a new Capitol space rent model		82,936		82,936
Total ongoing funding changes	0.00	\$250,908	\$0	\$250,908
One-time funding items				
No one-time funding items				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$250,908	\$0	\$250,908
2023-25 Total Funding	7.00	\$1,956,826	\$0	\$1,956,826
<i>Federal funds included in other funds</i>			\$0	
<i>Total ongoing changes as a percentage of base level</i>	<i>0.0%</i>	<i>14.7%</i>		<i>14.7%</i>
<i>Total changes as a percentage of base level</i>	<i>0.0%</i>	<i>14.7%</i>		<i>14.7%</i>

Other Sections in State Treasurer - Budget No. 120

	Executive Budget Recommendation
Salary of State Treasurer	Section 3 would provide the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$114,486 to \$121,355 (6 percent) effective July 1, 2023, and to \$126,209 (4 percent) effective July 1, 2024.

SENATE BILL NO. 2005
(Governor's Recommendation)

Introduced by

Appropriations Committee

(At the request of the Governor)

A BILL for an Act to provide an appropriation for defraying the expenses of the state treasurer; and to amend and reenact sections 54-11-13 of the North Dakota Century Code, relating to the salary of the state treasurer.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury not otherwise appropriated, to the state treasurer for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2023, and ending June 30, 2025, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$1,430,495	\$145,145	\$1,575,640
Operating Expenses	157,423	105,763	263,186
Coal Severance Payments	118,000	0	118,000
Total General Fund	\$1,705,918	\$250,908	\$1,956,826
Full-time Equivalent Positions	7.00	0.00	7.00

SECTION 2. AMENDMENT. Section 54-11-13 of the North Dakota Century Code is amended and reenacted as follows:

54-11-13. Salary of state treasurer. The annual salary of the state treasurer is ~~one hundred twelve thousand two hundred forty one dollars through June 30, 2022, and one hundred fourteen thousand four hundred twenty six dollars one hundred twenty one thousand three hundred fifty five dollars through June 30, 2024, and one hundred twenty six thousand two hundred nine dollars thereafter.~~

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

SB 2005
1/6/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the state treasurer.

Chairman Bekkedahl opened the hearing on SB 2005 at 10:55 am.

Members present : Senators Bekkedahl, Burckhard, Davison, Dever, Dwyer, Erbele, Kreun, Meyer, Roers, Schaible, Sorvaag, Vedaa, Wanzek, Rust, Mathern; Members absent: Senator Krebsbach

Discussion Topics:

- Budget overview/introduction
- Needs for additional travel funds
- One-time expenditure needs

10:55 Thomas Beadle – State Treasurer - introduced the bill and gave overview of agency - testified in favor handout # 12499

Additional written testimony: #21227

Chairman Bekkedahl assigned this Bill to the Government Ops Division.

Chairman Bekkedahl closed the hearing at 11:10 am.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

SB 2005
1/19/2023

An appropriation for defraying the expenses of the State Treasurer
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3:32 PM Chairman Wanzek opened the meeting.

Senators Wanzek, Erbele, Vedaa, Roers, and Dwyer are present.

Discussion Topics:

- IT needs
- IT Unification
- Treasurer's Office - functions
- "Prairie Dog" Fund distributions
- Operating expenses
- Coal severance shortfall
- Coal conversion
- Salary equity and facility rental

3:32 PM Thomas Beadle, ND State Treasurer, gave a verbal overview of his department and proposed budget; he testified in support of SB 2005. Testimony #12499

4:11 PM Nicole Krivoruchka, Director of Finance, provided verbal information.

4:13 PM Thomas Beadle concluded his testimony.

4:19 PM Chairman Wanzek closed the meeting.

Carol Thompson, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

SB 2005
1/31/2023

An appropriation for defraying the expenses of the State Treasurer

2:35 PM Chairman Wanzek called the meeting to order.

Senators Wanzek, Erbele, Roers, Dwyer, and Vedaa are present.

Discussion Topics:

- Travel
- IT requests
- Health plan change

2:37 PM State Treasurer Thomas Beadle testified in support of SB 2005. Testimony #12499

2:51 PM Adam Mathiak, Legislative Council Senior Budget Analyst, testified. Neutral.

Testimony #23895

3:00 PM Chairman Wanzek closed the meeting.

Carol Thompson, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

SB 2005
2/1/2023

An appropriation for defraying the expenses of the State Treasurer

2:33 PM Chairman Wanzek called the meeting to order.
Senators Wanzek, Erbele, Roers, Dwyer, and Vedaa are present.

Discussion Topics:

- Health insurance increase
- IT costs
- Executive budget comparisons
- Treasurer's salary
- Space-rent
- Amendment

2:36 PM Adam Mathiak, LC Senior Fiscal Analyst, reviewed the long sheet and the drafted amendment. Testimony # 19086

2:50 PM Senator Erbele moved to adopt amendment LC 23.0260.01001. #19089
Senator Roers seconded the motion.

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jim P. Roers	Y
Senator Shawn Vedaa	Y

Motion passed 5-0-0.

Senator Erbele moved DO PASS as Amended.
Senator Roers seconded the motion.

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jim P. Roers	Y
Senator Shawn Vedaa	Y

Motion passed 5-0-0.

Senator Roers will carry SB 2005 to full committee.

2:52 PM Chairman Wanzek closed the meeting.

Carol Thompson, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

SB 2005
2/2/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the State Treasurer.
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8:34 AM Chairman Bekkedahl – Meeting called to order and roll call was taken:

Members present: Senators Bekkedahl, Krebsbach, Burckhard, Davison, Dever, Kreun, Meyer, Roers, Schaible, Sorvaag, Vedaa, Wanzek, Rust, Mathern, Dwyer, Erbele.

Discussion Topics:

- Fiscal Impact
- Amendment
- Committee Action

8:35 AM Adam Mathiak, Legislative Council Senior Fiscal Analyst, address the committee regarding previous testimony #19086 (long sheet) and #19089 (amendment).

9:01 AM Senator Mathern made a motion to amend SB 2005 by recommending a salary adjustment of 6 percent in 2023 and 4 percent in 2024. **Senator Davison** seconds the motion.

Roll Call Vote:

Senators	Vote
Senator Brad Bekkedahl	N
Senator Karen K. Krebsbach	N
Senator Randy A. Burckhard	N
Senator Kyle Davison	N
Senator Dick Dever	N
Senator Michael Dwyer	N
Senator Robert Erbele	N
Senator Curt Kreun	N
Senator Tim Mathern	Y
Senator Scott Meyer	N
Senator Jim P. Roers	N
Senator David S. Rust	N
Senator Donald Schaible	N
Senator Ronald Sorvaag	N
Senator Shawn Vedaa	N
Senator Terry M. Wanzek	N

Motion Fails 1-15-0

9:07 AM Senator Wanzek – Moves to Adopt amendment 23.0259.01001
Senator J. Roers seconds the motion.

Roll Call Vote:

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	N
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y

Motion Passes 15-1-0

9:08 AM Senator Wanzek moves a Do Pass as Amended on SB 2005
Senator Erbele seconds the motion.

Roll Call Vote:

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y

Motion Passes 16-0-0

Senator J. Roers will carry the bill.

Senate Appropriations Committee

SB 2005

02/02/2023

Page 3

9:09 AM Chairman Bekkedahl closed the meeting on SB 2005.

OR
172
2-2-2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2005

Page 1, line 1, after "treasurer" insert "; and to amend and reenact section 54-11-13 of the North Dakota Century Code, relating to the salary of the state treasurer"

Page 1, replace lines 8 through 14 with:

	<u>Base Level</u>	<u>"Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$1,430,495	\$121,511	\$1,552,006
Operating expenses	157,423	128,923	286,346
Coal severance payments	<u>118,000</u>	<u>0</u>	<u>118,000</u>
Total general fund	\$1,705,918	\$250,434	\$1,956,352
Full-time equivalent positions	7.00	0.00	7.00"

Page 1, line 15, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY"

Page 1, line 16, after "biennium" insert "and the 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 1, replace lines 18 through 21 with:

"Township allocations	\$20,000,000	\$0
Distributions to political subdivisions	50,160,000	0
Supplemental distributions to political subdivisions	3,014,975	0
Information technology costs	<u>0</u>	<u>21,000</u>
Total estimated income	\$73,174,975	\$21,000

The 2023-25 biennium one-time funding amounts are not a part of the entities base budget for the 2025-27 biennium. The state treasurer shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 3. AMENDMENT. Section 54-11-13 of the North Dakota Century Code is amended and reenacted as follows:

54-11-13. Salary of state treasurer.

The annual salary of the state treasurer is one hundred ~~twelvenineteen~~ thousand ~~two hundred forty onesixty-five~~ dollars through June 30, ~~2022~~2024, and one hundred ~~fourteen~~twenty-three thousand ~~four~~eight hundred ~~eighty-six~~twenty-eight dollars thereafter."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2005 - State Treasurer - Senate Action

DR
272
2-2-2023

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$1,430,495	\$121,511	\$1,552,006
Operating expenses	157,423	128,923	286,346
Coal severance payments	118,000		118,000
Total all funds	\$1,705,918	\$250,434	\$1,956,352
Less estimated income	0	0	0
General fund	\$1,705,918	\$250,434	\$1,956,352
FTE	7.00	0.00	7.00

Department 120 - State Treasurer - Detail of Senate Changes

	Adds Funding for Cost to Continue Salaries ¹	Adds Funding for Salary and Benefit Increases ²	Transfers Funding from Salaries to Operating ³	Adds Funding for Operating Expenses ⁴	Adds One- Time Funding for IT Costs ⁵	Total Senate Changes
Salaries and wages	\$11,768	\$109,768	(\$25)			\$121,511
Operating expenses			25	\$107,898	\$21,000	128,923
Coal severance payments						
Total all funds	\$11,768	\$109,768	\$0	\$107,898	\$21,000	\$250,434
Less estimated income	0	0	0	0	0	0
General fund	\$11,768	\$109,768	\$0	\$107,898	\$21,000	\$250,434
FTE	0.00	0.00	0.00	0.00	0.00	0.00

¹ Funding is added from the general fund for cost to continue salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$72,932	\$0	\$72,932
Health insurance increase	36,836	0	36,836
Total	\$109,768	\$0	\$109,768

³ Funding of \$25 is transferred from the salaries and wages line item to the operating expenses line item related to increased operating expenses.

⁴ Funding of \$107,898 is added from the general fund for the following operating expenses:

- \$10,802 for Information Technology Department rate increases;
- \$12,000 for travel to professional development events;
- \$82,936 for a new Capitol space rent model; and
- \$2,160 for an electronic form subscription related to political subdivision reports submitted to the agency.

⁵ One-time funding of \$21,000 from the general fund is added for information technology programming costs.

A section is added increasing the State Treasurer's salary by 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

REPORT OF STANDING COMMITTEE

SB 2005: Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (16 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2005 was placed on the Sixth order on the calendar. This bill affects workforce development.

Page 1, line 1, after "treasurer" insert "; and to amend and reenact section 54-11-13 of the North Dakota Century Code, relating to the salary of the state treasurer"

Page 1, replace lines 8 through 14 with:

	<u>Base Level</u>	<u>"Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$1,430,495	\$121,511	\$1,552,006
Operating expenses	157,423	128,923	286,346
Coal severance payments	<u>118,000</u>	<u>0</u>	<u>118,000</u>
Total general fund	\$1,705,918	\$250,434	\$1,956,352
Full-time equivalent positions	7.00	0.00	7.00"

Page 1, line 15, after "**FUNDING**" insert "**- EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY**"

Page 1, line 16, after "biennium" insert "and the 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 1, replace lines 18 through 21 with:

"Township allocations	\$20,000,000	\$0
Distributions to political subdivisions	50,160,000	0
Supplemental distributions to political subdivisions	3,014,975	0
Information technology costs	<u>0</u>	<u>21,000</u>
Total estimated income	\$73,174,975	\$21,000

The 2023-25 biennium one-time funding amounts are not a part of the entities base budget for the 2025-27 biennium. The state treasurer shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 3. AMENDMENT. Section 54-11-13 of the North Dakota Century Code is amended and reenacted as follows:

54-11-13. Salary of state treasurer.

The annual salary of the state treasurer is one hundred ~~twelve~~^{nineteen} thousand ~~two hundred forty one~~^{sixty-five} dollars through June 30, ~~2022~~²⁰²⁴, and one hundred ~~fourteen~~^{twenty-three} thousand ~~four~~^{eight} hundred ~~eighty six~~^{twenty-eight} dollars thereafter."

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2005 - State Treasurer - Senate Action

	<u>Base Budget</u>	<u>Senate Changes</u>	<u>Senate Version</u>
Salaries and wages	\$1,430,495	\$121,511	\$1,552,006
Operating expenses	157,423	128,923	286,346
Coal severance payments	<u>118,000</u>		<u>118,000</u>
Total all funds	\$1,705,918	\$250,434	\$1,956,352

Less estimated income	0	0	0
General fund	\$1,705,918	\$250,434	\$1,956,352
FTE	7.00	0.00	7.00

Department 120 - State Treasurer - Detail of Senate Changes

	Adds Funding for Cost to Continue Salaries ¹	Adds Funding for Salary and Benefit Increases ²	Transfers Funding from Salaries to Operating ³	Adds Funding for Operating Expenses ⁴	Adds One-Time Funding for IT Costs ⁵	Total Senate Changes
Salaries and wages	\$11,768	\$109,768	(\$25)			\$121,511
Operating expenses			25	\$107,898	\$21,000	128,923
Coal severance payments						
Total all funds	\$11,768	\$109,768	\$0	\$107,898	\$21,000	\$250,434
Less estimated income	0	0	0	0	0	0
General fund	\$11,768	\$109,768	\$0	\$107,898	\$21,000	\$250,434
FTE	0.00	0.00	0.00	0.00	0.00	0.00

¹ Funding is added from the general fund for cost to continue salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	General Fund	Other Funds	Total
Salary increase	\$72,932	\$0	\$72,932
Health insurance increase	36,836	0	36,836
Total	\$109,768	\$0	\$109,768

³ Funding of \$25 is transferred from the salaries and wages line item to the operating expenses line item related to increased operating expenses.

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- \$10,802 for Information Technology Department rate increases;
- \$12,000 for travel to professional development events;
- \$82,936 for a new Capitol space rent model; and
- \$2,160 for an electronic form subscription related to political subdivision reports submitted to the agency.

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A section is added increasing the State Treasurer's salary by 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

2023 HOUSE APPROPRIATIONS

SB 2005

Department 120 - State Treasurer
Senate Bill No. 2005

First Chamber Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 First Chamber Version	\$1,956,352	\$0	\$1,956,352
2023-25 Base Level	1,705,918	0	1,705,918
Increase (Decrease)	\$250,434	\$0	\$250,434

First Chamber Changes

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget is attached as an appendix.

Selected Bill Sections Included in the First Chamber Version

Salary of State Treasurer - Section 3 provides the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$114,486 to \$119,065 (4 percent) effective July 1, 2023, and to \$123,828 (4 percent) effective July 1, 2024.

Continuing Appropriations

There are no continuing appropriations for this agency.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The operational audit for the State Treasurer's office conducted by the State Auditor's office during the 2021-22 interim identified no significant audit findings.

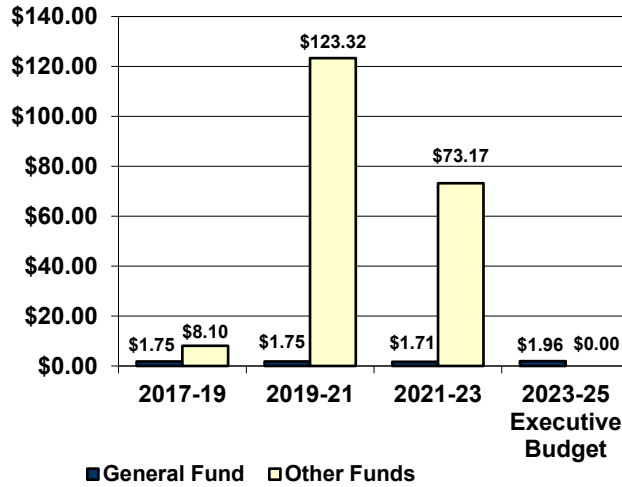
Major Related Legislation

House Bill No. 1379 - Provides a contingent appropriation of \$100 million from the county and township bridge fund to the State Treasurer for grants to counties for county and township bridge repairs or replacement with the contingency based upon the county and township bridge fund receiving an allocation from the legacy earnings fund.

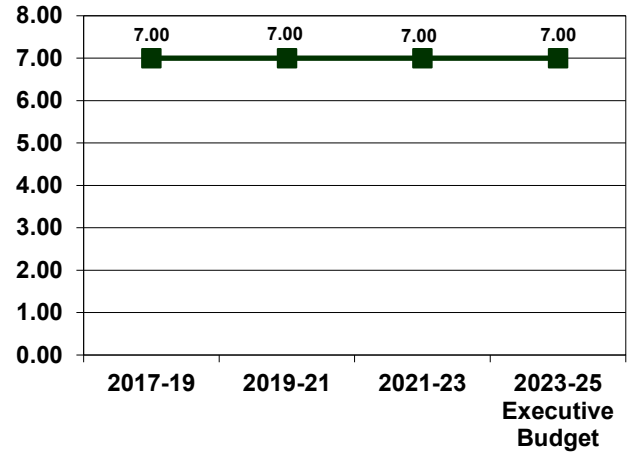
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
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2017-19 Biennium

1. Removed 1 FTE deputy state treasurer position and reduced funding for temporary staff (\$132,696)
2. Added funding for operating expenses primarily related to information technology (IT) costs \$50,646
3. Decreased funding for coal severance shortfall payments (\$48,952)

2019-21 Biennium

1. Decreased funding for operating expenses primarily related to IT costs (\$59,031)
2. Decreased funding for the estimated coal severance payments related to the phase-in of the allocation formula change in Section 4 of House Bill No. 1005 (2017) (\$9,000)

2021-23 Biennium

1. Decreased funding for operating expenses primarily related to IT costs (\$47,577)
2. Decreased funding for the estimated coal severance payments related to the allocation formula change in Section 4 of House Bill No. 1005 (2017) (\$53,000)

2023-25 Biennium (Executive Budget Recommendation)

- Increases funding for operating expenses related to IT rate increases (\$10,802), travel to professional development conferences (\$12,000), and a new Capitol space rent model (\$82,936) \$105,738

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$241,166,699	\$0	\$0	\$0	\$0

Major One-Time General Fund Appropriations

2017-19 Biennium

None \$0

2019-21 Biennium

None \$0

2021-23 Biennium

None \$0

2023-25 Biennium (Executive Budget Recommendation)

None \$0

State Treasurer - Budget No. 120
Senate Bill No. 2005
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	7.00	\$1,705,918	\$0	\$1,705,918	7.00	\$1,705,918	\$0	\$1,705,918
2023-25 Ongoing Funding Changes								
Cost to continue salary increases		\$11,768		\$11,768		\$11,768		\$11,768
Salary increase		97,394		97,394		72,932		72,932
Health insurance increase		36,008		36,008		36,836		36,836
Transfers \$25 from salaries to operating expenses				0				0
Adds funding for Information Technology Department rate increases		10,802		10,802		10,802		10,802
Adds funding for travel for professional development		12,000		12,000		12,000		12,000
Adds funding for a new Capitol space rent model		82,936		82,936		82,936		82,936
Adds funding for an electronic form subscription				0		2,160		2,160
Total ongoing funding changes	0.00	\$250,908	\$0	\$250,908	0.00	\$229,434	\$0	\$229,434
One-Time Funding Items								
Adds one-time funding for IT programming costs				\$0		\$21,000		\$21,000
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$21,000	\$0	\$21,000
Total Changes to Base Level Funding	0.00	\$250,908	\$0	\$250,908	0.00	\$250,434	\$0	\$250,434
2023-25 Total Funding	7.00	\$1,956,826	\$0	\$1,956,826	7.00	\$1,956,352	\$0	\$1,956,352
<i>Federal funds included in other funds</i>			\$0				\$0	
<i>Total ongoing changes as a percentage of base level</i>	0.0%	14.7%		14.7%	0.0%	13.4%		13.4%
<i>Total changes as a percentage of base level</i>	0.0%	14.7%		14.7%	0.0%	14.7%		14.7%

Other Sections in State Treasurer - Budget No. 120

	Executive Budget Recommendation	Senate Version
Salary of State Treasurer	Section 3 would provide the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$114,486 to \$121,355 (6 percent) effective July 1, 2023, and to \$126,209 (4 percent) effective July 1, 2024.	Section 3 provides the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$114,486 to \$119,065 (4 percent) effective July 1, 2023, and to \$123,828 (4 percent) effective July 1, 2024.

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

SB 2005
3/14/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the state treasurer.
--

10 :03 AM Chairman Monson called the meeting to order.

Members present: Chairman Monson, Vice Chair Brandenburg, Rep. Meier, Rep. Pyle, Rep. Mock

Members not present: Rep Bellew, Rep Kempenich

Discussion Topics:

- OST Overview

Thomas Beadle, Office of the State Treasurer, testified in favor of the bill. Testimony (#24777) (#24881)

11: 03 AM Chairman Monson closed the meeting.

Amy Liepke, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Brynhild Haugland Room, State Capitol

SB 2005
3/21/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the state treasurer.
--

Chairman Monson opened the meeting at 10:02 AM

Members present: Chairman Monson, Vice Chair Brandenburg, Rep. Bellew, Rep. Kempenich, Rep. Meier, Rep. Pyle, Rep. Mock

Discussion Topics:

- Budget 120
- Equity Funding
- OMB Budget Bill
- Salary raises.
- Onetime expenditure

Thomas Beadle, North Dakota State Treasurer, Explains budget 120, and answers questions for the committee (#26089)

Chairman Monson closed the hearing at 10:29 AM

Leah Kuball, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Brynhild Haugland Room, State Capitol

SB 2005
3/27/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the state treasurer.
--

Chairman Monson opened the meeting at 4:26 PM

Members present: Chairman Monson, Vice Chair Brandenburg, Rep. Bellew, Rep. Meier, Rep. Pyle, Rep. Mock

Members absent: Rep. Kempenich

Discussion Topics:

- Committee Work
- Budget 120
- Amendment 23.0259.02002

Adam Mathiak, Legislative Council, Answered questions for the committee. (23.0259.02002) (#26772) Budget 120 (#26089)

Representative Pyle moves to adopt amendment (23.0259.02002) to SB 2005

Representative Mock seconded motion

Roll call vote:

Representatives	Vote
Representative David Monson	Y
Representative Mike Brandenburg	Y
Representative Larry Bellew	N
Representative Keith Kempenich	AB
Representative Lisa Meier	Y
Representative Corey Mock	Y
Representative Brandy Pyle	Y

Motion carries: 5-1-1

Representative Pyle moves a DO PASS as amended.

Representative Mock seconds motion

Roll call vote:

Representatives	Vote
Representative David Monson	Y
Representative Mike Brandenburg	Y
Representative Larry Bellew	N
Representative Keith Kempenich	AB
Representative Lisa Meier	Y
Representative Corey Mock	Y
Representative Brandy Pyle	Y

Motion carries:5-1-1

Bill carrier: Representative Pyle

Chairman Monson closed the hearing at 4:40 PM

Leah Kuball, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

SB 2005
4/6/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the state treasurer.

11:22 AM Chairman Vigesaa Called the meeting to order and roll call was taken-

Members present; Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Bellew, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Meier, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Pyle, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen

Members absent: Representative Brandenburg, Representative Mock, Representative Mitskog, Representative Richter, Representative Swiontek

Discussion Topics:

- Amendment
- Committee Action

Representative Pyle Gives statement of purpose and amendment 23.0259.02002 (Testimony #27348)

Representative Pyle Moves to adopt amendment 23.0259.02002

Representative Monson seconds the motion

Committee discussion Roll call vote;

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	Y
Representative Mike Brandenburg	AB
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	AB
Representative Corey Mock	AB
Representative David Monson	Y
Representative Mike Nathe	Y

Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	AB
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	AB

Motion Carries 18-0-5

Representative Pyle Moves a Do Pass as Amended

Representative Monson seconds the motion

Roll Call Vote:

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	N
Representative Mike Brandenburg	AB
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	AB
Representative Corey Mock	AB
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	AB
Representative Mark Sanford	Y
Representative Mike Schatz	N
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	AB

Motion Carries 16-2-5 Representative Pyle will carry the bill.

11:27 AM Chairman Vigesaa Closed the meeting for SB 2005

Risa Berube, Committee Clerk

OK
182
4-6-2023

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2005

Page 1, replace lines 12 through 16 with:

"Salaries and wages	\$1,430,495	\$145,203	\$1,575,698
Operating expenses	157,423	135,748	293,171
Coal severance payments	<u>118,000</u>	<u>0</u>	<u>118,000</u>
Total general fund	\$1,705,918	\$280,951	\$1,986,869
Full-time equivalent positions	7.00	0.00	7.00"

Page 1, remove lines 22 through 24

Page 2, replace lines 1 through 2 with:

"Township allocations	\$20,000,000	\$0
Distributions to political subdivisions	50,160,000	0
Supplemental distributions to political subdivisions	3,014,975	0
Information technology costs	<u>0</u>	<u>27,825</u>
Total all funds	\$73,174,975	\$27,825
Less estimated income	<u>73,174,975</u>	<u>0</u>
Total general fund	\$0	\$27,825"

Page 2, line 3, replace "entities" with "entity's"

Page 2, line 10, replace "nineteen" with "thirty"

Page 2, line 11, remove "sixty-five"

Page 2, line 12, replace "twenty-three" with "thirty-five"

Page 2, line 12, replace "eight" with "two"

Page 2, line 12, remove "twenty-eight"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2005 - State Treasurer - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	\$1,430,495	\$1,552,006	\$23,692	\$1,575,698
Operating expenses	157,423	286,346	6,825	293,171
Coal severance payments	<u>118,000</u>	<u>118,000</u>		<u>118,000</u>
Total all funds	\$1,705,918	\$1,956,352	\$30,517	\$1,986,869
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General fund	\$1,705,918	\$1,956,352	\$30,517	\$1,986,869
FTE	7.00	7.00	0.00	7.00

Department 120 - State Treasurer - Detail of House Changes

DR
2f2
4-6-2023

	Adjusts Funding for Salary and Benefit Increases ¹	Adds Salary Equity Funding for Elected Officials ²	Removes Salary Funding for a Funding Pool ³	Increases One-Time Funding for IT Costs ⁴	Total House Changes
Salaries and wages	\$23,634	\$21,148	(\$21,090)		\$23,692
Operating expenses				\$6,825	6,825
Coal severance payments					
Total all funds	\$23,634	\$21,148	(\$21,090)	\$6,825	\$30,517
Less estimated income	0	0	0	0	0
General fund	\$23,634	\$21,148	(\$21,090)	\$6,825	\$30,517
FTE	0.00	0.00	0.00	0.00	0.00

¹ Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$24,462	\$0	\$24,462
Health insurance adjustment	(828)	0	(828)
Total	\$23,634	\$0	\$23,634

The Senate provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

² Funding is added for providing a salary equity increase for the State Treasurer. The State Treasurer's annual salary is increased from the current level of \$114,486 to \$130,000 (13.6 percent) effective July 1, 2023. This funding is in addition to the funding added for the general 6 percent July 1, 2023, increase for state employees. The Senate did not include a salary equity increase for the State Treasurer.

³ Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
New FTE positions	\$0	\$0	\$0
Vacant FTE positions	(21,090)	0	(21,090)
Total	(\$21,090)	\$0	(\$21,090)

The Senate did not remove funding for a new a vacant FTE funding pool.

⁴ One-time funding from the general fund is increased by \$6,825 to provide total funding of \$27,825 for information technology programming costs. The Senate provided \$21,000 of one-time funding for information technology programming costs.

The section is changed to provide the statutory changes necessary to increase the State Treasurer's annual salary to \$130,000 (13.6 percent) effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024. The Senate provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

REPORT OF STANDING COMMITTEE

SB 2005, as engrossed: Appropriations Committee (Rep. Vigesaa, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (16 YEAS, 2 NAYS, 5 ABSENT AND NOT VOTING). Engrossed SB 2005 was placed on the Sixth order on the calendar.

Page 1, replace lines 12 through 16 with:

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Operating expenses	157,423	135,748	293,171
Coal severance payments	<u>118,000</u>	<u>0</u>	<u>118,000</u>
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Total all funds	\$73,174,975	\$27,825
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Operating expenses	157,423	286,346	6,825	293,171
Coal severance payments	<u>118,000</u>	<u>118,000</u>		<u>118,000</u>
Total all funds	\$1,705,918	\$1,956,352	\$30,517	\$1,986,869
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General fund	\$1,705,918	\$1,956,352	\$30,517	\$1,986,869
FTE	7.00	7.00	0.00	7.00

Department 120 - State Treasurer - Detail of House Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Adds Salary Equity Funding for Elected Officials ²	Removes Salary Funding for a Funding Pool ³	Increases One- Time Funding for IT Costs ⁴	Total House Changes
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Operating expenses				\$6,825	6,825
Coal severance payments					
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Less estimated income	0	0	0	0	0
General fund	\$23,634	\$21,148	(\$21,090)	\$6,825	\$30,517
FTE	0.00	0.00	0.00	0.00	0.00

¹ Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	\$24,462	\$0	\$24,462
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	General Fund	Other Funds	Total
New FTE positions	\$0	\$0	\$0
Vacant FTE positions	(21,090)	0	(21,090)
Total	(\$21,090)	\$0	(\$21,090)

The Senate did not remove funding for a new a vacant FTE funding pool.

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The section is changed to provide the statutory changes necessary to increase the State Treasurer's annual salary to \$130,000 (13.6 percent) effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024. The Senate provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

TESTIMONY

SB 2005



SB 2005
OFFICE OF THE STATE TREASURER
Senate Appropriations Hearing



January 6, 2023

Chairman Bekkedahl,

Thank you for the opportunity to present our budget to you today. I look forward to working with you and members of the committee and our office is happy to be of assistance to any of you should any questions arise over the course of this session.

SB 2005 is the Budget for the Office of State Treasurer. We have included the requested information regarding agency duties and responsibilities and budget items. We look forward to going through that in more detail with the subsection members as requested.

Over the last few years our team has worked to streamline our operations and improve our technology, while maintaining a very small and simple budget. We worked with Governor Burgum's office and OMB in crafting the executive budget recommendation for our office. We support the recommendation of restoring \$12,000 for our travel expenses and we would appreciate a few additional changes that were not presented to the Governor's office when they were going through their budget process.

Many of you will recall the Prairie Dog bill (HB 1066) from 2019 Legislative Session. One part of that bill includes a reporting requirement where the political subdivisions must report on how they spent those dollars and file said report by November 30th of the even numbered year after the biennium. For the 19-21 biennium allocations, those reports needed to be filed by November 30, 2022. As we started receiving these reports, we recognized that the information received isn't formatted in the most usable manner and there are some minor upgrades to our technology that would significantly improve how the infrastructure reports are filed. Simple subscriptions to off the shelf products like Jot Forms, some tweaking to our code to allow PDF submissions, and improve the user login process should make this information much more usable for all and make it much easier for our political subdivisions to file accordingly. We have received some estimates from ITD on what these changes would add to our budget, and I've included a breakdown on the next page.

With regards to the Governor's budget recommendation, beyond the increase for rent and the suggested pay and equity package, you will notice a change from last biennium as requested by our agency was to add \$12,000 to our operating expense line for travel. Last biennium you were kind enough to restore our offices association dues so that we could pay for membership to the National Association of State Treasurers (roughly \$6,500/yr). At the time we didn't know how fast travel would come back post COVID, so we didn't add any more to our travel line beyond the \$3,000 that was there. Travel bounced back faster than many expected, and while I have been able to afford to pay for much of my conference travel personally, that same reality doesn't apply to everyone. The amount added into the Executive Budget recommendations should cover the costs for these conferences and allow our staff the opportunity to meet their counterparts elsewhere and learn from other state's best practices.

Our Director of Finance, Nicole Krivoruchka, and I look forward to discussing further and answering any questions you may have.

Thomas Beadle

Requested Budget Items:

Operating Expenses - 12030		
Operating Fees and Services	\$2,160	Monthly subscription charge for vendor to allow us to build custom and secure online forms for better data collection and utilization. Correlated one-time programming expense listed below.
Travel	\$12,000	Restore funding for travel that was removed during COVID, included in Executive Budget.
	\$14,160	Total additional Operating Expense request
One-Time Expenses		
ITD	\$8,400	Approximately 80 hours of ITD time to reprogram our online reporting and documentation systems to streamline the process for political subdivisions and agencies that utilize it
ITD	\$7,350	Approximately 70 hours of ITD time to reprogram our TDOC system to better handle recurring distributions for cities to be able to handle distributions like Prairie Dog more efficiently
ITD	\$5,250	Approximately 50 hours of ITD time to upgrade our online platform to allow for online form submission process to incorporate automated forms that make data easier to collect and present in a usable format
	\$21,000	Total additional One-Time Expense request

Article V, Section 2, of the North Dakota Constitution created the Office of State Treasurer and provides that the powers and duties of the state treasurer shall be prescribed by law. Chapter 54-11 of the North Dakota Century Code prescribes the powers, duties, and responsibilities of the state treasurer. The mission of the Office of State Treasurer is *“to fulfill our constitutional and statutory responsibilities, to assure sound financial oversight and transparency of all public funds, and to promote prudent practices in government.”*

We have five key management functions within the Office of the Treasurer:

- 1. Cash management** – We collect all deposits and payables from state agencies. It is our expertise that manages the daily cash flow within the state operating fund. The forecasting and cash management done by our agency is necessary to ensure the availability of sufficient funds to cover the obligations/payables while optimizing investment opportunities. The millions and billions invested in the immediate short term are where we work diligently, making wise investment decisions ensuring the State is always “making money.”
- 2. Accounting** – The Office of State Treasurer is responsible for paying all warrants (payables) or checks drawn against the state. We manage over a dozen bank accounts which are reconciled daily to ensure enough funds are available to pay all outstanding warrants/payables. We also process void check requests and stop payments. All state funds/deposits received by state agencies are deposited through the Office of State Treasurer for investment into the operating fund account. Our agency reconciles daily in three primary areas: our accounts held with the Bank of North Dakota to the State’s accounting software, PeopleSoft; state agency deposits to PeopleSoft; and Certificate of Deposit (CD) interest income between our records and the bank’s.
- 3. Investments** – Our agency serves as the custodian for all state funds, and we are responsible for the investment of the state’s general and numerous special funds, including state agriculture commodity groups and the Veterans Postwar Trust.
- 4. Revenue Collection** – The State Treasurer is responsible for the collection of various revenues from political subdivisions. Revenues include, but are not limited to, the Assessed Communications Services Fee, Civil Filing Fees, Criminal Administration Fees, Indigent Defense Administrative Fund, Medical Center Levy, Domestic Violence Prevention Fund, and numerous other district court costs.
- 5. Revenue Distribution** – The State Treasurer is in charge of disbursing over 30 tax distributions to political subdivisions. The office’s web-based, Tax Distribution and Outstanding Checks (TDOC) system, pulls data from a variety of sources, which streamlines our distributions and ensures greater accuracy, transparency, and efficiency.

Revenue distributions assigned to the Office of State Treasurer for distribution to political subdivisions include:

Airline	Disabled Veterans Homestead Tax Credit	Prepaid Wireless E-911 Fee
City Cigarette Tax	Electric Generation Transmission	Senior Mill Levy
City Motor Vehicle Rental Tax	Flood Control	Special Highway
City/County Occupancy Tax	Forest Service	Special Township Road
City/County Restaurant/Lodging Tax	Highway Tax Distribution Fund	State Aid
City & County Sales Tax	Homestead Tax Credit	Taylor Grazing
Coal Conversion Tax	Medical Center Levy	Telecommunication Carriers
Coal Conversion Shortfall	Mineral Management	Township Road & Bridge Fund
Coal Severance Tax	Motorboat	Tribal Cigarette Tax
Coal Severance Shortfall - Tipple Share Reimbursement	Municipal Infrastructure	Tribal Highway Fund
Coronavirus Relief Funds	New Jobs Program	Tribal Sales Tax
County & Township Infrastructure	Oil and Gas Gross Production Tax	
County Aid	Oil Extraction/Gross Production Tax-Tribal	

The Office of State Treasurer provides analysis, data, and education of various tax distributions and state laws to legislators, employees of other state agencies, officials and employees of local political subdivisions, and the general public.

BOARDS

In addition to the responsibilities of the office, as required by statute or Constitution, the State Treasurer serves on six Boards: State Investment Board, Teachers Fund for Retirement, Board of University and School Lands, State Board of Tax Equalization, State Historical Board, and the State Canvassing Board.

FINANCIAL AUDIT FINDINGS

Our agency performs all our responsibilities with tremendous pride and accuracy, and we have consistently received a “clean” audit since 2009. Our most recent audit was completed in May of 2022 for the biennium ended June of 2021, with no findings.

AGENCY ACCOMPLISHMENTS

- **Tax Distributions** – Updated our Tax Distribution Outstanding Checks (TDOC) system to accommodate the legislative changes made to the Oil and Gas Gross Production Tax distribution and smaller changes made to other tax distributions.

- **“Prairie Dog” Funds** – Created and tested the required processes and systems to distribute the newly created “Prairie Dog” funds. Also developed the system needed to accept, compile, and report the required information filings of each recipient political subdivision. With the first reports being filed on November 30, 2022, we have also identified areas where we can improve this process and hope to work with ITD to address those in the coming biennium.
- **Website** – Completed the conversion of our agency website to the state’s website platform to give added flexibility in maintaining the website as well as allow further enhancements to be implemented more cost-effectively and timely. We also added additional dashboards to provide more visual and intuitive data regarding our tax distributions, Legacy Fund deposits, and our operating fund balances. After receiving feedback from some of our political subdivisions around North Dakota, we have identified some areas where we can improve this system and hope to work with ITD to address those in the coming biennium.
- **Process Updates** – Updated all office processes to allow for efficient and effective remote work which provides added flexibility to our team and increases efficiency and effectiveness of the whole office.

AGENCY CHALLENGES

- **IT Costs** – One of the major challenges we face relates to our day-to-day IT costs. As I will spell out further during this overview, a large portion of our requested on-going operating expenses are directly related to data processing, communications, and desktop support services provided by ITD. We continue to receive excellent service from ITD, but we want to make you aware that what feels like minor and obvious adjustments to our systems does have a significant impact on our budget.

Throughout session, we will continue to monitor bills that will affect our agency and analyze the potential IT costs which may be associated with implementing a formula change or new distribution.

2023-2025 BUDGET

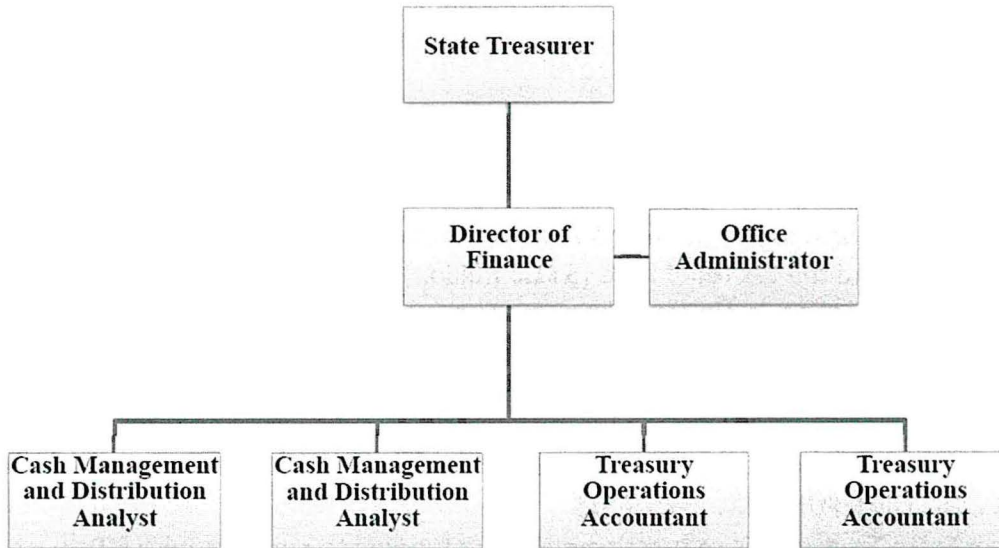
As with prior biennia, the Office of State Treasurer’s budget consists of two major items – salaries and information technology fees. Nearly ninety-eight percent (98%) of our biennium to-date expenditures have fallen into one of those two categories. Our office relies heavily on our people and on the technology needed to help them do their jobs efficiently and effectively.

Salaries and wages:

Our agency consists of seven full time employees, including the Treasurer. We are not requesting any adjustments to our number of FTEs this biennium. The current fiscal staff is made up of two Cash Management and Distribution Analysts, two Treasury Operations Accountants, and a Director of Finance. As a testament to the complexity of the work we

perform, all fiscal positions require a minimum of a four-year college degree and varying levels of work experience to be qualified. With the timing and complexity of everything we do in our office, we are very fortunate to have an excellent team with very little turnover.

OFFICE OF STATE TREASURER ORGANIZATIONAL CHART



With the duties required of our office, this level of staffing is vitally important not only to be able to perform these duties, but also to provide the essential checks and balances so that one person is not handling all stages of a process. This is true not only with daily depositing to and reconciling of the state's checkbook, but also with our revenue distribution processes for all the funds we send out to the political subdivisions.

Operating expenses:

Our operating expenses consist mainly of amounts paid for data processing and other services provided by ITD. To-date in the current biennium, nearly 85% of our operating expenses have consisted of data processing, desktop support, and telecommunication service charges from ITD. Our office has always been heavily reliant on this technology and improvements over the last few years have allowed for efficient and effective remote work which provides added flexibility to our team and increases efficiency and effectiveness of the whole office. One additional charge we would like to add to our operating line is an ongoing IT subscription for "JOT Forms". Based on our research with ITD this looks like the most cost-effective approach for making the reports filed by political subdivisions populate in a way that is more usable and will be more efficient for all parties. This cost is estimated to be just under \$90/month, and so we are requesting an additional \$2,160 for the biennium and roughly 50 hours of budgeted ITD time to implement that change.

Coal Severance Shortfall:

As a separate line in our budget, NDCC 57-62-02(5) requires the Office of State Treasurer to include in our biennial budget request funds for the purpose of reimbursing coal-producing counties for 30% of coal severance tax funds paid to non-coal-producing counties from coal-producing counties.

The 2021-23 amount was set at \$118,000. During the 2017 session, the statute pertaining to this payment was modified to reduce the annual amount paid. This phased-in change in statute is now fully implemented. Because of this, the total needed to pay the statutorily mandated amounts has been reduced significantly from previous biennium.

2021-2023 ONE-TIME FUNDING REQUESTS

Our office had no one-time funding requests for the 21-23 biennium. In House Bill No. 1015, the Legislative Assembly provided \$20 million of one-time funding from the state disaster relief fund (\$8.2 million) and the tax relief fund (\$11.8 million) for allocations to townships located in non-oil-producing counties. In House Bill No. 1395, the Legislative Assembly appropriated \$50.16 million of one-time funding from federal local fiscal recovery funds for distributions to political subdivisions. Our office also received a little over \$53 million from ARPA funds for distribution to local communities.

2023-2025 ONE-TIME FUNDING REQUESTS

The Office of State Treasurer is requesting one-time funding to contract with ITD to update our website to incorporate better login processes to improve the experience for our political subdivisions for uploading reports and completing required forms. In consultation with ITD we believe this will require approximately 200 hours of contracted work. As a result, we are requesting an additional \$21,000 for this biennium. As always, we also are monitoring for any potential one-time funding needs related to costs associated with coding changes required by any statutory changes made by the 68th Legislative Assembly in respect to distributions or other activities performed by our office. Substantive changes to distribution formulas generally require some level of rewriting of our Tax Distribution and Outstanding Checks (TDOC) system to comply with the changes made to statute. These would include changes to the oil and gas gross production tax distribution, the highway tax distribution, and any of the other distributions we currently administer. This would also be true for any new distributions added to our statutory responsibilities.

AGENCY COLLECTIONS

Our office is responsible for the collection of various revenues from political subdivisions throughout the state. Mainly court fines and fees collected by the County Clerks of Court and Assessed Communication fees and Medical Center Levy tax revenues collected by County Auditors. Of these, a significant number are deposited directly into the general fund while others are deposited into special funds. Due to the nature of these collections, we do not anticipate any significant changes in revenue amounts for the coming biennium.

AGENCY REQUEST VS. EXECUTIVE BUDGET

The final executive recommended budget for the Office of State Treasurer includes the travel adjustment to our Operating Expense as outlined above but does not include the one-time ITD expenses or subscription costs, as we didn't have that information ready to present until the executive budget was presented. The executive budget also includes their proposed salary and benefit package changes along with a new rent schedule for capitol building users.

**State Treasurer - Budget No. 120
Senate Bill No. 2005
Base Level Funding Changes**

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	7.00	\$1,705,918	\$0	\$1,705,918	7.00	\$1,705,918	\$0	\$1,705,918	0.00	\$0	\$0	\$0
2023-25 Ongoing Funding Changes												
Cost to continue salary increases		\$11,768		\$11,768		\$11,768		\$11,768				\$0
Salary increase		97,394		97,394		72,932		72,932		(24,462)		(24,462)
Health insurance increase		36,008		36,008		36,836		36,836		828		828
Transfers \$25 from salaries to operating expenses				0				0				0
Adds funding for ITD rate increases		10,802		10,802		10,802		10,802				0
Adds funding for travel for professional development		12,000		12,000		12,000		12,000				0
Adds funding for a new Capitol space rent model		82,936		82,936		82,936		82,936				0
Adds funding for an electronic form subscription				0		2,160		2,160		2,160		2,160
Total ongoing funding changes	0.00	\$250,908	\$0	\$250,908	0.00	\$229,434	\$0	\$229,434	0.00	(\$21,474)	\$0	(\$21,474)
One-Time Funding Items												
Adds one-time funding for IT programming costs				0		21,000		21,000		21,000		21,000
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$21,000	\$0	\$21,000	0.00	\$21,000	\$0	\$21,000
Total Changes to Base Level Funding	0.00	\$250,908	\$0	\$250,908	0.00	\$250,434	\$0	\$250,434	0.00	(\$474)	\$0	(\$474)
2023-25 Total Funding	7.00	\$1,956,826	\$0	\$1,956,826	7.00	\$1,956,352	\$0	\$1,956,352	0.00	(\$474)	\$0	(\$474)
<i>Federal funds included in other funds</i>			\$0				\$0				\$0	
<i>Total ongoing changes as a percentage of base level</i>	0.0%	14.7%		14.7%	0.0%	13.4%		13.4%				
<i>Total changes as a percentage of base level</i>	0.0%	14.7%		14.7%	0.0%	14.7%		14.7%				

Other Sections in State Treasurer - Budget No. 120

	Executive Budget Recommendation	Senate Version
Salary of State Treasurer	Section 3 would provide the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$114,486 to \$121,355 (6 percent) effective July 1, 2023, and to \$126,209 (4 percent) effective July 1, 2024.	Section 3 provides the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$114,486 to \$119,065 (4 percent) effective July 1, 2023, and to \$123,828 (4 percent) effective July 1, 2024.

23.0259.01001
Title.

Prepared by the Legislative Council staff for
the Senate Appropriations - Government
Operations Division Committee
January 31, 2023

Fiscal No. 1

PROPOSED AMENDMENTS TO SENATE BILL NO. 2005

Page 1, line 1, after "treasurer" insert "; and to amend and reenact section 54-11-13 of the North Dakota Century Code, relating to the salary of the state treasurer"

Page 1, replace lines 8 through 14 with:

	<u>Base Level</u>	<u>"Adjustments or Enhancements"</u>	<u>Appropriation</u>
Salaries and wages	\$1,430,495	\$121,511	\$1,552,006
Operating expenses	157,423	128,923	286,346
Coal severance payments	<u>118,000</u>	<u>0</u>	<u>118,000</u>
Total general fund	\$1,705,918	\$250,434	\$1,956,352
Full-time equivalent positions	7.00	0.00	7.00"

Page 1, line 15, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY"

Page 1, line 16, after "biennium" insert "and the 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 1, replace lines 18 through 21 with:

"Township allocations	\$20,000,000	\$0
Distributions to political subdivisions	50,160,000	0
Supplemental distributions to political subdivisions	3,014,975	0
Information technology costs	<u>0</u>	<u>21,000</u>
Total estimated income	\$73,174,975	\$21,000

The 2023-25 biennium one-time funding amounts are not a part of the entities base budget for the 2025-27 biennium. The state treasurer shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 3. AMENDMENT. Section 54-11-13 of the North Dakota Century Code is amended and reenacted as follows:

54-11-13. Salary of state treasurer.

The annual salary of the state treasurer is one hundred ~~twelvenineteen~~ thousand ~~two hundred forty onesixty-five~~ dollars through June 30, ~~2022~~2024, and one hundred ~~fourteentwenty-three~~ thousand ~~four~~eight hundred ~~eighty-six~~twenty-eight dollars thereafter."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2005 - State Treasurer - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$1,430,495	\$121,511	\$1,552,006
Operating expenses	157,423	128,923	286,346
Coal severance payments	118,000		118,000
Total all funds	\$1,705,918	\$250,434	\$1,956,352
Less estimated income	0	0	0
General fund	\$1,705,918	\$250,434	\$1,956,352
FTE	7.00	0.00	7.00

Department 120 - State Treasurer - Detail of Senate Changes

	Adds Funding for Cost to Continue Salaries ¹	Adds Funding for Salary and Benefit Increases ²	Transfers Funding from Salaries to Operating ³	Adds Funding for Operating Expenses ⁴	Adds One-Time Funding for IT Costs ⁵	Total Senate Changes
Salaries and wages	\$11,768	\$109,768	(\$25)			\$121,511
Operating expenses			25	\$107,898	\$21,000	128,923
Coal severance payments						
Total all funds	\$11,768	\$109,768	\$0	\$107,898	\$21,000	\$250,434
Less estimated income	0	0	0	0	0	0
General fund	\$11,768	\$109,768	\$0	\$107,898	\$21,000	\$250,434
FTE	0.00	0.00	0.00	0.00	0.00	0.00

¹ Funding is added from the general fund for cost to continue salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	General Fund	Other Funds	Total
Salary increase	\$72,932	\$0	\$72,932
Health insurance increase	<u>36,836</u>	<u>0</u>	<u>36,836</u>
Total	\$109,768	\$0	\$109,768

³ Funding of \$25 is transferred from the salaries and wages line item to the operating expenses line item related to increased operating expenses.

⁴ Funding of \$107,898 is added from the general fund for the following operating expenses:

- \$10,802 for Information Technology Department rate increases;
- \$12,000 for travel to professional development events;
- \$82,936 for a new Capitol space rent model; and
- \$2,160 for an electronic form subscription related to political subdivision reports submitted to the agency.

⁵ One-time funding of \$21,000 from the general fund is added for information technology programming costs.

A section is added increasing the State Treasurer's salary by 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

Prepared for the Senate Appropriations Committee

**Department 120 - State Treasurer
Senate Bill No. 2005**

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$1,956,826	\$0	\$1,956,826
2023-25 Base Level	1,705,918	0	1,705,918
Increase (Decrease)	\$250,908	\$0	\$250,908

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases of which \$97,394 is for salary increases and \$36,008 is for health insurance increases	\$133,402	\$0	\$133,402
2. Increases funding for operating expenses related to IT rate increases (\$10,802), travel to professional development conferences (\$12,000), and a new Capitol space rent model (\$82,936)	\$105,738	\$0	\$105,738

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Salary of State Treasurer - Section 3 provides the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$114,486 to \$121,355 (6 percent) effective July 1, 2023, and to \$126,209 (4 percent) effective July 1, 2024.

Continuing Appropriations

There are no continuing appropriations for this agency.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The operational audit for the State Treasurer's office conducted by the State Auditor's office during the 2021-22 interim identified no significant audit findings.

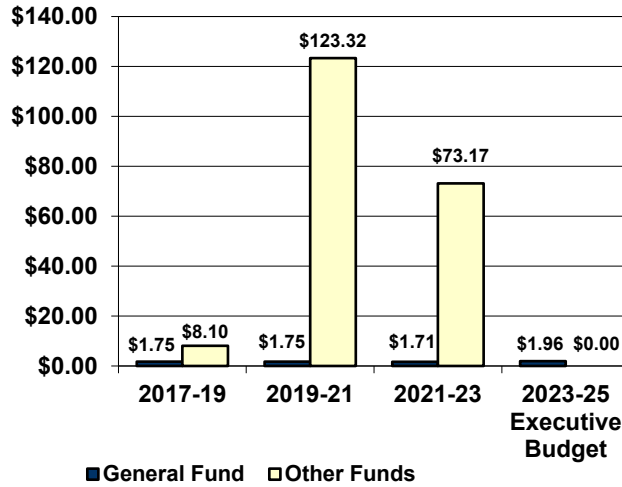
Major Related Legislation

At this time, no major related legislation has been introduced affecting this agency.

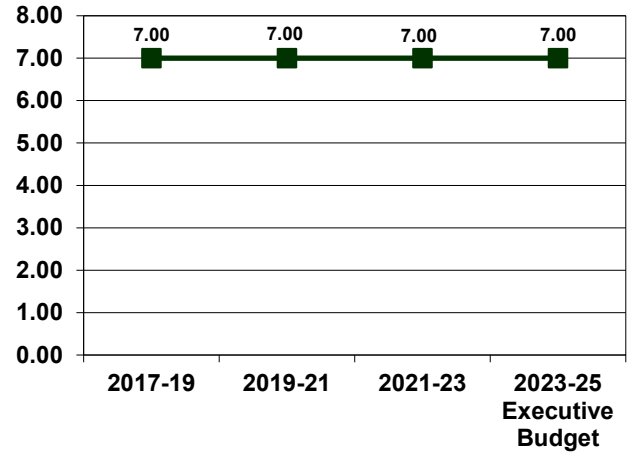
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$1,856,899	\$1,747,399	\$1,746,370	\$1,705,918	\$1,956,826
Increase (decrease) from previous biennium	N/A	(\$109,500)	(\$1,029)	(\$40,452)	\$250,908
Percentage increase (decrease) from previous biennium	N/A	(5.9%)	(0.1%)	(2.3%)	14.7%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(5.9%)	(6.0%)	(8.1%)	5.4%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

1. Removed 1 FTE deputy state treasurer position and reduced funding for temporary staff (\$132,696)
2. Added funding for operating expenses primarily related to IT costs \$50,646
3. Decreased funding for coal severance shortfall payments (\$48,952)

2019-21 Biennium

1. Decreased funding for operating expenses primarily related to IT costs (\$59,031)
2. Decreased funding for the estimated coal severance payments related to the phase-in of the allocation formula change in Section 4 of House Bill No. 1005 (2017) (\$9,000)

2021-23 Biennium

1. Decreased funding for operating expenses primarily related to IT costs (\$47,577)
2. Decreased funding for the estimated coal severance payments related to the allocation formula change in Section 4 of House Bill No. 1005 (2017) (\$53,000)

2023-25 Biennium (Executive Budget Recommendation)

1. Increases funding for operating expenses related to IT rate increases (\$10,802), travel to professional development conferences (\$12,000), and a new Capitol space rent model (\$82,936) \$105,738

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$241,166,699	\$0	\$0	\$0	\$0

Major One-Time General Fund Appropriations

2017-19 Biennium

1. None \$0

2019-21 Biennium

1. None \$0

2021-23 Biennium

1. None \$0

2023-25 Biennium (Executive Budget Recommendation)

1. None \$0

State Treasurer - Budget No. 120
Senate Bill No. 2005
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	7.00	\$1,705,918	\$0	\$1,705,918
2023-25 Ongoing Funding Changes				
Cost to continue salary increases		\$11,768		\$11,768
Salary increase		97,394		97,394
Health insurance increase		36,008		36,008
Transfers \$25 from salaries to operating expenses				0
Adds funding for ITD rate increases		10,802		10,802
Adds funding for travel for professional development		12,000		12,000
Adds funding for a new Capitol space rent model		82,936		82,936
Total ongoing funding changes	0.00	\$250,908	\$0	\$250,908
One-time funding items				
No one-time funding items				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$250,908	\$0	\$250,908
2023-25 Total Funding	7.00	\$1,956,826	\$0	\$1,956,826
<i>Federal funds included in other funds</i>			\$0	
<i>Total ongoing changes as a percentage of base level</i>	0.0%	14.7%		14.7%
<i>Total changes as a percentage of base level</i>	0.0%	14.7%		14.7%

Other Sections in State Treasurer - Budget No. 120

	Executive Budget Recommendation
Salary of State Treasurer	Section 3 would provide the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$114,486 to \$121,355 (6 percent) effective July 1, 2023, and to \$126,209 (4 percent) effective July 1, 2024.

SENATE BILL NO. 2005
(Governor's Recommendation)

Introduced by

Appropriations Committee

(At the request of the Governor)

A BILL for an Act to provide an appropriation for defraying the expenses of the state treasurer; and to amend and reenact sections 54-11-13 of the North Dakota Century Code, relating to the salary of the state treasurer.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury not otherwise appropriated, to the state treasurer for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2023, and ending June 30, 2025, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$1,430,495	\$145,145	\$1,575,640
Operating Expenses	157,423	105,763	263,186
Coal Severance Payments	118,000	0	118,000
Total General Fund	\$1,705,918	\$250,908	\$1,956,826
Full-time Equivalent Positions	7.00	0.00	7.00

SECTION 2. AMENDMENT. Section 54-11-13 of the North Dakota Century Code is amended and reenacted as follows:

54-11-13. Salary of state treasurer. The annual salary of the state treasurer is ~~one hundred twelve thousand two hundred forty one dollars through June 30, 2022, and one hundred fourteen thousand four hundred twenty six dollars one hundred twenty one thousand three hundred fifty five dollars through June 30, 2024, and one hundred twenty six thousand two hundred nine dollars thereafter.~~

State Treasurer - Budget No. 120
Senate Bill No. 2005
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	7.00	\$1,705,918	\$0	\$1,705,918	7.00	\$1,705,918	\$0	\$1,705,918
2023-25 Ongoing Funding Changes								
Cost to continue salary increases		\$11,768		\$11,768				\$0
Salary increase		97,394		97,394				0
Health insurance increase		36,008		36,008				0
Transfers \$25 from salaries to operating expenses				0				0
Adds funding for ITD rate increases		10,802		10,802				0
Adds funding for travel for professional development		12,000		12,000				0
Adds funding for a new Capitol space rent model		82,936		82,936				0
Total ongoing funding changes	0.00	\$250,908	\$0	\$250,908	0.00	\$0	\$0	\$0
One-Time Funding Items								
No one-time funding items				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$250,908	\$0	\$250,908	0.00	\$0	\$0	\$0
2023-25 Total Funding	7.00	\$1,956,826	\$0	\$1,956,826	7.00	\$1,705,918	\$0	\$1,705,918
<i>Federal funds included in other funds</i>			\$0				\$0	
<i>Total ongoing changes as a percentage of base level</i>	0.0%	14.7%		14.7%	0.0%	0.0%		0.0%
<i>Total changes as a percentage of base level</i>	0.0%	14.7%		14.7%	0.0%	0.0%		0.0%

Other Sections in State Treasurer - Budget No. 120

	Executive Budget Recommendation	Senate Version
Salary of State Treasurer	Section 3 would provide the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$114,486 to \$121,355 (6 percent) effective July 1, 2023, and to \$126,209 (4 percent) effective July 1, 2024.	



SB 2005
OFFICE OF THE STATE TREASURER
House Appropriations Hearing



March 13, 2023

Chairman Monson,

Thank you for the opportunity to present our budget to you today. I look forward to working with you and members of the committee and our office is happy to be of assistance to any of you should any questions arise over the course of this session.

SB 2005 is the Budget for the Office of State Treasurer. We have included the requested information regarding agency duties and responsibilities and budget items.

Over the last few years our team has worked to streamline our operations and improve our technology, while maintaining a very small and simple budget. We worked with Governor Burgum's office and OMB in crafting the executive budget recommendation for our office. We are pleased that the Senate has approved the Exec recommendations along with some of our additional IT requests that we hadn't presented to the Governor's office. These adjustments included the restoration of \$12,000 for our travel line to match up with pre-covid costs that were included in the exec budget, along with \$2,160 in operating expenses and \$21,000 in one-time funding for IT related costs.

Many of you will recall the Prairie Dog bill (HB 1066) from 2019 Legislative Session. One part of that bill includes a reporting requirement where the political subdivisions must report on how they spent those dollars and file said report by November 30th of the even numbered year after the biennium. For the 19-21 biennium allocations, those reports needed to be filed by November 30, 2022. As we started receiving these reports, we recognized that the information received isn't formatted in the most usable manner and there are some minor upgrades to our technology that would significantly improve how the infrastructure reports are filed. Simple subscriptions to off the shelf products like Jot Forms, some tweaking to our code to allow PDF submissions, and improve the user login process should make this information much more usable for all and make it much easier for our political subdivisions to file accordingly. We have received some estimates from ITD on what these changes would add to our budget, and I've included a breakdown on the next page.

Last biennium you were kind enough to restore our offices association dues so that we could pay for membership to the National Association of State Treasurers (roughly \$6,500/yr). At the time we didn't know how fast travel would come back post COVID, so we didn't add any more to our travel line beyond the \$3,000 that was there. Travel bounced back faster than many expected, and while I have been able to afford to pay for much of my conference travel personally, that same reality doesn't apply to everyone. The amount added into the Executive Budget recommendations and passed by the Senate should cover the costs for these conferences and learning opportunities for our staff.

We do have some additional requests that were not presented with the Senate, though they were told that they would be coming post cross-over to allow us to implement some of the bills that are being passed.

Our Director of Finance, Nicole Krivoruchka, and I look forward to discussing further and answering any questions you may have.

A handwritten signature in black ink, appearing to read "T. Beadle".

Thomas Beadle

REQUESTED BUDGET ITEMS APPROVED BY SENATE:

Operating Expenses - 12030		
Operating Fees and Services	\$2,160	Monthly subscription charge for vendor to allow us to build custom and secure online forms for better data collection and utilization. Correlated one-time programming expense listed below.
Travel	\$12,000	Restore funding for travel that was removed during COVID, included in Executive Budget.
	\$14,160	Total additional Operating Expense request
One-Time Expenses		
ITD	\$8,400	Approximately 80 hours of ITD time to reprogram our online reporting and documentation systems to streamline the process for political subdivisions and agencies that utilize it
ITD	\$7,350	Approximately 70 hours of ITD time to reprogram our distribution systems to more efficiently perform mass distributions such as the Prairie Dog distribution
ITD	\$5,250	Approximately 50 hours of ITD time to upgrade our online platform to allow for online form submission process to incorporate automated forms that make data easier to collect and present in a usable format
	\$21,000	Total additional One-Time Expense request

ADDITIONAL BUDGET ITEMS NEEDED BY HOUSE:

One-Time Expenses		
ITD	\$6,825	Approximately 65 hours of ITD time to reprogram some of our formulas and create new distribution databases in order implement the changes that have passed this session or may pass.
	\$27,825	REVISED - Total additional One-Time Expense request

Article V, Section 2, of the North Dakota Constitution created the Office of State Treasurer and provides that the powers and duties of the state treasurer shall be prescribed by law. Chapter 54-11 of the North Dakota Century Code prescribes the powers, duties, and responsibilities of the state treasurer. The mission of the Office of State Treasurer is *“to fulfill our constitutional and statutory responsibilities, to assure sound financial oversight and transparency of all public funds, and to promote prudent practices in government.”*

We have five key management functions within the Office of the Treasurer:

- 1. Cash management** – We collect all deposits and payables from state agencies. It is our expertise that manages the daily cash flow within the state operating fund. The forecasting and cash management done by our agency is necessary to ensure the availability of sufficient funds to cover the obligations/payables while optimizing investment opportunities. The millions and billions invested in the immediate short term are where we work diligently, making wise investment decisions ensuring the State is always “making money.”
- 2. Accounting** – The Office of State Treasurer is responsible for paying all warrants (payables) or checks drawn against the state. We manage over a dozen bank accounts which are reconciled timely to ensure enough funds are available to pay all outstanding warrants/payables. We also process void check requests and stop payments. All state funds/deposits received by state agencies are deposited through the Office of State Treasurer for investment into the operating fund account. Our agency reconciles daily in three primary areas: our accounts held with the Bank of North Dakota to the State’s accounting software, PeopleSoft; state agency deposits to PeopleSoft; and Certificate of Deposit (CD) interest income between our records and the bank’s.
- 3. Investments** – Our agency serves as the custodian for all state funds, and we are responsible for the investment of the state’s general and numerous special funds, including state agriculture commodity groups and the Veterans Postwar Trust.
- 4. Revenue Collection** – The State Treasurer is responsible for the collection of various revenues from political subdivisions. Revenues include, but are not limited to, the Assessed Communications Services Fee, Civil Filing Fees, Criminal Administration Fees, Indigent Defense Administrative Fund, Medical Center Levy, Domestic Violence Prevention Fund, and numerous other district court costs.
- 5. Revenue Distribution** – The State Treasurer is in charge of disbursing over 30 tax distributions to political subdivisions. The office’s web-based, Tax Distribution and Outstanding Checks (TDOC) system, pulls data from a variety of sources, which streamlines our distributions and ensures greater accuracy, transparency, and efficiency.

Revenue distributions assigned to the Office of State Treasurer for distribution to political subdivisions include:

Airline	Disabled Veterans Homestead Tax Credit	Prepaid Wireless E-911 Fee
City Cigarette Tax	Electric Generation Transmission	Senior Mill Levy
City Motor Vehicle Rental Tax	Flood Control	Special Highway
City/County Occupancy Tax	Forest Service	Special Township Road
City/County Restaurant/Lodging Tax	Highway Tax Distribution Fund	State Aid
City & County Sales Tax	Homestead Tax Credit	Taylor Grazing
Coal Conversion Tax	Medical Center Levy	Telecommunication Carriers
Coal Conversion Shortfall	Mineral Management	Township Road & Bridge Fund
Coal Severance Tax	Motorboat	Tribal Cigarette Tax
Coal Severance Shortfall - Tipple Share Reimbursement	Municipal Infrastructure	Tribal Highway Fund
Coronavirus Relief Funds	New Jobs Program	Tribal Sales Tax
County & Township Infrastructure	Oil and Gas Gross Production Tax	
County Aid	Oil Extraction/Gross Production Tax-Tribal	

The Office of State Treasurer provides analysis, data, and education of various tax distributions and state laws to legislators, employees of other state agencies, officials and employees of local political subdivisions, and the general public.

BOARDS

In addition to the responsibilities of the office, as required by statute or Constitution, the State Treasurer serves on six Boards: State Investment Board, Teachers Fund for Retirement, Board of University and School Lands, State Board of Tax Equalization, State Historical Board, and the State Canvassing Board.

FINANCIAL AUDIT FINDINGS

Our agency performs all our responsibilities with tremendous pride and accuracy, and we have consistently received a “clean” audit since 2009. Our most recent audit was completed in May of 2022 for the biennium ended June of 2021, with no findings.

AGENCY ACCOMPLISHMENTS

- **Tax Distributions** – Updated our Tax Distribution Outstanding Checks (TDOC) system to accommodate the legislative changes made to the Oil and Gas Gross Production Tax distribution and smaller changes made to other tax distributions.

- **“Prairie Dog” Funds** – Created and tested the required processes and systems to distribute the newly created “Prairie Dog” funds. Also developed the system needed to accept, compile, and report the required information filings of each recipient political subdivision. With the first reports being filed on November 30, 2022, we have also identified areas where we can improve this process and hope to work with ITD to address those in the coming biennium.
- **Website** – Completed the conversion of our agency website to the state’s website platform to give added flexibility in maintaining the website as well as allow further enhancements to be implemented more cost-effectively and timely. We also added additional dashboards to provide more visual and intuitive data regarding our tax distributions, Legacy Fund deposits, and our operating fund balances. After receiving feedback from some of our political subdivisions around North Dakota, we have identified some areas where we can improve this system and hope to work with ITD to address those in the coming biennium.
- **Process Updates** – Updated all office processes to allow for efficient and effective remote work which provides added flexibility to our team and increases efficiency and effectiveness of the whole office.

AGENCY CHALLENGES

- **IT Costs** – One of the major challenges we face relates to our day-to-day IT costs. As I will spell out further during this overview, a large portion of our requested on-going operating expenses are directly related to data processing, communications, and desktop support services provided by ITD. We continue to receive excellent service from ITD, but we want to make you aware that what feels like minor and obvious adjustments to our systems does have a significant impact on our budget.

Throughout session, we will continue to monitor bills that will affect our agency and analyze the potential IT costs which may be associated with implementing a formula change or new distribution.

AGENCY GOALS

- **Improve Communication** – Our office has a lot of touch points and interactions with other agencies and the general public. While we do our best to ensure that information is disseminated quickly and concisely, we know that there are always areas that we can improve.
- **Streamline Processes** – We coordinate and communicate with various stakeholders on a daily basis and some distributions, such as Prairie Dog, have a reporting requirement that they must follow. We want to make these interactions as smooth as possible and develop ways to auto populate information allowing us to minimize user error.
- **Promote Financial Literacy** – Under statute, one of our duties is to help promote financial literacy for our citizens. While this has often been focused on educating about the state’s

finances, we think that this is an opportunity where we can partner with DPI and BND to use our platform to help ensure that our citizens are getting helpful information.

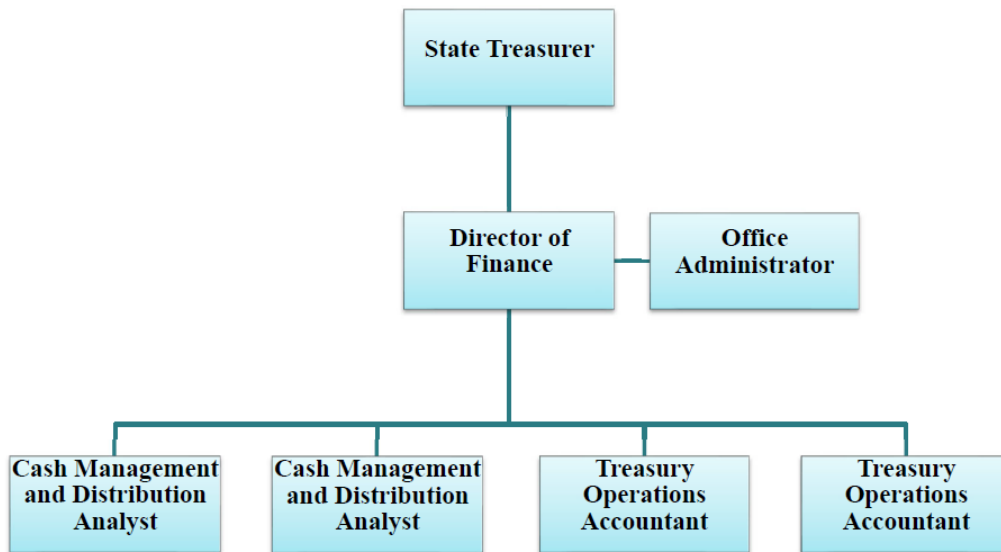
2023-2025 BUDGET

As with prior biennia, the Office of State Treasurer’s budget consists of two major items – salaries and information technology fees. Nearly ninety-eight percent (98%) of our biennium to-date expenditures have fallen into one of those two categories. Our office relies heavily on our people and on the technology needed to help them do their jobs efficiently and effectively.

Salaries and wages:

Our agency consists of seven full time employees, including the Treasurer. We are not requesting any adjustments to our number of FTEs this biennium. The current fiscal staff is made up of two Cash Management and Distribution Analysts, two Treasury Operations Accountants, and a Director of Finance. As a testament to the complexity of the work we perform, all fiscal positions require a minimum of a four-year college degree and varying levels of work experience to be qualified. With the timing and complexity of everything we do in our office, we are very fortunate to have an excellent team with very little turnover.

OFFICE OF STATE TREASURER ORGANIZATIONAL CHART



With the duties required of our office, this level of staffing is vitally important not only to be able to perform these duties, but also to provide the essential checks and balances so that one person is not handling all stages of a process. This is true not only with daily depositing to and reconciling of the state’s checkbook, but also with our revenue distribution processes for all the funds we send out to the political subdivisions.

OPERATING EXPENSES:

Our operating expenses consist mainly of amounts paid for data processing and other services provided by ITD. To-date in the current biennium, nearly 85% of our operating expenses have consisted of data processing, desktop support, and telecommunication service charges from ITD. Our office has always been heavily reliant on this technology and improvements over the last few years have allowed for efficient and effective remote work which provides added flexibility to our team and increases efficiency and effectiveness of the whole office. One additional charge we would like to add to our operating line is an ongoing IT subscription for “JOT Forms”. Based on our research with ITD this looks like the most cost-effective approach for making forms filed by political subdivisions populate in a way that is more usable and will be more efficient for all parties. This cost is estimated to be just under \$90/month, and so we are requesting an additional \$2,160 for the biennium and roughly 50 hours of budgeted ITD time to implement that change.

COAL SEVERANCE SHORTFALL:

As a separate line in our budget, NDCC 57-62-02(5) requires the Office of State Treasurer to include in our biennial budget request funds for the purpose of reimbursing coal-producing counties for 30% of coal severance tax funds paid to non-coal-producing counties from coal-producing counties.

The 2021-23 amount was set at \$118,000. During the 2017 session, the statute pertaining to this payment was modified to reduce the annual amount paid. This phased-in change in statute is now fully implemented. Because of this, the total needed to pay the statutorily mandated amounts has been reduced significantly from previous biennium.

2021-2023 ONE-TIME FUNDING REQUESTS

Our office had no one-time funding requests for the 21-23 biennium. In House Bill No. 1015, the Legislative Assembly provided \$20 million of one-time funding from the state disaster relief fund (\$8.2 million) and the tax relief fund (\$11.8 million) for allocations to townships located in non-oil-producing counties. In House Bill No. 1395, the Legislative Assembly appropriated \$50.16 million of one-time funding from federal local fiscal recovery funds for distributions to political subdivisions. Our office also received a little over \$53 million from ARPA funds for distribution to local communities.

2023-2025 ONE-TIME FUNDING REQUESTS

The Office of State Treasurer is requesting one-time funding to contract with ITD to update our website to incorporate better login processes to improve the experience for our political subdivisions for uploading reports and completing required forms. In consultation with ITD we believe this will require approximately 265 hours of contracted work. As a result, we are requesting an additional \$27,825 for this biennium. We only requested \$21,000 from the Senate for our one-time expenses, which they approved. As we told them, we have been monitoring for any potential one-time funding needs related to costs associated with coding changes required by any statutory changes made by the 68th Legislative Assembly in respect to

distributions or other activities performed by our office, and rather than flood our budget with requests for everything that had been introduced, we wanted to wait until after crossover so we had a realistic request amount. Substantive changes to distribution formulas generally require some level of rewriting of our Tax Distribution and Outstanding Checks (TDOC) system to comply with the changes made to statute. These would include changes to the oil and gas gross production tax distribution, the highway tax distribution, and any of the other distributions we currently administer. This would also be true for any new distributions added to our statutory responsibilities. After crossover, we are looking for an additional \$6,825 to accommodate costs associated with bills that are alive.

AGENCY COLLECTIONS

Our office is responsible for the collection of various revenues from political subdivisions throughout the state. Mainly court fines and fees collected by the County Clerks of Court and Assessed Communication fees and Medical Center Levy tax revenues collected by County Auditors. Of these, a significant number are deposited directly into the general fund while others are deposited into special funds. Due to the nature of these collections, we do not anticipate any significant changes in revenue amounts for the coming biennium.

AGENCY REQUEST VS. EXECUTIVE BUDGET

The final executive recommended budget for the Office of State Treasurer includes the travel adjustment to our Operating Expense as outlined above but does not include the one-time ITD expenses or subscription costs, as we didn't have that information ready to present until the executive budget was presented. The executive budget also includes their proposed salary and benefit package changes along with a new rent schedule for capitol building users.

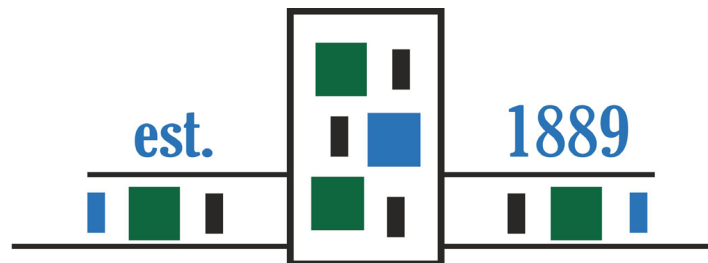
2023 LEGISLATIVE SESSION BILLS AFFECTING THE OFFICE OF STATE TREASURER

- HB 1085 – Biennial Report Requirement of Office of State Treasurer on website
- HB 1125– Amends NDCC 06-09.4-23 Authority to withhold school district state aid from current distributions received. Office of State Treasurer would need to update distribution system to withhold funds if applicable.
- SB 2059 – Abandoned Oil & Gas Well Plugging and Site Reclamation Fund increases fund balance from \$50 Million to \$100 Million.

2023 LEGISLATIVE SESSION BILLS THAT MAY AFFECT IT BUDGET *(NOT YET PASSED BOTH HOUSE & SENATE)*

- HB 1379 –Legacy Fund Earnings Transfers and Requirements
 - Legacy Projects Fund (Section 6)
 - Creates fund and money is spent pursuant to legislative appropriation for projects and infrastructure

- Creates reporting requirement of any political subdivision receiving funding to State Treasurer by May 31 of each EVEN numbered year as determined by Office of State Treasurer which would also require website updates.
- County & Township Bridge Fund (Section 8-New section to NDCC 54-27)
 - Creates new fund that consists of deposits made per legacy fund earnings as laid out in 21-10-13
- County & Township Bridge Fund (Section 11-Contigent Appropriation)
 - Appropriates money out of the County & Township Bridge Fund as created in section 8, the sum of \$100,000,000 or as much may be necessary to provide grants to eligible counties for county and township bridge repairs or replacement within the county for biennium beginning July 1, 2023 and ending June 30, 2025 which would be additional distribution performed by the Office of State Treasurer
- SB 2329 – Adds funding to Township Highway Aid Fund (Fund 44454-27-19.1) from Motor Vehicle Excise Tax and creates additional distribution to County Highway Aid Fund
 - Township Highway Aid Fund (Section 1 Amendment)
 - Adds money to be allocated from the motor vehicle excise tax fund under section 57-40.3-10 @ 12.5% rather than going to GF (GF would be 75%)
 - Adds additional time and reconciling of distribution
 - County Aid Highway Fund (Section 2- new section to 54-27)
 - Adds money to be allocated from the motor vehicle excise tax fund under section 57-40.3-10 @ 12.5% rather than going to 100% GF (GF would be 75%)
 - Adds new distribution to Office of State Treasurer



OFFICE OF STATE

TREASURER

NORTH DAKOTA

Thomas Beadle
State Treasurer

OST Overview



- **Statutory Responsibilities**

- Article V, Section 2, of the North Dakota Constitution created the Office of State Treasurer and provides that the powers and duties of the state treasurer shall be prescribed by law. Chapter 54-11 of the North Dakota Century Code prescribes the powers, duties, and responsibilities of the state treasurer. The mission of the Office of State Treasurer is *“to fulfill our constitutional and statutory responsibilities, to assure sound financial oversight and transparency of all public funds, and to promote prudent practices in government.”*

- **Five Key management functions for the state**

1. Cash Management
2. Accounting
3. Investments
4. Revenue Collection
5. Revenue Distribution

OST Overview



- Daily Cash Flow Management

Office of State Treasurer
Cash Flow Projection
March 6th - March 10th, 2023

03/10/23

	03/06/23 Monday	03/07/23 Tuesday	03/08/23 Wednesday	03/09/23 Thursday	03/10/23 Friday	Weekly Total
Beginning Ledger Balance	115,635,745.03	431,289,952.88	413,124,760.99	470,007,753.28	383,250,284.70	
Savings Account 4200130 -Force (-)	(13,067,951.95)	(8,120,701.47)	(18,762,092.16)	(91,444,324.52)	(13,930,435.17)	(145,325,505.27)
Sub-Total	102,567,793.08	423,169,251.41	394,362,668.83	378,563,428.76	369,319,849.53	1,667,982,991.61
Deposits Today (+)	337,581,112.80	33,957,914.58	43,650,921.07	4,691,531.94	3,539,870.21	423,421,350.60
Sub-Total	440,148,905.88	457,127,165.99	438,013,589.90	383,254,960.70	372,859,719.74	2,091,404,342.21
ACH Clearing Today (-)						
Peoplesoft ACH	(980,101.13)	(2,991,759.57)	(2,320,738.43)	(1,720,086.86)	(1,318,663.24)	(9,331,349.23)
DHS (AFDC, Child Support, Foster Care, Medicaid) ACH	(555,928.04)	(1,082,165.85)	(74,595,562.70)	(2,854,291.56)	(336,462.77)	(79,424,410.92)
Payroll ACH	-	-	-	-	(3,877,947.79)	(3,877,947.79)
Tax ACH	(1,783,622.68)	(1,214,699.21)	(3,355,439.31)	(1,685,639.81)	(1,334,774.44)	(9,374,175.45)
CTE ACH	(1,370,947.88)	(6,545,642.88)	(9,435,139.48)	(5,476,851.71)	(753,660.61)	(23,582,242.36)
ND HHS ACH	(963,653.41)	(2,991,846.40)	(1,298,794.53)	-	(616,284.12)	(5,870,578.46)
Checks Clearing Today (-)						
Peoplesoft Accounting Checks	(2,436,000.00)	(2,099,000.00)	(2,089,000.00)	(2,167,000.00)	(2,768,000.00)	(11,559,000.00)
Vendor Payroll Checks	-	-	-	-	-	-
DHS Medicaid Checks	(184,000.00)	(146,000.00)	(60,000.00)	(155,000.00)	(151,000.00)	(696,000.00)
Transfers In (+)						
Tax Department	-	24,000,000.00	-	-	-	24,000,000.00
DHS Wires	-	-	-	-	-	-
Oil Tax Resources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Transfers Out (-)						
Land Department	-	-	-	-	-	-
Attorney General - Lottery	-	-	-	-	-	-
State Fair	-	-	-	-	-	-
Ag Commodities CD	-	-	-	-	-	-
Retirement and Investment	-	-	-	-	-	-
Tobacco Settlement	-	-	-	-	-	-
Other	(371,000,000.00)	(370,000,000.00)	(330,550,887.07)	(326,158,960.57)	(330,196,033.95)	(1,727,905,881.59)
General Fund CD's						
Cash CD (+)	-	-	34,000,000.00	-	7,000,000.00	41,000,000.00
Purchase CD (-)	(8,000,000.00)	(44,000,000.00)	-	-	-	(52,000,000.00)
Estimated Available Balance	52,874,652.94	50,056,052.08	48,308,028.38	43,037,130.19	38,506,892.82	232,782,756.41
Check & Ach Registers (Previous Day):						
Peoplesoft Accounting	7,159,697.65	18,291,122.41	21,133,849.28	16,157,608.47	8,641,230.46	71,383,508.27
Payroll	-	-	-	-	-	-
DHS - AFDC	-	-	-	-	-	-
DHS - SDU	705,624.92	579,491.36	1,105,118.82	1,271,681.79	380,466.60	4,042,383.49
DHS - Foster Care	959.56	-	-	-	2,532,730.75	2,533,690.31
DHS - Medicaid	-	-	74,063,045.45	-	-	74,063,045.45
Total	7,866,282.13	18,870,613.77	96,302,013.55	17,429,290.26	11,554,427.81	152,022,627.52


\$200 M-CARES
\$20M - DOT
\$75M - TDOC (03/21)
\$25M - Medical
\$1.5M - Payroll
\$6M - PC
\$1,550,887.07 - 54772409
\$1,145,146.88 - 54775321

OST Overview



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Daily Fund Balances



DAILY OPERATING BALANCE

March 10, 2023

\$4,546,635,043.92

* Balance reflects previous business day

[Operating Balance Data](#)

Fund	Fund Description	Beginning Balance	Receipts	Disbursements	Ending Balance
001	General Fund	1,362,577,493.44	33,838,120.04	(55,221,321.20)	1,341,194,292.28
002	FEDERAL	583,466,736.30	23,544,426.69	(13,010,165.84)	594,000,997.15
200	Highway Fund	319,008,751.33	3,514,815.98	(3,039,549.75)	319,484,017.56
201	Motor Vehicle Fund	5,191,592.98	3,050.62	(46,845.76)	5,147,797.84
202	Abandoned Vehicle Fund	220,355.84	0.00	0.00	220,355.84
204	Atty Gen Asset Forfeiture Fund	696,933.91	0.00	0.00	696,933.91
205	Motorcycle Safety Fund	359,489.12	0.00	0.00	359,489.12
206	State Lands Maintenance Fund	278,177.00	7,403.79	(12,470.01)	273,110.78
207	State Investment Board	159,241.01	0.00	(82,758.26)	76,482.75
208	Soybean Council Fund	5,551,259.11	80,188.53	(40,438.98)	5,591,008.66
209	Unsatisfied Judgement Fund	944,811.92	0.00	0.00	944,811.92
210	State Bonding Fund	103,882.35	692.31	0.00	104,574.66
211	State Fire & Tornado Fund	353,850.07	92,200.60	(3,562.02)	442,488.65
212	Statewide Conference Fund	(121,345.31)	0.00	(1,935.00)	(123,280.31)
213	Workforce Safety and Insurance	96,567.59	14,525.33	(60,101.86)	50,991.06
215	Children's Serv Coord Committe	1,964.94	0.00	0.00	1,964.94
216	Non-Game Wildlife Fund	144,434.07	0.00	0.00	144,434.07
217	Dealer Enforcement Fund	264,577.77	0.00	(16,821.54)	247,756.23
219	Milk Marketing Fund	148,258.77	0.00	(1,086.82)	147,171.95
220	Potato Council Fund	158,451.67	0.00	0.00	158,451.67
221	Turkey Fund	18,242.98	0.00	0.00	18,242.98
222	Game & Fish Department Fund	1,658,725.84	0.00	(41,352.88)	1,617,372.96
223	Honey Promotion Fund	398,493.33	120.00	0.00	398,613.33
224	Ag Products Utilization Fund	3,272,148.95	0.00	0.00	3,272,148.95
225	State Infrastructure Bank	3,225,697.26	0.00	0.00	3,225,697.26
226	Agronomy Seed Farm Fund	1,236,117.65	0.00	0.00	1,236,117.65
227	Dry Pea & Lentil Council Fund	826,987.61	0.00	0.00	826,987.61
228	Wheat Commission Fund	2,706,073.74	0.00	(9,473.54)	2,696,600.20
229	Beef Commission Fund	445,726.74	54,784.03	0.00	500,510.77
230	Special Road Fund	1,576,694.33	0.00	0.00	1,576,694.33
231	Barley Growers Checkoff Fund	632,694.81	0.00	(5,958.24)	626,736.57
232	Public Transportation Fund	4,126,716.57	0.00	0.00	4,126,716.57
233	Petroleum Rel. Comp. Fund	470,528.93	8,379.36	(12,032.89)	466,875.40
234	Fossil Excavation & Restoratio	16,340.48	3,857.80	(4,412.57)	15,785.71
235	Displaced Homemakers Fund	214,477.95	1,650.00	(1,440.87)	214,687.08
236	State Waterbank Fund	15,028.47	0.00	0.00	15,028.47
237	Indigent Civil Legal Svcs Fund	66,435.03	7,125.00	0.00	73,560.03
238	Energy Development Impact Fund	374,716.52	0.00	(43.58)	374,672.94
239	Insurance Regulatory Trust	1,328,069.06	286,885.00	0.00	1,614,954.06
240	Insurance Tax Distribution	196,819.80	0.00	0.00	196,819.80
241	Edible Bean Fund	636,249.12	0.00	(99,000.00)	537,249.12
242	Financial Instit. Regulatory	6,732,398.70	8,600.00	(5,586.99)	6,735,411.71
243	Renewable Energy Develop. Fund	6,079,228.20	0.00	0.00	6,079,228.20
244	Investor Ed & Technology Fund	1,356,976.94	0.00	0.00	1,356,976.94

OST Overview



- Investments



STATE TREASURER
Thomas Beadle

North Dakota State Treasurer * Certificates of Deposit
Report Period: 03/01/2023 thru 03/31/2023

Investment Group Label: Corn Utilization Council

Maturity Date	Purchase Date	Financial Institution	CD Number	Rate	Purchase Amount	Term in Days
03/28/2023	03/28/2022	Dakota Community-Mandan, Mandan	1000330369	0.450%	\$ 100,000.00	365
04/27/2023	04/27/2022	Dakota Heritage Bank of North Dakota, Harvey	22839	0.300%	\$ 249,000.00	365
04/27/2023	04/27/2022	Union State Bank- Hazen, Hazen	39242	0.600%	\$ 249,000.00	365
04/27/2023	04/27/2022	Hometown Community Bank, Page	1102270	0.400%	\$ 249,000.00	365
05/18/2023	05/18/2022	Dakota Community-Mandan, Mandan	1000330735	0.500%	\$ 99,000.00	365
07/26/2023	07/26/2022	Starion Bank, Bismarck	80032926	1.600%	\$ 200,000.00	365
08/22/2023	08/22/2022	First State Bank, Grand Forks	453803	1.500%	\$ 200,000.00	365
08/23/2023	08/23/2022	Plains Commerce Bank, Bismarck	1200011377	2.000%	\$ 249,000.00	365
09/28/2023	09/28/2022	Stock Growers Bank, Napoleon	17892	2.500%	\$ 200,000.00	365
10/27/2023	10/27/2022	Bravera Bank, Bismarck	130009056	2.500%	\$ 249,000.00	365
12/28/2023	12/28/2022	North Star Community Credit , Maddock	11672	3.850%	\$ 100,000.00	365
01/27/2024	01/27/2023	Aspire Financial, Fargo	7-30503	4.050%	\$ 249,000.00	365
01/27/2024	01/27/2023	State Bank & Trust- Kenmare, Kenmare	38679	3.800%	\$ 247,000.00	365
01/28/2024	01/28/2023	First Community Credit Union, Jamestown	91235-24	3.750%	\$ 249,000.00	365
Investment Group Total:					\$ 2,889,000.00	

OST Overview



- Distributions we make to Political Subdivisions

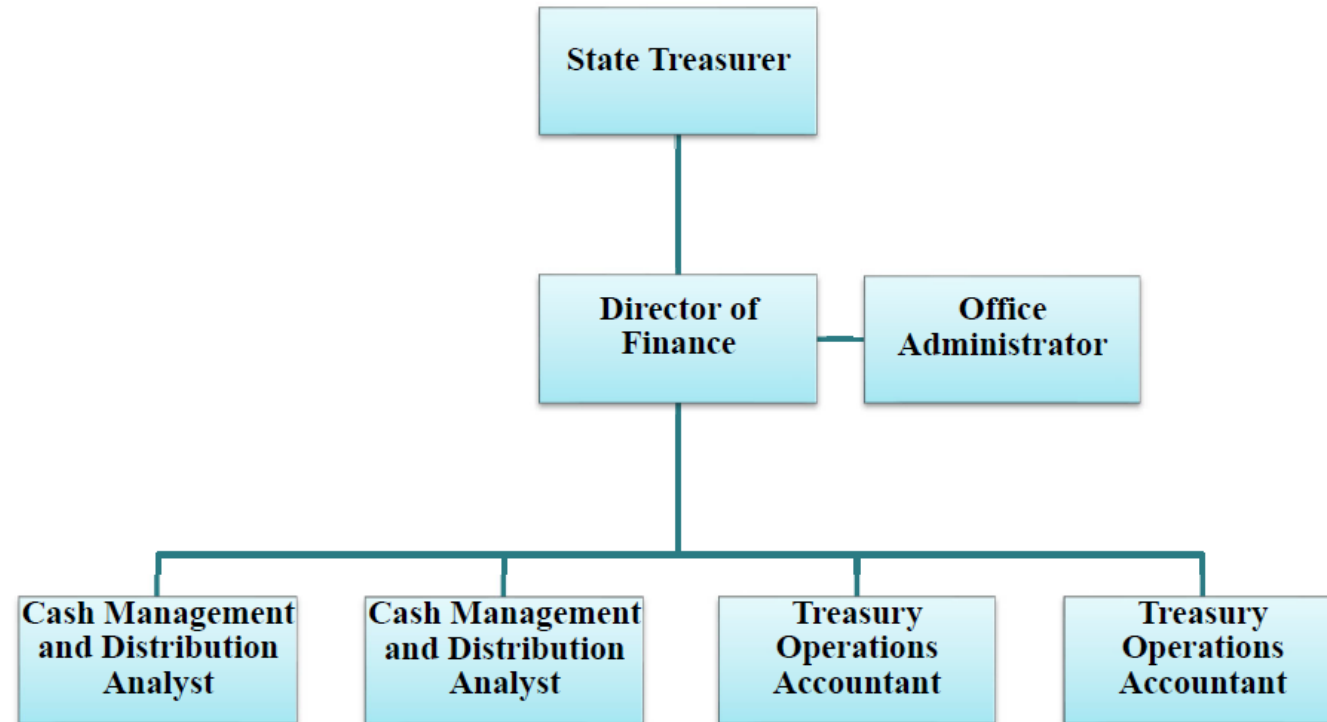
Airline	Disabled Veterans Homestead Tax Credit	Prepaid Wireless E-911 Fee
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Coal Conversion Shortfall	Mineral Management	Township Road & Bridge Fund
Coal Severance Tax	Motorboat	Tribal Cigarette Tax
Coal Severance Shortfall - Tipple Share Reimbursement	Municipal Infrastructure	Tribal Highway Fund
Coronavirus Relief Funds	New Jobs Program	Tribal Sales Tax
County & Township Infrastructure	Oil and Gas Gross Production Tax	
County Aid	Oil Extraction/Gross Production Tax-Tribal	

<https://www.treasurer.nd.gov/distribution-dashboard>

OST Overview



OFFICE OF STATE TREASURER ORGANIZATIONAL CHART



OST Overview



- Audit Results
 - Our most recent agency audit was completed in May of 2022 for the biennium ended June of 2021. We had no audit findings.

The screenshot shows a report titled "REPORT HIGHLIGHTS Office of the State Treasurer". The header includes the "ND" logo and "Office of the State Auditor" on the left, and "Office of the State Treasurer" and "Audit Report for the Biennium Ended June 30, 2021 | Client Code 120" on the right. The main content is divided into two sections: "WHAT WE LOOKED AT AND WHY" and "WHAT WE FOUND".

WHAT WE LOOKED AT AND WHY

North Dakota state law (N.D.C.C. 54-10-01) requires that our team perform an audit once every two years. This includes a review of financial transactions and determining that expenditures are correct. Our audits report any errors, internal control weaknesses or potential violations of law identified in significant or high-risk functions of the agency.

WHAT WE FOUND

This audit did not identify any areas of concern.

<https://www.nd.gov/auditor/2021-treasurer-office-state>

OST Overview



- Biennium Accomplishments
 - Tax Distributions – Updated TDOC system
 - “Prairie Dog” Funds
 - Website Upgrades
 - Process Updates
- Agency Challenges
 - IT Costs

Biennium: 2019 - 2021 City: Bismarck Compiled By: Tyson Lund Submitted By: Tyson Lund on 11/23/2022 Contact Email: tylund@bismarcknd.gov Contact Phone: 701-355-1603 Approved: 11/25/2022
Water treatment plants Type of Project: Replace Existing Infrastructure Filters 1-6 rehabilitation of cast iron piping to address deferred maintenance and increase capacity. This project is in the planning Description of stages and anticipated to be complete late fall 2023 or spring 2024. Replace and improve high lift 5 pump. Replacing old pump project: and switch gear with a new pump and variable-frequency drive to adjust flows. Pump has been received but not installed. Anticipated to be complete April 2023. TOTAL cost of project: \$4,016,730.00 Infrastructure Funds used for project: \$67,394.97 Other funding sources used: Water utility revenues will be used to cover the remaining project costs. \$67,394.97 in Municipal Infrastructure funds spent to date with an additional \$1,675,605.03 in Municipal Infrastructure funds anticipated to be spent on these projects in the future. Project dates: 03/01/2022 - 04/01/2024
Water storage systems, including dams, water tanks, and water towers Type of Project: Replace Existing Infrastructure Description of project: Inspect and rehabilitate the 43rd Ave water tower. This structure has been in service for 30 years and is the first time it has undergone a full rehabilitation. TOTAL cost of project: \$1,375,000.00 Infrastructure Funds used for project: \$635,025.00 Other funding sources used: Water utility revenues will be used to cover the remaining project costs. \$635,025 in Municipal Infrastructure funds spent to date with and additional \$121,975 in Municipal Infrastructure funds anticipated to be spent on the project for the final payment. Project dates: 07/01/2022 - 11/01/2022
Reserved for future infrastructure project Infrastructure Funds reserved for future infrastructure project: \$1,797,580.03

OST Overview



- Biennium Goals
 - **Improve Communication** - with agencies and the general public
 - **Streamline Processes** – create efficient portals to assist political subdivisions
 - **Promote Financial Literacy** – educate on state finances and use megaphone to partner with agencies like DPI and BND to share best practices with citizens

OST Overview



- Federal SFRF Funds and other Federal Funding
 - During the 21-23 regular and special sessions, we were appropriated \$73,174,975 in one-time funding.
 - \$53,174,975 was Federal Local Fiscal Recovery Funds
 - \$11,800,000 was for the tax relief fund
 - \$8,200,000 was state disaster relief fund
 - These funds have been allocated and are out the door, and since we were just a pass-through entity we will not have any turnback or carry over of these funds.

OST Overview



- Budget Comparison
 - Our budget consists of two major items – Salaries and IT
 - 7 FTEs has been consistent for a few biennium now
 - Increase from Base Budget comes from:
 - Cost to continue salaries & insurance
 - Adding back Travel that was removed during COVID
 - Capitol rent model
 - One-time IT charges

OST Overview



- Requested IT Costs
 - Addition to our operating line of \$2,160 for ongoing charges to cover vendor cost for utilizing fillable forms
 - 80 hours of ITD time to reprogram our online reporting and documentation system
 - 70 hours of ITD time to reprogram our TDOC system to more smoothly handle recurring distributions
 - 50 hours of ITD time to upgrade our online platform to incorporate the fillable forms software added above
 - 65 hours of ITD time to implement changes to formulas being passed this session*

**This was not requested when we presented to the Senate because there were dozens of bills that would have added to this cost that we didn't expect to survive. We informed them that we were monitoring numerous bills that would affect our office and that we would inform House committee after crossover with a more accurate number.*

OST Overview



- Tracked Legislation that has some budget impact for IT costs
 - HB 1085
 - HB 1125
 - HB 1379
 - SB 2059
 - SB 2329

OST Overview



- Agency Collections

- Our office is responsible for the collection of various revenues from political subdivisions throughout the state. Mainly court fines and fees collected by the County Clerks of Court and Assessed Communication fees and Medical Center Levy tax revenues collected by County Auditors. Of these, a significant number are deposited directly into the general fund while others are deposited into special funds. Due to the nature of these collections, we do not anticipate any significant changes in revenue amounts for the coming biennium.

Questions?



Thomas Beadle, State Treasurer – tbeadle@nd.gov

Office of the State Treasurer
State Capitol Building, Third Floor
600 E Boulevard Avenue, Dept 120
Bismarck, ND 58505-0600

treasurer@nd.gov | 701-328-2643

**State Treasurer - Budget No. 120
Senate Bill No. 2005
Base Level Funding Changes**

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	7.00	\$1,705,918	\$0	\$1,705,918	7.00	\$1,705,918	\$0	\$1,705,918	0.00	\$0	\$0	\$0
2023-25 Ongoing Funding Changes												
Cost to continue salary increases		\$11,768		\$11,768		\$11,768		\$11,768				\$0
Salary increase		97,394		97,394		72,932		72,932		(\$24,462)		(24,462)
Health insurance increase		36,008		36,008		36,836		36,836		828		828
Transfers \$25 from salaries to operating expenses				0				0				0
Adds funding for Information Technology Department rate increases		10,802		10,802		10,802		10,802				0
Adds funding for travel for professional development		12,000		12,000		12,000		12,000				0
Adds funding for a new Capitol space rent model		82,936		82,936		82,936		82,936				0
Adds funding for an electronic form subscription				0		2,160		2,160		2,160		2,160
Total ongoing funding changes	0.00	\$250,908	\$0	\$250,908	0.00	\$229,434	\$0	\$229,434	0.00	(\$21,474)	\$0	(\$21,474)
One-Time Funding Items												
Adds one-time funding for IT programming costs				\$0		\$21,000		\$21,000		\$21,000		21,000
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$21,000	\$0	\$21,000	0.00	\$21,000	\$0	\$21,000
Total Changes to Base Level Funding	0.00	\$250,908	\$0	\$250,908	0.00	\$250,434	\$0	\$250,434	0.00	(\$474)	\$0	(\$474)
2023-25 Total Funding	7.00	\$1,956,826	\$0	\$1,956,826	7.00	\$1,956,352	\$0	\$1,956,352	0.00	(\$474)	\$0	(\$474)
<i>Federal funds included in other funds</i>			\$0				\$0				\$0	
<i>Total ongoing changes as a percentage of base level</i>	0.0%	14.7%		14.7%	0.0%	13.4%		13.4%				
<i>Total changes as a percentage of base level</i>	0.0%	14.7%		14.7%	0.0%	14.7%		14.7%				

Other Sections in State Treasurer - Budget No. 120

Salary of State Treasurer

Executive Budget Recommendation
Section 3 would provide the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$114,486 to \$121,355 (6 percent) effective July 1, 2023, and to \$126,209 (4 percent) effective July 1, 2024.

Senate Version
Section 3 provides the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$114,486 to \$119,065 (4 percent) effective July 1, 2023, and to \$123,828 (4 percent) effective July 1, 2024.

23.0259.02002
Title.

Prepared by the Legislative Council staff for
House Appropriations - Government
Operations Division Committee
March 27, 2023

Fiscal No. 1

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2005

Page 1, replace lines 12 through 16 with:

"Salaries and wages	\$1,430,495	\$145,203	\$1,575,698
Operating expenses	157,423	135,748	293,171
Coal severance payments	<u>118,000</u>	<u>0</u>	<u>118,000</u>
Total general fund	\$1,705,918	\$280,951	\$1,986,869
Full-time equivalent positions	7.00	0.00	7.00"

Page 1, remove lines 22 through 24

Page 2, replace lines 1 through 2 with:

"Township allocations	\$20,000,000	\$0
Distributions to political subdivisions	50,160,000	0
Supplemental distributions to political subdivisions	3,014,975	0
Information technology costs	<u>0</u>	<u>27,825</u>
Total all funds	\$73,174,975	\$27,825
Less estimated income	<u>73,174,975</u>	<u>0</u>
Total general fund	\$0	\$27,825"

Page 2, line 3, replace "entities" with "entity's"

Page 2, line 10, replace "nineteen" with "thirty"

Page 2, line 11, remove "sixty-five"

Page 2, line 12, replace "twenty-three" with "thirty-five"

Page 2, line 12, replace "eight" with "two"

Page 2, line 12, remove "twenty-eight"

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2005 - State Treasurer - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	\$1,430,495	\$1,552,006	\$23,692	\$1,575,698
Operating expenses	157,423	286,346	6,825	293,171
Coal severance payments	<u>118,000</u>	<u>118,000</u>		<u>118,000</u>
Total all funds	\$1,705,918	\$1,956,352	\$30,517	\$1,986,869
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General fund	\$1,705,918	\$1,956,352	\$30,517	\$1,986,869
FTE	7.00	7.00	0.00	7.00

Department 120 - State Treasurer - Detail of House Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Adds Salary Equity Funding for Elected Officials ²	Removes Salary Funding for a Funding Pool ³	Increases One-Time Funding for IT Costs ⁴	Total House Changes
Salaries and wages	\$23,634	\$21,148	(\$21,090)		\$23,692
Operating expenses				\$6,825	6,825
Coal severance payments					
Total all funds	\$23,634	\$21,148	(\$21,090)	\$6,825	\$30,517
Less estimated income	0	0	0	0	0
General fund	\$23,634	\$21,148	(\$21,090)	\$6,825	\$30,517
FTE	0.00	0.00	0.00	0.00	0.00

¹ Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$24,462	\$0	\$24,462
Health insurance adjustment	(828)	0	(828)
Total	\$23,634	\$0	\$23,634

The Senate provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

² Funding is added for providing a salary equity increase for the State Treasurer. The State Treasurer's annual salary is increased from the current level of \$114,486 to \$130,000 (13.6 percent) effective July 1, 2023. This funding is in addition to the funding added for the general 6 percent July 1, 2023, increase for state employees. The Senate did not include a salary equity increase for the State Treasurer.

³ Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
New FTE positions	\$0	\$0	\$0
Vacant FTE positions	(21,090)	0	(21,090)
Total	(\$21,090)	\$0	(\$21,090)

The Senate did not remove funding for a new a vacant FTE funding pool.

⁴ One-time funding from the general fund is increased by \$6,825 to provide total funding of \$27,825 for information technology programming costs. The Senate provided \$21,000 of one-time funding for information technology programming costs.

The section is changed to provide the statutory changes necessary to increase the State Treasurer's annual salary to \$130,000 (13.6 percent) effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024. The Senate provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

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Department 120 - State Treasurer - Detail of House Changes

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FTE	0.00	0.00	0.00	0.00	0.00

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