

## JOURNAL OF THE SENATE

## Fifty-seventh Legislative Assembly

\* \* \* \* \*

Bismarck, April 24, 2001

The Senate convened at 8:30 a.m., with President Dalrymple presiding.

The prayer was offered by Senator Tomac.

The roll was called and all members were present except Senators Solberg and Wanzek.

A quorum was declared by the President.

## CONSIDERATION OF AMENDMENTS

**HB 1013, as engrossed: SEN. HOLMBERG (Appropriations Committee) MOVED** that the amendments on SJ pages 1479-1485 be adopted and then be placed on the Fourteenth order with **DO PASS**, which motion prevailed.

## SECOND READING OF HOUSE BILL

**HB 1013:** A BILL for an Act to provide an appropriation for defraying the expenses of the department of public instruction, the school for the deaf, the school for the blind, and the state library; to provide statements of legislative intent; and to amend and reenact subsection 1 of section 15-40.1-16 or in the alternative to amend and reenact subsection 1 of section 15.1-27-26, and section 15.1-02-02 of the North Dakota Century Code, relating to supplemental transportation payments and the salary of the superintendent of public instruction.

## ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 47 YEAS, 0 NAYS, 0 EXCUSED, 2 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Christenson; Christmann; Cook; Dever; Erbele; Espegard; Every; Fischer; Flakoll; Freborg; Grindberg; Heitkamp; Holmberg; Kelsh; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Kroepflin; Lee; Lindaas; Lyson; Mathern, D.; Mathern, T.; Mutch; Nelson, C.; Nelson, G.; Nething; Nichols; O'Connell; Polovitz; Robinson; Schobinger; Stenehjem; Tallackson; Thane; Tollefson; Tomac; Traynor; Trenbeath; Urlacher; Wardner; Watne

**ABSENT AND NOT VOTING:** Solberg; Wanzek

Engrossed HB 1013, as amended, passed and the title was agreed to.

\*\*\*\*\*

## MOTION

**SEN. CHRISTMANN MOVED** that the President appoint Sen. Bowman to replace Sen. Solberg as Chairman and Sen. Thane to replace Sen. Bowman on the Conference Committee on HB 1012, which motion prevailed.

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

**MR. SPEAKER:** The Senate has amended and subsequently passed: HB 1013.

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

**MR. SPEAKER:** The President has appointed Sen. Bowman to replace Sen. Solberg on the Conference Committee on HB 1012.

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

**MR. SPEAKER:** The President has appointed Sen. Thane to replace Sen. Bowman on the Conference Committee on HB 1012.

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

**MR. SPEAKER:** The President has signed and your signature is respectfully requested on: SB 2012, SB 2017, SB 2166, SB 2167, SB 2276.

**MESSAGE TO THE SENATE FROM THE HOUSE (MARK L. JOHNSON, CHIEF CLERK)**  
**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: SB 2022, SB 2002.

**MESSAGE TO THE SENATE FROM THE HOUSE (MARK L. JOHNSON, CHIEF CLERK)**  
**MR. PRESIDENT:** The House does not concur in the Senate amendments to HB 1015 and the Speaker has appointed as a conference committee to act with a like committee from the Senate on:

**HB 1015:** Reps. Timm; Belter; Boucher

**MESSAGE TO THE SENATE FROM THE HOUSE (MARK L. JOHNSON, CHIEF CLERK)**  
**MR. PRESIDENT:** The Speaker has appointed as a new conference committee to act with a like committee from the Senate on:

**HB 1045:** Reps. Hawken; Nelson; Hunskor

**MESSAGE TO THE SENATE FROM THE HOUSE (MARK L. JOHNSON, CHIEF CLERK)**  
**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: HB 1200, HB 1386.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**  
**MR. SPEAKER:** The President has signed and your signature is respectfully requested on: SB 2002, SB 2022.

#### MOTION

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

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

#### MOTION

**SEN. CHRISTMANN MOVED** that HB 1479 be moved to the top of the calendar, which motion prevailed.

#### REPORT OF STANDING COMMITTEE

**HB 1479: Transportation Committee (Sen. Stenehjem, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1479 was placed on the Sixth order on the calendar.

Page 1, line 22, remove ""Designated data base provider" means a person representing all the political"

Page 1, remove line 23

Page 2, remove lines 1 and 2

Page 2, line 3, remove "4."

Page 2, line 4, replace "5" with "4"

Page 2, line 6, replace "6" with "5"

Page 2, line 9, replace "7" with "6"

Page 2, line 12, replace "8" with "7"

Page 2, line 16, replace "9" with "8"

Page 2, line 22, replace "10" with "9"

Page 2, line 28, replace "11" with "10"

Page 3, line 1, replace "12" with "11"

Page 4, line 23, remove "The public service commission may provide an electronic data base to a home"

Page 4, remove lines 24 through 31

Page 5, remove lines 1 through 21

Page 5, line 22, replace "base, a" with "A"

Page 5, line 24, replace "8" with "4"

Page 6, line 2, replace "8" with "4"

Page 6, remove lines 13 through 19

Page 6, line 20, replace "6" with "2"

Page 6, line 21, replace "8" with "4"

Page 6, line 29, replace "7" with "3" and replace "8" with "4"

Page 7, line 6, replace "8" with "4"

Page 7, line 20, replace "4" with "1"

Page 7, line 29, replace "9" with "5"

Page 8, line 3, replace "10" with "6"

Page 8, line 10, replace "11" with "7"

Page 8, after line 17, insert:

**"57-34.1-05. Customer's procedures and remedies for correcting taxes and fees.**

1. If a customer believes that an amount of tax, assignment of place of primary use, or taxing jurisdiction included on a billing is erroneous, the customer shall notify the home service provider in writing. The customer shall include in this written notification the street address for the customer's place of primary use, the account name and number for which the customer seeks a correction of the tax assignment, a description of the error asserted by the customer, and any other information the home service provider reasonably requires to process the request. Within sixty days of receiving a notice, the home service provider shall review its records and the electronic data base or enhanced zip code to determine the customer's taxing jurisdiction. If as a result of this review the home service provider finds that the amount of tax, assignment of place of primary use, or taxing jurisdiction is in error, the home service provider shall correct the error and refund or credit the amount of tax erroneously collected from the customer for a period of up to two years. If this review shows that the amount of tax, assignment of place of primary use, or taxing jurisdiction is correct, the home service provider shall provide a written explanation to the customer.
2. If the customer is dissatisfied with the response of the home service provider under this section, the customer may seek correction or refund from the taxing jurisdiction affected.
3. The procedure in this section is the sole and exclusive remedy available to customers seeking correction of assignment of place of primary use, taxing jurisdiction, a refund, or other compensation for taxes or fees erroneously collected by the home service provider."

Page 8, line 18, replace "**57-34.1-05**" with "**57-34.1-06**"

Page 8, line 24, after "on" insert "or after"

Renumber accordingly

**CONSIDERATION OF AMENDMENTS**

**HB 1479: SEN. TRENBEATH (Transportation Committee) MOVED** that the amendments be adopted and then be placed on the Fourteenth order with **DO PASS**, which motion prevailed.

**MOTION**

**SEN. CHRISTMANN MOVED** that the Senate stand at ease while computer problems were fixed, which motion prevailed.

**MOTION**

**SEN. CHRISTMANN MOVED** that the Senate be on the Seventh order because the amendments to HB 1479 were not available on the computer system, which motion prevailed.

**REPORT OF CONFERENCE COMMITTEE**

**SB 2004, as engrossed:** Your conference committee (Sens. Andrist, Grindberg, Robinson and Reps. Kliniske, Kerzman, Kempenich) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1201-1204, adopt amendments as follows, and place SB 2004 on the Seventh order:

That the House recede from its amendments as printed on pages 1201-1204 of the Senate Journal and pages 1335-1337 of the House Journal and that Engrossed Senate Bill No. 2004 be amended as follows:

Page 1, line 6, remove "to repeal section 19-02.1-25 of the North Dakota Century Code, relating"

Page 1, line 7, replace "country of origin labels" with "provide an exception to section 54-44.1-06 of the North Dakota Century Code, relating to the preparation of the state department of health appropriations bill for the 2003-05 biennium" and replace "a statement" with "statements"

Page 1, line 15, replace "29,020,730" with "28,636,615"

Page 1, line 16, replace "17,182,035" with "15,647,794"

Page 1, line 17, replace "1,454,626" with "1,265,451"

Page 1, line 19, replace "24,178,552" with "23,387,670"

Page 1, after line 19, insert:

"Centers for disease control tobacco funds 2,369,934"

Page 1, line 20, replace "7,069,934" with "4,700,000"

Page 1, line 21, replace "17,516,870" with "17,000,000"

Page 1, line 22, replace "96,464,451" with "93,049,168"

Page 1, line 23, replace "81,518,714" with "78,236,232"

Page 1, line 24, replace "14,945,737" with "14,812,936"

Page 2, line 25, replace "\$4,815,000" with "\$4,700,000"

Page 2, after line 31, insert:

**"SECTION 9. GRANTS - NORTH DAKOTA STOCKMEN'S ASSOCIATION - REFUND FUND TRANSFER.** The grants line item in section 1 of this Act includes \$50,000 from the attorney general refund fund from lawsuit settlement collections, which the state department of health shall distribute to the North Dakota stockmen's association for the purpose of developing and beginning to implement a plan to reduce the potential environmental impact from livestock operations, for the biennium beginning July 1, 2001, and ending June 30, 2003. These funds, and funds of the North Dakota stockmen's association, must be used as matching funds for federal environmental protection agency 319 funds. The funds from the attorney general refund fund must be transferred to the state department of health operating fund as requested by the state health officer."

Page 6, after line 14, insert:

**"SECTION 13. STATE DEPARTMENT OF HEALTH APPROPRIATIONS BILL - EXECUTIVE BUDGET RECOMMENDATION.** Notwithstanding North Dakota Century Code section 54-44.1-06, the office of the budget shall submit for introduction to the fifty-eighth legislative assembly the state department of health appropriations bill for the

2003-05 biennium reflecting the same funding levels by line item and employee levels authorized by the fifty-seventh legislative assembly for the 2001-03 biennium. Any budget changes recommended by the office of the budget for the state department of health for the 2003-05 biennium must be presented to the appropriations committees of the fifty-eighth legislative assembly as a recommendation for change to the bill as introduced."

Page 6, replace lines 23 and 24 with:

**"SECTION 16. LEGISLATIVE INTENT - CENTERS FOR DISEASE CONTROL AND PREVENTION FUNDS.** It is the intent of the legislative assembly that the state department of health use the grant funds from the centers for disease control and prevention, as allowed, to fund tobacco counter-marketing and public education campaigns and local tobacco prevention coordinators and that local public health administrators supervise the local tobacco prevention coordinators. Funds may not be used for lobbying purposes."

ReNUMBER accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2004 - State Department of Health - Conference Committee Action**

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages	\$28,937,730	\$29,020,730	(\$384,115)	\$28,636,615	\$28,496,668	\$139,947
Operating expenses	17,165,035	17,182,035	(1,534,241)	15,647,794	15,647,794	
Equipment	1,454,626	1,454,626	(189,175)	1,265,451	1,265,451	
Capital improvements	41,704	41,704		41,704	41,704	
Grants	31,433,486	24,178,552	(790,882)	23,387,670	23,352,670	35,000
Women, infants, and children food payments	17,516,870	17,516,870	(516,870)	17,000,000	17,000,000	
Tobacco prevention and control		7,069,934	(2,369,934)	4,700,000	4,700,000	
Centers for Disease Control and Prevention tobacco funds			2,369,934	2,369,934	2,369,934	
Total all funds	\$96,549,451	\$96,464,451	(\$3,415,283)	\$93,049,168	\$92,874,221	\$174,947
Less estimated income	<u>81,503,958</u>	<u>81,518,714</u>	<u>(3,282,482)</u>	<u>78,236,232</u>	<u>78,118,102</u>	<u>118,130</u>
General fund	\$15,045,493	\$14,945,737	(\$132,801)	\$14,812,936	\$14,756,119	\$56,817
FTE	316.00	317.00	(1.00)	316.00	315.00	1.00

**Dept. 301 - State Department of Health - Detail of Conference Committee Changes**

	REDUCE SALARIES IN ADMINISTRATIVE SERVICES	REDUCE OPERATING IN ADMINISTRATIVE SERVICES	REMOVE ONE ADMINISTRATIVE ASSISTANT POSITION <sup>1</sup>	REDUCE OPERATING IN HEALTH RESOURCES	REDUCE SALARIES IN PREVENTIVE HEALTH	REDUCE OPERATING IN PREVENTIVE HEALTH
Salaries and wages	(\$7,000)				(\$10,000)	
Operating expenses		(\$40,000)		(\$110,000)		(\$450,000)
Equipment						
Capital improvements						
Grants						
Women, infants, and children food payments						
Tobacco prevention and control						
Centers for Disease Control and Prevention tobacco funds						
Total all funds	(\$7,000)	(\$40,000)	\$0	(\$110,000)	(\$10,000)	(\$450,000)
Less estimated income		<u>(32,000)</u>		<u>(98,000)</u>		<u>(410,000)</u>
General fund	(\$7,000)	(\$8,000)	(\$0)	(\$12,000)	(\$10,000)	(\$40,000)
FTE	0.00	0.00	(1.00)	0.00	0.00	0.00
	REDUCE GRANTS LINE ITEM IN PREVENTIVE HEALTH	REDUCE WOMEN, INFANTS, AND CHILDREN FOOD PAYMENTS LINE ITEM	FUNDING SOURCE CHANGE <sup>2</sup>	REDUCE OPERATING IN ENVIRONMENTAL HEALTH	REDUCE GRANTS LINE ITEM IN ENVIRONMENTAL HEALTH	REDUCE FUNDING FOR COMPUTER COST
Salaries and wages						
Operating expenses				(\$275,000)		
Equipment						(\$101,100)
Capital improvements						
Grants	(\$1,012,194)				(\$850,000)	
Women, infants, and children food payments		(\$516,870)				
Tobacco prevention and control						
Centers for Disease Control and Prevention						

tobacco funds						
Total all funds	(\$1,012,194)	(\$516,870)	\$0	(\$275,000)	(\$850,000)	(\$101,100)
Less estimated income	<u>(1,012,194)</u>	<u>(516,870)</u>	<u>33,252</u>	<u>(250,000)</u>	<u>(850,000)</u>	<u>(78,795)</u>
General fund	\$0	\$0	(\$33,252)	(\$25,000)	\$0	(\$22,305)
FTE	0.00	0.00	0.00	0.00	0.00	0.00
	REDUCE FUNDING FOR THE NUMBER OF COMPUTERS <sup>3</sup>	REDUCE FUNDING FOR EQUIPMENT	INCREASE FUNDING FOR GRANTS <sup>4</sup>	REMOVE FUNDING FOR FOOD AND FORMULA RELATING TO PKU PROGRAM <sup>5</sup>	ADD FUNDING FOR PUBLIC HEALTH UNIT GRANTS <sup>6</sup>	FEDERAL GRANT LINE ITEM ADJUSTMENT <sup>7</sup>
Salaries and wages						(\$367,115)
Operating expenses				(\$133,997)		(525,244)
Equipment	(\$50,500)	(\$25,000)				(12,575)
Capital improvements						
Grants			\$120,000	(80,000)	\$76,378	904,934
Women, infants, and children food payments						
Tobacco prevention and control						
Centers for Disease Control and Prevention tobacco funds						
Total all funds	(\$50,500)	(\$25,000)	\$120,000	(\$213,997)	\$76,378	\$0
Less estimated income	<u>(37,875)</u>			<u>(156,378)</u>	<u>76,378</u>	
General fund	(\$12,625)	(\$25,000)	\$120,000	(\$57,619)	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
	CREATE LINE ITEM FOR FEDERAL TOBACCO GRANT <sup>8</sup>	STOCKMEN'S ASSOCIATION GRANT <sup>9</sup>	TOTAL CONFERENCE COMMITTEE CHANGES			
Salaries and wages			(\$384,115)			
Operating expenses			(1,534,241)			
Equipment			(189,175)			
Capital improvements						
Grants		\$50,000	(790,882)			
Women, infants, and children food payments			(516,870)			
Tobacco prevention and control	(\$2,369,934)		(2,369,934)			
Centers for Disease Control and Prevention tobacco funds	2,369,934		2,369,934			
Total all funds	\$0	\$50,000	(\$3,415,283)			
Less estimated income		<u>50,000</u>	<u>(3,282,482)</u>			
General fund	\$0	\$0	(\$132,801)			
FTE	0.00	0.00	(1.00)			

<sup>1</sup> The Conference Committee restored funding of \$56,817 from the general fund for the administrative assistant position but not the FTE. The department will need to designate an existing FTE position for the administrative assistant.

<sup>2</sup> Provides the funding from the water development trust fund (\$33,252) that was removed from the one TMDL position be authorized to replace general fund moneys for operating (\$28,800) and equipment (\$4,452) associated with the TMDL program.

<sup>3</sup> Reduce funding for computers by reducing the number of desktop computers funded by 31, at a cost of \$1,500 per computer and reducing the funding for laptops by two, at a cost of \$2,000 per machine. The funding for the computers is 25 percent general fund and 75 percent other funds.

<sup>4</sup> Increases funding from the general fund for domestic violence grants by \$120,000, from \$90,000 to \$210,000.

<sup>5</sup> Removes \$80,000 of funding from the community health trust fund under the grants line item, which was added by the Senate, and \$133,997 under the operating line item for food and formula relating to phenylketonuria (PKU). It is the intent of this amendment that the PKU food and formula program will be transferred to the Department of Human Services.

<sup>6</sup> Provides additional funding authority for grants to public health units from maternal and child health block grant federal funds.

<sup>7</sup> Adjustment to the salaries, operating, equipment, and grants line items to reflect the actual budget breakdown of the Centers for Disease Control and Prevention grant. An amendment was made in the Senate to transfer the federal grant dollars to a tobacco prevention and control line item, in which the entire transfer was made from the grants line item.

<sup>8</sup> Creates a separate line item for funding from the Centers for Disease Control and Prevention for statewide tobacco prevention and control. This provides separate line items for the tobacco prevention moneys from the community health trust fund and the Centers for Disease Control and Prevention.

<sup>9</sup> This amendment appropriates \$50,000 from the Attorney General refund fund for a grant to the North Dakota Stockmen's Association for developing and beginning to implement a plan to reduce the potential environmental impact from livestock operations and for matching federal Environmental Protection Agency 319 funds.

The Conference Committee allows \$35,000 funding for the donated dental services program that was removed in the House amendment. The funding is to come from federal funds, if available, not from the community health trust fund as in the original Senate amendment.

The Conference Committee allows the \$83,130 and one FTE, that was removed in the House amendment, to develop total maximum daily loads (TMDL) and pollution control plans. The restored position is to be funded with federal funds. The House amendment to use the \$33,252 from the water development trust fund that was associated with this position for operating and equipment costs for the TMDL program remains in the Conference Committee amendment.

The Conference Committee amended a section of intent added by the House relating to the uses of Centers for Disease Control and Prevention grant funds to prevent use of funds for lobbying purposes.

A section is added requiring the Office of Management and Budget to submit for introduction the State Department of Health appropriations bill for the 2003-05 biennium to the 58th Legislative Assembly at the same funding levels by line item and employee levels authorized by the 57th Legislative Assembly for the 2001-03 biennium. Any executive budget changes are to be submitted as a recommendation for change to the bill as introduced.

Engrossed SB 2004 was placed on the Seventh order of business on the calendar.

#### **CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. ANDRIST MOVED** that the conference committee report on Engrossed SB 2004 be adopted, which motion prevailed on a verification vote.

Engrossed SB 2004, as amended, was placed on the Eleventh order.

#### **SECOND READING OF SENATE BILL**

**SB 2004:** A BILL for an Act to provide an appropriation for defraying the expenses of the state department of health; to create and enact a new section to chapter 23-01 of the North Dakota Century Code, relating to a donated dental services program; to amend and reenact subdivision b of subsection 1 of section 14-02.1-02.1 and section 23-01-05 of the North Dakota Century Code, relating to information regarding fetal development and to the qualifications of the state health officer; to provide an exception to section 54-44.1-06 of the North Dakota Century Code, relating to the preparation of the state department of health appropriations bill for the 2003-05 biennium; and to provide statements of legislative intent.

#### **ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 48 YEAS, 0 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Christenson; Christmann; Cook; Dever; Erbele; Espegard; Every; Fischer; Flakoll; Freborg; Grindberg; Heitkamp; Holmberg; Kelsh; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Kroeplin; Lee; Lindaas; Lyson; Mathern, D.; Mathern, T.; Mutch; Nelson, C.; Nelson, G.; Nething; Nichols; O'Connell; Polovitz; Robinson; Schobinger; Stenehjerm; Tallackson; Thane; Tollefson; Tomac; Traynor; Trenbeath; Urlacher; Wanzek; Wardner; Watne

**ABSENT AND NOT VOTING:** Solberg

Reengrossed SB 2004 passed and the title was agreed to.

\*\*\*\*\*

#### **MOTION**

**SEN. CHRISTMANN MOVED** that HB 1479 be placed at the top of the calendar, which motion prevailed.

#### **SECOND READING OF HOUSE BILL**

**HB 1479:** A BILL for an Act to create and enact chapter 57-34.1 of the North Dakota Century Code, relating to the taxation of mobile telecommunications; and to provide an effective date.

#### **ROLL CALL**

The question being on the final passage of the amended bill, which has been read, and has committee recommendation of DO PASS, the roll was called and there were 48 YEAS, 0 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Christenson; Christmann; Cook; Dever; Erbele; Espegard; Every; Fischer; Flakoll; Freborg; Grindberg; Heitkamp; Holmberg; Kelsh; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Kroeplin; Lee; Lindaas; Lyson; Mathern, D.; Mathern, T.; Mutch; Nelson, C.; Nelson, G.; Nething; Nichols; O'Connell; Polovitz; Robinson; Schobinger; Stenehjem; Tallackson; Thane; Tollefson; Tomac; Traynor; Trenbeath; Urlacher; Wanzek; Wardner; Watne

**ABSENT AND NOT VOTING:** Solberg

HB 1479, as amended, passed and the title was agreed to.

\*\*\*\*\*

#### REPORT OF STANDING COMMITTEE

**HB 1301: Education Committee (Sen. Freborg, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1301 was placed on the Sixth order on the calendar.

Page 1, line 2, replace "school district reorganization bonuses" with "contingent payments"

Page 1, line 16, overstrike "c. The superintendent shall distribute"

Page 1, line 19, remove "all", overstrike "remaining funds", remove ", except \$2,000,000,", and overstrike "as"

Page 1, overstrike lines 20 and 21

Page 1, line 23, replace "\$3,000,000" with "\$1,665,000"

Renumber accordingly

#### CONSIDERATION OF AMENDMENTS

**HB 1301: SEN. FREBORG (Education Committee) MOVED** that the amendments be adopted and then be placed on the Fourteenth order with **DO PASS**, which motion prevailed.

#### SECOND READING OF HOUSE BILL

**HB 1301:** A BILL for an Act to amend and reenact subsection 2 of section 14 of chapter 169 of the 1999 Session Laws, relating to contingent payments; to provide an appropriation; and to declare an emergency.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 48 YEAS, 0 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Christenson; Christmann; Cook; Dever; Erbele; Espegard; Every; Fischer; Flakoll; Freborg; Grindberg; Heitkamp; Holmberg; Kelsh; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Kroeplin; Lee; Lindaas; Lyson; Mathern, D.; Mathern, T.; Mutch; Nelson, C.; Nelson, G.; Nething; Nichols; O'Connell; Polovitz; Robinson; Schobinger; Stenehjem; Tallackson; Thane; Tollefson; Tomac; Traynor; Trenbeath; Urlacher; Wanzek; Wardner; Watne

**ABSENT AND NOT VOTING:** Solberg

HB 1301, as amended, passed, the title was agreed to, and the emergency clause was declared carried.

\*\*\*\*\*

#### APPOINTMENT OF CONFERENCE COMMITTEE

**SEN. NETHING MOVED** that the President appoint a committee of three to act with a like committee from the House as a Conference Committee on Engrossed HB 1015, which motion prevailed.

**THE PRESIDENT APPOINTED** as a Conference Committee on Engrossed HB 1015: Sens. Nething, G. Nelson, Krauter.



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

**MR. SPEAKER:** The Senate has amended, subsequently passed, and the emergency clause carried: HB 1301.

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

**MR. SPEAKER:** The Senate has amended and subsequently passed: HB 1479.

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

**MR. SPEAKER:** The Senate has adopted the conference committee report and subsequently passed: SB 2004.

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

**MR. SPEAKER:** The President has appointed as a conference committee to act with a like committee from the House on:

**HB 1015:** Sens. Nething; G. Nelson; Krauter

**MESSAGE TO THE SENATE FROM THE HOUSE (MARK L. JOHNSON, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently failed to pass: SB 2183.

**MESSAGE TO THE SENATE FROM THE HOUSE (MARK L. JOHNSON, CHIEF CLERK)**

**MR. PRESIDENT:** The House has not adopted the conference committee report on HB 1399 and the Speaker has appointed as a new conference committee to act with a like committee from the Senate on:

**HB 1399:** Reps. Carlson; Grosz; Schmidt

**MESSAGE TO THE SENATE FROM THE HOUSE (MARK L. JOHNSON, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has signed: SB 2009, SB 2012, SB 2015, SB 2017, SB 2166, SB 2167, SB 2276, SB 2347.

**MESSAGE TO THE SENATE FROM THE HOUSE (MARK L. JOHNSON, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has signed and your signature is respectfully requested on: HB 1009, HB 1413, HB 1415.

**MOTION**

**SEN. CHRISTMANN MOVED** that the Senate stand in recess until 5:00 p.m., which motion prevailed.

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

**MOTION**

**SEN. CHRISTMANN MOVED** that HB 1200 be moved to immediately follow SB 2021 on the Seventh order, which motion prevailed.

**FIRST READING OF HOUSE CONCURRENT RESOLUTION**

**HCR 3072:** A concurrent resolution urging the Burlington Northern Santa Fe Railway to raise the rail elevation near Devils Lake to keep freight and passenger routes open in response to flooding.

Was read the first time.

**MOTION**

**SEN. CHRISTMANN MOVED** that the rules be suspended, that HCR 3072 not be printed, not be referred to committee, be read in title only, be printed in the Journal, and placed on the calendar for immediate second reading and final passage, which motion prevailed.

Reps. Boucher, Brekke, Nicholas and Sen. Traynor introduced:  
(Approved by the Delayed Bills Committee)

**HOUSE CONCURRENT RESOLUTION NO. 3072**

A concurrent resolution urging the Burlington Northern Santa Fe Railway to raise the rail elevation near Devils Lake to keep freight and passenger routes open in response to flooding.

**WHEREAS,** the rising water level of Devils Lake threatens to interrupt freight and passenger traffic by inundating Burlington Northern Santa Fe Railway's roadbed at locations between Devils Lake and Leeds in the vicinity of Churchs Ferry; and

**WHEREAS,** a branch line from Churchs Ferry to Rolla will be isolated if the water level of Devils Lake substantially rises; and

**WHEREAS**, as of March 30, 2001, the National Weather Service projects a 20 percent chance of the lake level rising to 1,449 feet before September 25, 2001, and any higher level would inundate the track; and

**WHEREAS**, the track may be raised three feet for an estimated cost of \$2,000,000; and

**WHEREAS**, it is vital to the economy of the state that rail service be maintained;

**NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF NORTH DAKOTA, THE SENATE CONCURRING THEREIN:**

That the Fifty-seventh Legislative Assembly urges the Burlington Northern Santa Fe Railway raise the rail elevation near Devils Lake to keep freight and passenger routes open in response to flooding; and

**BE IT FURTHER RESOLVED**, that the Secretary of State forward copies of this resolution to the Burlington Northern Santa Fe Railway and to each member of the North Dakota Congressional Delegation.

#### **SECOND READING OF HOUSE CONCURRENT RESOLUTION**

**HCR 3072:** A concurrent resolution urging the Burlington Northern Santa Fe Railway to raise the rail elevation near Devils Lake to keep freight and passenger routes open in response to flooding.

The question being on the final adoption of the resolution, which has been read.

HCR 3072 was declared adopted on a voice vote.

\*\*\*\*\*

#### **SECOND READING OF HOUSE BILL**

**HB 1293:** A BILL for an Act to create and enact seven new sections to chapter 15-47 of the North Dakota Century Code or in the alternative to create and enact seven new sections to chapter 15.1-21 of the North Dakota Century Code, relating to the testing of reading and mathematics.

#### **ROLL CALL**

The question being on the final passage of the amended bill, which has been read, and has committee recommendation of DO PASS, the roll was called and there were 47 YEAS, 1 NAY, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Christenson; Christmann; Cook; Dever; Erbele; Espegard; Every; Fischer; Flakoll; Freborg; Grindberg; Heitkamp; Holmberg; Kelsh; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Kroepflin; Lee; Lindaas; Lyson; Mathern, D.; Mathern, T.; Mutch; Nelson, C.; Nelson, G.; Nething; Nichols; O'Connell; Polovitz; Robinson; Schobinger; Stenehjem; Tallackson; Thane; Tollefson; Traynor; Trenbeath; Urlacher; Wanzek; Wardner; Watne

**NAYS:** Tomac

**ABSENT AND NOT VOTING:** Solberg

Engrossed HB 1293, as amended, passed and the title was agreed to.

\*\*\*\*\*

#### **APPOINTMENT OF CONFERENCE COMMITTEE**

**SEN. URLACHER MOVED** that the President appoint a committee of three to act with a like committee from the House as a new Conference Committee on Engrossed HB 1399, which motion prevailed.

**THE PRESIDENT APPOINTED** as a new Conference Committee on Engrossed HB 1399: Sens. Wardner, Christmann, Nichols.

#### **MOTION**

**SEN. TALLACKSON MOVED** that the Senate reconsider its action whereby Engrossed HB 1326, as amended, passed, which motion lost on a verification vote.

**REPORT OF CONFERENCE COMMITTEE**

**SB 2021, as engrossed:** Your conference committee (Sens. Solberg, Bowman, Tomac and Reps. Wald, Boehm, Gulleon) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1250-1256, adopt amendments as follows, and place SB 2021 on the Seventh order:

That the House recede from its amendments as printed on pages 1250-1256 of the Senate Journal and pages 1368-1373 of the House Journal and that Engrossed Senate Bill No. 2021 be amended as follows:

Page 1, line 4, replace the second "section" with "sections", after "4-05.1-16" insert ", 4-05.1-17, 4-05.1-19,", and remove "subsection 1 of section"

Page 1, line 5, remove "changing", remove "voting", and after "membership" insert "and duties"

Page 1, line 6, after "education" insert ", the compensation of board members,", replace "use of" with "the", and remove "annual"

Page 1, line 7, remove "proceeds"

Page 2, line 15, replace "55,178,597" with "54,962,097"

Page 2, line 17, replace "28,365,985" with "28,149,485"

Page 2, line 20, replace "3,811,153" with "3,577,653"

Page 2, line 25, replace "1,493,786" with "1,413,786"

Page 2, line 26, replace "2,959,679" with "3,259,679"

Page 2, line 27, replace "14,666,145" with "14,652,645"

Page 2, line 28, replace "6,848,485" with "6,618,485"

Page 2, line 29, replace "7,817,660" with "8,034,160"

Page 3, line 4, replace "62,334,583" with "62,104,583"

Page 3, line 5, replace "114,077,478" with "113,847,478"

Page 3, line 12, remove "the state board of higher"

Page 3, line 13, remove the first "education," and remove the second comma

Page 3, line 23, replace "\$650,000" with "\$500,000"

Page 3, after line 25, insert:

**"SECTION 6. LEGISLATIVE INTENT - DICKINSON OIL REVENUE INITIATIVES.** It is the intent of the fifty-seventh legislative assembly that \$745,000 of special funds from Dickinson oil revenues be allocated for the beefline initiative, which includes \$300,000 for a modern feedmill and feedlot at the Carrington research extension center that will address genetic, management, marketing, coproduct and environmental research needs, barley feeding research, and include outside consultation from the beef cattle industry to work with the state board of agricultural research and education to develop a complete research program with goals and priorities. The state board of agricultural research and education and researchers shall cooperatively develop the intent of the beefline initiative before implementation of the program.

**SECTION 7. LEGISLATIVE INTENT - MALT BARLEYS.** It is the intent of the fifty-seventh legislative assembly that the agricultural experiment station allocate from the main research center \$288,000, or so much of the sum as may be necessary, for the purpose of developing, in conjunction with the research centers, western North Dakota malt barleys.

**SECTION 8. LEGISLATIVE INTENT - LIVESTOCK MARKETING CLUBS.** It is the intent of the fifty-seventh legislative assembly that the North Dakota state university extension service may allocate resources for the establishment of two pilot livestock marketing clubs in western North Dakota.

**SECTION 9. LEGISLATIVE INTENT - LAND PURCHASE.** It is the intent of the fifty-seventh legislative assembly that the main research center may enter a financial arrangement with the north central research center to assist with the purchase of land in Ward County, North Dakota."

Page 4, line 24, replace ", who serves in an ex officio" with "or the president's designee"

Page 4, line 25, remove "nonvoting capacity"

Page 4, line 26, after "university" insert ", who serves in an ex officio nonvoting capacity"

Page 5, line 8, overstrike "and"

Page 5, line 10, after "capacity" insert "; and

- i. Two members of the legislative assembly appointed by the chairman of the legislative council. The chairman shall appoint one member from each political faction. The terms of members are for two years, and members may be reappointed. The legislative council shall pay the compensation and expense reimbursement for the legislative members"

Page 6, after line 8, insert:

**"SECTION 13. AMENDMENT.** Section 4-05.1-17 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**4-05.1-17. Compensation of board members - Expenses.** Each appointed member of the state board of agricultural research and education is entitled to receive ~~sixty-two~~ seventy-five dollars ~~and fifty cents~~ per day as compensation for the time actually spent devoted to the duties of office and is entitled to receive necessary expenses in the same manner and amounts as state officials for attending meetings and performing other functions of office.

**SECTION 14. AMENDMENT.** Section 4-05.1-19 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**4-05.1-19. State board of agricultural research and education - Duties.** Within the policies of the state board of higher education, the state board of agricultural research and education is responsible for ~~the budgeting, supervision, and policymaking responsibilities~~ associated with ~~the supervision of the~~ agricultural experiment station and the North Dakota state university extension service. The board of agricultural research and education board shall:

1. Determine the causes of any adverse economic impacts on crops and livestock produced in this state;
2. Develop ongoing strategies for the provision of research solutions and resources to negate adverse economic impacts on crops and livestock produced in this state;
3. ~~Make available financial resources, including grants and salaries, and make available equipment and facilities to implement~~ Develop ongoing strategies for the dissemination of research information through the extension service;
4. ~~Implement the strategies developed under~~ subsection 2 and 3, subject to approval by the state board of higher education;
4. ~~5.~~ 5. ~~Develop an annual budget for the operation of,~~ with the agricultural experiment station and the North Dakota state university extension service, ~~an annual budget for the operations of these entities;~~
5. ~~6.~~ 6. ~~Develop a biennial budget request and submit that request to the president of North Dakota state university and the state board of higher education ~~on or before March first of each even-numbered year;~~~~

- 6- 7. Maximize the use of existing financial resources, equipment, and facilities to generate the greatest economic benefit from research and extension efforts and to promote efficiency;
- 7- 8. Annually evaluate the results of research and extension activities and expenditures and report the findings to the legislative council and the state board of higher education;
- 8- 9. Advise the ~~administration~~ president of North Dakota state university regarding the recruitment ~~and~~, selection, and performance of the vice president of agricultural affairs, the extension service director, and the station director; and
- 9- 10. ~~Develop ongoing strategies for the dissemination of research information and the best practices for management of the extension service~~ Present a status report to the budget section of the legislative council."

Page 6, line 9, replace "Subsection 1 of section" with "Section"

Page 6, replace lines 11 through 26 with:

**"4-05.1-21. State board of agricultural research and education - Apportionment of research funds.**

1. The state board of agricultural research and education may use up to ten percent of the proceeds of the agricultural research fund, not to exceed fifty thousand dollars, for administrative expenses and annually shall apportion the remaining proceeds of the agricultural research fund as follows:
  - a. Seventy percent to research activities affecting North Dakota agricultural commodities that account for at least two percent of the gross sales of all agricultural commodities grown or produced in the state. The percentage of the dollars available for each agricultural commodity under this section may not exceed the percentage that the gross sales of the agricultural commodity bear to the North Dakota gross sales of all agricultural commodities grown or produced during the previous year, as determined by the agricultural statistics service;
  - b. Eighteen percent to research activities affecting North Dakota animal agriculture; and
  - c. Twelve percent to research activities affecting new and emerging crops in North Dakota.
2. The state board of agricultural research and education shall solicit proposals for research from the public and private sectors and shall appoint committees to review the proposals and award the agricultural research grants on a competitive basis. Each committee must consist of a majority of agricultural producers selected in consultation with the agricultural commodity groups representing commodities that are the subjects of the proposed research and may include researchers and other individuals knowledgeable about the proposed area of research. Whenever possible, the committees shall require that a grant recipient commit matching funds.
3. The state board of agricultural research and education shall develop policies regarding the award of research grants, including requirements for matching funds, cooperation with other in-state and out-of-state researchers, and coordination with other in-state and out-of-state proposed or ongoing research projects.

**SECTION 16. TRANSFER AUTHORITY.** Upon approval from the state board of agricultural research and education, the director of the North Dakota agricultural experiment station may transfer appropriation authority within subdivisions 1, 4, and 5 of section 1 of this Act of up to \$90,000 of estimated income for beef quality assurance and up to \$60,000 of estimated income for applied research initiatives, for the biennium beginning July 1, 2001, and ending June 30, 2003."

ReNUMBER accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**



- 1 Restores funding to the Dickinson Research Center which was removed by the Senate.
- 2 Changes funding of \$150,000 from special funds to general fund moneys for the Langdon Learning Center. The total authorization for the project is \$810,000, \$300,000 from the general fund and \$510,000 of special funds. The section requiring \$650,000 in cash or pledges before construction can begin is lowered to \$500,000.
- 3 Reduces funding authority to the Dickinson Research Center for the beefline initiative from \$745,000 to \$445,000.
- 4 Provides funding from Dickinson oil revenues for the development of a modern feedmill and feedlot to be established at the Carrington Research Center.
- 5 The Conference Committee removed the \$80,000 of special funds that was included in the engrossed Senate bill for purchase of land in the Nesson Valley irrigation project. The appropriation for this land purchase is included in House Bill No. 1200.

### Senate Bill No. 2021 - NDSU Extension Service - Conference Committee Action

The Conference Committee did not change the House or Senate version for the NDSU Extension Service.

### Senate Bill No. 2021 - Northern Crops Institute - Conference Committee Action

The Conference Committee did not change the House or Senate version for the Northern Crops Institute.

### Senate Bill No. 2021 - Main Research Station - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages	\$40,952,648					
Operating expenses	10,027,903					
Equipment	1,532,746					
Capital improvements	415,300					
Agricultural research grants	2,000,000					
Animal replacement	300,000					
Main Research Station		<u>\$55,178,597</u>	<u>(\$216,500)</u>	<u>\$54,962,097</u>	<u>\$54,818,597</u>	<u>\$143,500</u>
Total all funds	\$55,228,597	\$55,178,597	(\$216,500)	\$54,962,097	\$54,818,597	\$143,500
Less estimated income	<u>26,812,612</u>	<u>26,812,612</u>		<u>26,812,612</u>	<u>26,812,612</u>	
General fund	\$28,415,985	\$28,365,985	(\$216,500)	\$28,149,485	\$28,005,985	\$143,500
FTE	351.28	351.28	(1.80)	349.48	349.48	(0.00)

### Dept. 640 - Main Research Station - Detail of Conference Committee Changes

	REDUCE OPERATING LINE ITEM <sup>1</sup>	REMOVE VACANT POSITIONS <sup>2</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages			
Operating expenses			
Equipment			
Capital improvements			
Agricultural research grants			
Animal replacement			
Main Research Station	<u>(\$216,500)</u>		<u>(\$216,500)</u>
Total all funds	(\$216,500)	\$0	(\$216,500)
Less estimated income			
General fund	(\$216,500)	\$0	(\$216,500)
FTE	0.00	(1.80)	(1.80)

<sup>1</sup> The Conference Committee added back \$143,500 of the total \$360,000 operating line item reduction made by the House.

<sup>2</sup> Intent is to remove the vacant FTE positions, but the funding for the positions is to remain for reallocation purposes.

Assistant professor	(.45)
Information processing position	(.95)
Information systems position	(.25)
Public information position	<u>(.15)</u>
Total FTEs reduced	(1.8)

**Senate Bill No. 2021 - Agronomy Seed Farm - Conference Committee Action**

The Conference Committee did not change the House or Senate version for the Agronomy Seed Farm.

**Senate Bill No. 2021 - Other Changes - Conference Committee Action**

The State Board of Higher Education is removed from the transfer authority approval process in Section 3.

New Section 6 as adjusted in Conference Committee provides intent for the beeline initiative, including barley feeding research and the establishment of a modern feedmill and feedlot at the Carrington Research Center.

New Section 7 provides intent that up to \$288,000 be allocated from the Main Research Center for developing western North Dakota malt barleys.

New Section 8 provides intent for the establishment of livestock marketing clubs in western North Dakota.

The Conference Committee added new Section 9 to provide intent that the Main Research Center enter into a financial agreement to assist the North Central Research Center with the purchase of land.

The Conference Committee added two members from the Legislative Assembly, one from each political faction as appointed by the chairman of the Legislative Council, to serve on the State Board of Agricultural Research and Education for a two-year term with the possibility of reappointment. The vice president of agricultural affairs at North Dakota State University, the administrator of the Agricultural Experiment Station, and the director of the NDSU Extension Service were made nonvoting members.

Section 13 changes the per diem of the members of the State Board of Agricultural Research and Education from \$62.50 to \$75.00.

The duties of the State Board of Agricultural Research and Education are redefined in Section 14 to include a status report to the Budget Section.

The administrative expenses of the State Board of Agricultural Research and Education are limited to 10 percent of the proceeds of the agricultural research fund, not to exceed \$50,000.

Transfer authority among the Extension Service, Main Research Center, and research centers of up to \$150,000 is authorized in Section 16 for funding of beef quality assurance (\$90,000) and applied research initiatives (\$60,000).

The Conference Committee did not include \$205,000 of authority from Dickinson oil revenues for beeline and feed barley research contained in the House version.

Engrossed SB 2021 was placed on the Seventh order of business on the calendar.

**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. BOWMAN MOVED** that the conference committee report on Engrossed SB 2021 be adopted, which motion prevailed on a voice vote.

Engrossed SB 2021, as amended, was placed on the Eleventh order.

**SECOND READING OF SENATE BILL**

**SB 2021:** A BILL for an Act to provide an appropriation for defraying the expenses of the extension service, northern crops institute, upper great plains transportation institute, and the agricultural experiment station; to provide statements of legislative intent; to provide for a report to the budget section; and to amend and reenact sections 4-05.1-16, 4-05.1-17, 4-05.1-19, and 4-05.1-21 of the North Dakota Century Code,



relating to the membership and duties of the state board of agricultural research and education, the compensation of board members, and the agricultural research fund.

### ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 48 YEAS, 0 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Christenson; Christmann; Cook; Dever; Erbele; Espegard; Every; Fischer; Flakoll; Freborg; Grindberg; Heitkamp; Holmberg; Kelsh; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Kroeplin; Lee; Lindaas; Lyson; Mathern, D.; Mathern, T.; Mutch; Nelson, C.; Nelson, G.; Nething; Nichols; O'Connell; Polovitz; Robinson; Schobinger; Stenehjern; Tallackson; Thane; Tollefson; Tomac; Traynor; Trenbeath; Urlacher; Wanzek; Wardner; Watne

**ABSENT AND NOT VOTING:** Solberg

Reengrossed SB 2021 passed and the title was agreed to.

\*\*\*\*\*

### REPORT OF CONFERENCE COMMITTEE

**HB 1200, as engrossed:** Your conference committee (Sens. Bowman, Solberg, Tomac and Reps. Timm, Nicholas, Warner) recommends that the **HOUSE ACCEDE** to the Senate amendments on HJ page 1323 and place HB 1200 on the Seventh order.

Engrossed HB 1200 was placed on the Seventh order of business on the calendar.

### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

**SEN. BOWMAN MOVED** that the conference committee report on Engrossed HB 1200 be adopted, which motion prevailed on a voice vote.

### REPORT OF CONFERENCE COMMITTEE

**SB 2019, as engrossed:** Your conference committee (Sens. Grindberg, Andrist, Heitkamp and Reps. Skarphol, Byerly, Huether) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1151-1157, adopt amendments as follows, and place SB 2019 on the Seventh order:

That the House recede from its amendments as printed on pages 1151-1157 of the Senate Journal and pages 1201-1208 of the House Journal and that Engrossed Senate Bill No. 2019 be amended as follows:

Page 1, line 4, after the semicolon insert "to provide for reports to the budget section;"

Page 1, replace lines 17 through 24 with:

"Salaries and wages	\$6,103,893
Operating expenses	10,480,832
Equipment	199,936
Grants	36,330,226
North Dakota development fund	2,350,000
Agricultural products utilization	5,082,270
Lewis and Clark bicentennial	905,751
Transitional expenses	81,104
Total all funds	\$61,534,012
Less estimated income	<u>43,653,725</u>
Total general fund appropriation	\$17,880,287"

Page 2, remove lines 1 through 31

Page 3, remove lines 1 through 11

Page 3, line 13, remove "subdivision 2 of"

Page 3, line 19, remove "subdivision 2 of"

Page 3, line 23, remove "subdivision 2 of"

Page 3, line 26, remove "subdivision 2 of"

Page 3, line 28, remove "within North Dakota"

Page 4, line 6, remove "in North Dakota"

Page 4, line 22, remove "subdivision 2 of"

Page 4, replace lines 26 through 31 with:

**"SECTION 6. LEGISLATIVE INTENT - TOURISM OPERATING EXPENSES.**

It is the intent of the legislative assembly that the sum of \$3,300,437 included in the operating expenses line item in section 1 of this Act be allocated for tourism-related activities, including tourism-related administrative costs as approved by the tourism division director for the biennium beginning July 1, 2001, and ending June 30, 2003.

**SECTION 7. DEPARTMENT OF COMMERCE - STATUS REPORTS - PERFORMANCE REPORT - BUDGET SECTION.** The commissioner of the department of commerce shall periodically report to the budget section on the status of the establishment of the department of commerce during the 2001-02 interim. The director shall establish performance measures and report to the budget section at the budget section's first meeting after June 30, 2002, on the department's progress in achieving its performance measures for the biennium beginning July 1, 2001, and ending June 30, 2003."

Page 5, line 2, replace "\$1,616,000" with "\$2,350,000"

Page 5, line 19, after "commerce" insert ", with the assistance of an economic development consultant,"

Page 5, line 20, replace "the assistance of the national" with "input from a task force including members of the economic development foundation"

Page 5, line 21, remove "association of state development agencies"

Page 5, line 22, replace the first "of" with "appointed by"

Page 5, replace lines 24 through 31 with:

**"SECTION 10. LEGISLATIVE INTENT - ECONOMIC DEVELOPMENT FOUNDATION AND STRATEGIC PLAN.** It is the intent of the legislative assembly that up to \$100,000 of the grants line item in section 1 of this Act be allocated for expenses of the economic development foundation and for the development of a strategic plan for economic development in North Dakota for the biennium beginning July 1, 2001, and ending June 30, 2003.

**SECTION 11. LEGISLATIVE INTENT - POLITICAL SUBDIVISION GRANTS - EXTRAORDINARY COSTS.** It is the intent of the legislative assembly that \$150,000 of the Lewis and Clark bicentennial line item in section 1 of this Act be allocated for grants to reimburse political subdivisions for extraordinary costs incurred in river rescues directly related to Lewis and Clark bicentennial activities for the biennium beginning July 1, 2001, and ending June 30, 2003."

Page 6, remove lines 1 through 7

Page 6, line 10, remove "subdivision 2 of"

Page 6, line 13, after the period insert "The department may provide a grant only for an approved project."

Page 6, line 14, replace "proposed" with "approved"

Page 6, line 15, remove "proposed"

Page 6, line 19, after the period insert "Any funds not obligated under this section on October 1, 2002, may be used for other purposes as determined by the commissioner of the department of commerce."

Page 6, line 21, remove "subdivision 5 of"

Page 6, remove lines 28 through 31

Page 7, remove lines 5 through 16

Page 7, line 17, remove "LEGISLATIVE INTENT -"

Page 7, line 18, replace "It is the intent of the legislative assembly that \$400,000" with "The"

Page 7, line 19, remove "of the", remove "subdivision 5 of", and replace "be allocated" with "includes \$250,000"

Page 7, line 21, after the period insert "The department of commerce and the workforce development council shall establish criteria for the distribution of grants under this section and may require a grant applicant to provide matching funds."

Page 7, replace lines 22 through 27 with:

**"SECTION 16. LEGISLATIVE COUNCIL STUDY - VENTURE CAPITAL.** The legislative council shall consider studying, during the 2001-02 interim, the availability of venture capital, tax credits, and other financing and research and development programs for new or expanding businesses. If chosen, the study must include an inventory of the programs available, a review of the difference between public and private venture capital programs, an assessment of the needs of business and industry, the research and development efforts of the North Dakota university system, and a review of the investments of the state investment board and the feasibility and desirability of investing a portion of these funds in North Dakota. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-eighth legislative assembly.

**SECTION 17. LEGISLATIVE COUNCIL STUDY - GLOBAL MARKETS.** The legislative council shall consider studying, during the 2001-02 interim, the feasibility and desirability of expanding North Dakota's economic development marketing efforts to include international markets and establishing a global marketing division within the department of commerce. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-eighth legislative assembly."

Page 8, line 13, remove the overstrike over "seven" and remove "eight"

Page 8, line 20, replace "four" with "five"

Page 9, line 30, replace "23" with "21"

Page 10, line 1, replace "22" with "20"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2019 - Summary of Conference Committee Action**

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Department of Economic Development and Finance						
Total all funds	\$20,411,391	\$0	\$0	\$0	\$0	\$0
Less estimated income	6,396,902					
General fund	\$14,014,489	\$0	\$0	\$0	\$0	\$0
Department of Commerce						
Total all funds	\$0	\$0	\$61,534,012	\$61,534,012	\$61,015,117	\$518,895
Less estimated income			43,653,725	43,653,725	43,590,891	62,834
General fund	\$0	\$0	\$17,880,287	\$17,880,287	\$17,424,226	\$456,061
Department of Commerce - Administration						
Total all funds	\$0	\$1,164,990	(\$1,164,990)	\$0	\$0	\$0
Less estimated income		249,487	(249,487)			
General fund	\$0	\$915,503	(\$915,503)	\$0	\$0	\$0
Department of Commerce - Economic Development						
Total all funds	\$0	\$15,299,941	(\$15,299,941)	\$0	\$0	\$0
Less estimated income		5,390,203	(5,390,203)			
General fund	\$0	\$9,909,738	(\$9,909,738)	\$0	\$0	\$0
Department of Commerce - Community Services						
Total all funds	\$0	\$38,585,339	(\$38,585,339)	\$0	\$0	\$0
Less estimated income		37,503,285	(37,503,285)			
General fund	\$0	\$1,082,054	(\$1,082,054)	\$0	\$0	\$0
Department of Commerce -						

Tourism						
Total all funds	\$0	\$5,077,351	(\$5,077,351)	\$0	\$0	\$0
Less estimated income		<u>363,000</u>	<u>(363,000)</u>			
General fund	\$0	\$4,714,351	(\$4,714,351)	\$0	\$0	\$0
Department of Commerce - Workforce Development						
Total all funds	\$0	\$941,287	(\$941,287)	\$0	\$0	\$0
Less estimated income		<u>60,584</u>	<u>(60,584)</u>			
General fund	\$0	\$880,703	(\$880,703)	\$0	\$0	\$0
Bill Total						
Total all funds	\$20,411,391	\$61,068,908	\$465,104	\$61,534,012	\$61,015,117	\$518,895
Less estimated income	<u>6,396,902</u>	<u>43,566,559</u>	<u>87,166</u>	<u>43,653,725</u>	<u>43,590,891</u>	<u>62,834</u>
General fund	\$14,014,489	\$17,502,349	\$377,938	\$17,880,287	\$17,424,226	\$456,061

### Senate Bill No. 2019 - Department of Economic Development and Finance - Conference Committee Action

The conference committee did not change the House or Senate version for the Department of Economic Development and Finance.

### Senate Bill No. 2019 - Department of Commerce - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages			\$6,103,893	\$6,103,893	\$6,028,893	\$75,000
Operating expenses			10,480,832	10,480,832	10,480,832	
Equipment			199,936	199,936	199,936	
Grants			36,330,226	36,330,226	36,080,226	250,000
North Dakota development fund			2,350,000	2,350,000	2,250,000	100,000
Agricultural products utilization			5,082,270	5,082,270	5,007,270	75,000
Lewis and Clark bicentennial Transitional expenses			905,751	905,751	805,751	100,000
			<u>81,104</u>	<u>81,104</u>	<u>162,209</u>	<u>(81,105)</u>
Total all funds	\$0	\$0	\$61,534,012	\$61,534,012	\$61,015,117	\$518,895
Less estimated income			<u>43,653,725</u>	<u>43,653,725</u>	<u>43,590,891</u>	<u>62,834</u>
General fund	\$0	\$0	\$17,880,287	\$17,880,287	\$17,424,226	\$456,061
FTE	0.00	0.00	57.00	57.00	57.00	0.00

### Dept. 605 - Department of Commerce - Detail of Conference Committee Changes

	COMBINE FUNDING <sup>1</sup>	ADD TRANSITIONAL FUNDING <sup>2</sup>	REDUCE DEVELOPMENT FUND <sup>3</sup>	TRANSFER GRANTS TO OPERATING <sup>4</sup>	ADD FUNDING FOR COWBOY HALL OF FAME <sup>5</sup>	ADD FUNDING FOR LEWIS AND CLARK <sup>6</sup>
Salaries and wages	\$6,028,893					
Operating expenses	10,450,832			\$30,000		
Equipment	199,936					
Grants	36,010,226			(30,000)	\$100,000	
North Dakota development fund	2,616,000		(\$266,000)			
Agricultural products utilization	5,007,270					
Lewis and Clark bicentennial Transitional expenses	655,751	\$81,104				\$150,000
Total all funds	\$60,968,908	\$81,104	(\$266,000)	\$0	\$100,000	\$150,000
Less estimated income	<u>43,566,559</u>	<u>12,166</u>				
General fund	\$17,402,349	\$68,938	(\$266,000)	\$0	\$100,000	\$150,000
FTE	53.00	2.00	0.00	0.00	0.00	0.00
	ADD FUNDING FOR LEWIS AND CLARK MARKETING <sup>7</sup>	ADD POSITIONS <sup>8</sup>	ADD FUNDING FOR TALENT RECRUITMENT INITIATIVE <sup>9</sup>	TOTAL CONFERENCE COMMITTEE CHANGES		
Salaries and wages		\$75,000		\$6,103,893		
Operating expenses				10,480,832		
Equipment				199,936		
Grants			\$250,000	36,330,226		
North Dakota development fund				2,350,000		
Agricultural products utilization		75,000		5,082,270		
Lewis and Clark bicentennial Transitional expenses	\$100,000			905,751		
				<u>81,104</u>		
Total all funds	\$100,000	\$150,000	\$250,000	\$61,534,012		
Less estimated income		<u>75,000</u>		<u>43,653,725</u>		
General fund	\$100,000	\$75,000	\$250,000	\$17,880,287		
FTE	0.00	2.00	0.00	57.00		

<sup>1</sup> Funding for the Department of Commerce is combined into one subdivision as recommended by Governor Hoeven and included in the House version. The Senate appropriated funding separately to each of the divisions of the department.

- 2 A transitional expenses line item is added providing funding for two FTE administrative positions currently employed by the Department of Economic Development and Finance, Division of Community Services, and the Tourism Department for one year of the 2001-03 biennium. The two FTE positions are authorized only for the first year of the biennium. Governor Hoeven's recommendation and the Senate version removed four FTE administrative positions. The House had provided funding and authorized four FTE administrative positions for the first year of the biennium.
- 3 Funding for the development fund is provided at \$2,350,000 from the general fund, \$100,000 more than the House version (\$2,250,000), \$734,000 more than the Senate version (\$1,616,000), \$266,000 less than Governor Hoeven's recommendation (\$2,616,000), and \$1,600,000 more than Governor Schafer's recommendation (\$750,000).
- 4 The grants line item is reduced by \$30,000 and the operating expenses line item is increased by \$30,000, the same as the House version. This grant was previously provided by the Tourism Department to the Greater North Dakota Association for publication of the North Dakota Horizons magazine.
- 5 Funding is added for providing a grant to the North Dakota Cowboy Hall of Fame in accordance with provisions of Senate Bill No. 2195. The House and Senate versions also included this funding.
- 6 The Lewis and Clark line item is increased by \$150,000 from the general fund for providing grants to reimburse political subdivisions for Lewis and Clark-related costs, the same as the House version. The funding is intended to be provided only for the 2001-03 biennium. A section of legislative intent is added providing that these funds be used to reimburse political subdivisions for extraordinary costs incurred in river rescues directly related to Lewis and Clark bicentennial activities.
- 7 Funding is added for additional marketing of the Lewis and Clark bicentennial, the same as the Senate version. The House removed this funding.
- 8 Funding of \$75,000 from the general fund is provided for a workforce development position; the House did not include this position and the Senate transferred a position from the Economic Development and Finance Division to the Workforce Development Division for this position.

Funding of \$75,000 of special funds from the agricultural fuel tax fund is added for an additional position for the Agricultural Products Utilization Commission.

- 9 Funding is added for the development of a public/private partnership statewide talent recruitment initiative. A section is added providing that the department and the Workforce Development Council establish criteria for the distribution of these grants and allows the department to require an applicant to provide local matching funds. The House did not include funding for this initiative. The Senate added a section providing that the Workforce Development Division allocate \$400,000 of its grants line item for this initiative.

This amendment:

- Adds a section of legislative intent that \$3,300,437 of the operating expenses line item be used for tourism-related activities, including tourism-related administrative costs as approved by the Tourism Division director, the same as the House version.
- Adds a section providing that the commissioner of the Department of Commerce report periodically to the Budget Section on the status of the establishment of the department and that the commissioner establish performance measures and report to the Budget Section on the department's progress in meeting its measures after the first year of the 2001-03 biennium. The House included the performance report and the Senate included a section that the department report to an interim Legislative Council committee on the status of the establishment of the department.
- Increases the total annual ethanol incentive payments that may be paid to an ethanol plant that produced 15 million gallons or more in the previous fiscal year and to a new ethanol plant from a total of \$400,000 to a total of \$500,000, the same as the House version.
- Reduces the total annual ethanol incentive payments that may be paid to an ethanol plant that has production capacity of fewer than 15 million gallons from \$850,000 to \$750,000, the same as the House version.
- Removes the provision that ethanol produced in North Dakota must be sold in North Dakota to qualify for an ethanol incentive payment, the same as the House version.
- Adds a section of legislative intent that the department allocate \$100,000 of its grants line item for expenses of the economic development foundation and for the development of a strategic plan. The House did not include these provisions. The Senate added \$100,000 from the general fund for the economic development foundation.
- Adds a section providing that the department develop a strategic plan. The Senate included a section providing for a strategic plan and the House did not.
- Changes the section added by the Senate providing that \$50,000 of the grants line item be used for grants for a pilot project for remodeling of abandoned school buildings. The changes restrict the grants to only approved projects and allow the director to use any unobligated moneys on October 1, 2002, for other purposes.
- Adds two sections providing for Legislative Council studies of venture capital and global markets.

This amendment makes the following additional funding changes to the engrossed bill:

- Removes \$40,000 from the general fund added to the Economic Development Division for marketing, the same as the House version.
- Removes \$50,000 from the general fund added to the Economic Development Division for grants, the same as the House version.
- Restores the \$40,000 from the general fund removed from the Community Services Division relating to renaissance zone program administration, the same as the House version.
- Returns the research position to the Division of Economic Development and Finance that the Senate had transferred to the Workforce Development Division.
- Removes \$50,000 from the general fund added for operating expenses of the Workforce Development Division, the same as the House version.
- Removes \$25,000 from the general fund added for equipment of the Workforce Development Division, the same as the House version.
- Removes \$675,000 from the general fund added for grants of the Workforce Development Division, the same as the House version.

This amendment removes the following sections from the engrossed bill:

- The section added by the Senate providing that \$250,000 of the funding provided for Economic Development Division marketing be spent for cooperative marketing grants involving local economic development corporations.
- The section providing that \$15,000 of the Economic Development Division grants line item be allocated for professional training grants to economic development professionals in communities with a population of less than 10,000.
- The section of legislative intent providing that the development fund continue its current mission and not become involved in the new markets initiative during the 2001-03 biennium.
- The section of legislative intent added by the Senate that the additional \$100,000 general fund appropriation for Lewis and Clark marketing not be considered part of the department's base budget for the purpose of submitting the budget request for the 2003-05 biennium.
- The section providing that \$200,000 of the Workforce Development Division grants line item be allocated for grants to local communities and regions for labor availability research and for identification of employer workforce needs.

#### Senate Bill No. 2019 - Department of Commerce - Administration - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages		\$877,474	(\$877,474)			
Operating expenses		187,516	(187,516)			
Economic development foundation		100,000	(100,000)			
Total all funds	\$0	\$1,164,990	(\$1,164,990)	\$0	\$0	\$0
Less estimated income		249,487	(249,487)			
General fund	\$0	\$915,503	(\$915,503)	\$0	\$0	\$0
FTE	0.00	8.00	(8.00)	0.00	0.00	0.00

#### Dept. 606 - Department of Commerce - Administration - Detail of Conference Committee Changes

	COMBINE FUNDING <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$877,474)	(\$877,474)
Operating expenses	(187,516)	(187,516)
Economic development	(100,000)	(100,000)

foundation		
Total all funds	(\$1,164,990)	(\$1,164,990)
Less estimated income	<u>(249,487)</u>	<u>(249,487)</u>
General fund	(\$915,503)	(\$915,503)
FTE	(8.00)	(8.00)

<sup>1</sup> Funding for the Department of Commerce is combined into one subdivision as recommended by Governor Hoeven and included in the House version. The Senate appropriated funding separately to each of the divisions of the department.

### Senate Bill No. 2019 - Department of Commerce - Economic Development - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages		\$2,388,822	(\$2,388,822)			
Operating expenses		4,453,499	(4,453,499)			
Equipment		111,058	(111,058)			
Grants		1,723,292	(1,723,292)			
North Dakota development fund		1,616,000	(1,616,000)			
Agricultural products utilization		5,007,270	(5,007,270)			
Total all funds	\$0	\$15,299,941	(\$15,299,941)	\$0	\$0	\$0
Less estimated income		<u>5,390,203</u>	<u>(5,390,203)</u>			
General fund	\$0	\$9,909,738	(\$9,909,738)	\$0	\$0	\$0
FTE	0.00	19.00	(19.00)	0.00	0.00	0.00

### Dept. 607 - Department of Commerce - Economic Development - Detail of Conference Committee Changes

	COMBINE FUNDING <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$2,388,822)	(\$2,388,822)
Operating expenses	(4,453,499)	(4,453,499)
Equipment	(111,058)	(111,058)
Grants	(1,723,292)	(1,723,292)
North Dakota development fund	(1,616,000)	(1,616,000)
Agricultural products utilization	(5,007,270)	(5,007,270)
Total all funds	(\$15,299,941)	(\$15,299,941)
Less estimated income	<u>(5,390,203)</u>	<u>(5,390,203)</u>
General fund	(\$9,909,738)	(\$9,909,738)
FTE	(19.00)	(19.00)

<sup>1</sup> Funding for the Department of Commerce is combined into one subdivision as recommended by Governor Hoeven and included in the House version. The Senate appropriated funding separately to each of the divisions of the department.

### Senate Bill No. 2019 - Department of Commerce - Community Services - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages		\$1,665,525	(\$1,665,525)			
Operating expenses		2,539,380	(2,539,380)			
Equipment		73,500	(73,500)			
Grants		<u>34,306,934</u>	<u>(34,306,934)</u>			
Total all funds	\$0	\$38,585,339	(\$38,585,339)	\$0	\$0	\$0
Less estimated income		<u>37,503,285</u>	<u>(37,503,285)</u>			
General fund	\$0	\$1,082,054	(\$1,082,054)	\$0	\$0	\$0
FTE	0.00	15.00	(15.00)	0.00	0.00	0.00

### Dept. 608 - Department of Commerce - Community Services - Detail of Conference Committee Changes

	COMBINE FUNDING <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$1,665,525)	(\$1,665,525)
Operating expenses	(2,539,380)	(2,539,380)

Equipment	(73,500)	(73,500)
Grants	<u>(34,306,934)</u>	<u>(34,306,934)</u>
Total all funds	(\$38,585,339)	(\$38,585,339)
Less estimated income	<u>(37,503,285)</u>	<u>(37,503,285)</u>
General fund	(\$1,082,054)	(\$1,082,054)
FTE	(15.00)	(15.00)

<sup>1</sup> Funding for the Department of Commerce is combined into one subdivision as recommended by Governor Hoeven and included in the House version. The Senate appropriated funding separately to each of the divisions of the department.

### Senate Bill No. 2019 - Department of Commerce - Tourism - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages		\$905,785	(\$905,785)			
Operating expenses		3,300,437	(3,300,437)			
Equipment		15,378	(15,378)			
Grants		100,000	(100,000)			
Lewis and Clark bicentennial		<u>755,751</u>	<u>(755,751)</u>			
Total all funds	\$0	\$5,077,351	(\$5,077,351)	\$0	\$0	\$0
Less estimated income		<u>363,000</u>	<u>(363,000)</u>			
General fund	\$0	\$4,714,351	(\$4,714,351)	\$0	\$0	\$0
FTE	0.00	9.00	(9.00)	0.00	0.00	0.00

### Dept. 609 - Department of Commerce - Tourism - Detail of Conference Committee Changes

	COMBINE FUNDING <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$905,785)	(\$905,785)
Operating expenses	(3,300,437)	(3,300,437)
Equipment	(15,378)	(15,378)
Grants	(100,000)	(100,000)
Lewis and Clark bicentennial	<u>(755,751)</u>	<u>(755,751)</u>
Total all funds	(\$5,077,351)	(\$5,077,351)
Less estimated income	<u>(363,000)</u>	<u>(363,000)</u>
General fund	(\$4,714,351)	(\$4,714,351)
FTE	(9.00)	(9.00)

<sup>1</sup> Funding for the Department of Commerce is combined into one subdivision as recommended by Governor Hoeven and included in the House version. The Senate appropriated funding separately to each of the divisions of the department.

### Senate Bill No. 2019 - Department of Commerce - Workforce Development - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages		\$191,287	(\$191,287)			
Operating expenses		50,000	(50,000)			
Equipment		25,000	(25,000)			
Grants		<u>675,000</u>	<u>(675,000)</u>			
Total all funds	\$0	\$941,287	(\$941,287)	\$0	\$0	\$0
Less estimated income		<u>60,584</u>	<u>(60,584)</u>			
General fund	\$0	\$880,703	(\$880,703)	\$0	\$0	\$0
FTE	0.00	2.00	(2.00)	0.00	0.00	0.00

### Dept. 610 - Department of Commerce - Workforce Development - Detail of Conference Committee Changes

	COMBINE FUNDING <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$191,287)	(\$191,287)
Operating expenses	(50,000)	(50,000)
Equipment	(25,000)	(25,000)
Grants	<u>(675,000)</u>	<u>(675,000)</u>
Total all funds	(\$941,287)	(\$941,287)
Less estimated income	<u>(60,584)</u>	<u>(60,584)</u>
General fund	(\$880,703)	(\$880,703)



FTE (2.00) (2.00)

<sup>1</sup> Funding for the Department of Commerce is combined into one subdivision as recommended by Governor Hoeven and included in the House version. The Senate appropriated funding separately to each of the divisions of the department.

The following schedule compares Governor Schafer's recommendation, Governor Hoeven's recommendation, the Senate version, the House version, and the Conference Committee version:

	2001-03 SCHAFFER RECOMMENDATION	2001-03 HOEVEN RECOMMENDATION	SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE VERSION
Department of Economic Development and Finance - SB 2019	\$20,411,391				
Tourism Department - HB 1022	4,960,778				
Division of Community Services - HB 1015	39,098,238				
Department of Commerce - SB 2019 as amended		\$60,968,908	\$61,068,908	\$61,015,117	\$51,534,012
<b>Total</b>	<b>\$64,470,407</b>	<b>\$60,968,908</b>	<b>\$61,068,908</b>	<b>\$61,015,117</b>	<b>\$61,534,012</b>
General fund	\$19,805,180	\$17,402,349	\$17,502,349	\$17,424,226	\$17,880,287
Other funds	\$44,665,227	\$43,566,559	\$43,566,559	\$43,590,891	\$43,653,725
FTE	62.00	53.00	53.00	57.00	57.00

Engrossed SB 2019 was placed on the Seventh order of business on the calendar.

#### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

**SEN. GRINDBERG MOVED** that the conference committee report on Engrossed SB 2019 be adopted, which motion prevailed on a voice vote.

Engrossed SB 2019, as amended, was placed on the Eleventh order.

#### SECOND READING OF SENATE BILL

**SB 2019:** A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce; to provide for transfers of funds; to provide statements of legislative intent; to direct the state tax commissioner to audit the ethanol incentive program; to provide for legislative council studies; to provide for reports to the budget section; to create and enact a new section to chapter 54-34.4 of the North Dakota Century Code, relating to tourism copyrights and trademarks; to amend and reenact sections 4-14.1-07, 54-34.4-04, and 57-43.1-03.1 of the North Dakota Century Code, relating to ethanol plant production incentives, the motion picture development office advisory board, and tax refunds for fuel used for agricultural purposes; to provide an effective date; and to declare an emergency.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 48 YEAS, 0 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Christenson; Christmann; Cook; Dever; Erbele; Espgaard; Every; Fischer; Flakoll; Freborg; Grindberg; Heitkamp; Holmberg; Kelsh; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Kroeplin; Lee; Lindaas; Lyson; Mathern, D.; Mathern, T.; Mutch; Nelson, C.; Nelson, G.; Nothing; Nichols; O'Connell; Polovitz; Robinson; Schobinger; Stenehjorn; Tallackson; Thane; Tollefson; Tomac; Traynor; Trenbeath; Urlacher; Wanzek; Wardner; Watne

**ABSENT AND NOT VOTING:** Solberg

Reengrossed SB 2019 passed, the title was agreed to, and the emergency clause was declared carried.

\*\*\*\*\*

#### REPORT OF CONFERENCE COMMITTEE

**SB 2361, as reengrossed:** Your conference committee (Sens. Lee, Fischer, Polovitz and Reps. Galvin, Pollert, Niemeier) recommends that the **SENATE ACCEDE** to the House amendments on SJ page 854 and place SB 2361 on the Seventh order.

Reengrossed SB 2361 was placed on the Seventh order of business on the calendar.

**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. LEE MOVED** that the conference committee report on Reengrossed SB 2361 be adopted, which motion prevailed on a voice vote.

Reengrossed SB 2361, as amended, was placed on the Eleventh order.

**SECOND READING OF SENATE BILL**

**SB 2361:** A BILL for an Act to amend and reenact section 14-02.1-02.1 of the North Dakota Century Code, relating to information provided by the state department of health regarding pregnancy, childbirth, and adoption.

**ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 48 YEAS, 0 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Christenson; Christmann; Cook; Dever; Erbele; Espegard; Every; Fischer; Flakoll; Freborg; Grindberg; Heitkamp; Holmberg; Kelsh; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Kroeplin; Lee; Lindaas; Lyson; Mathern, D.; Mathern, T.; Mutch; Nelson, C.; Nelson, G.; Nething; Nichols; O'Connell; Polovitz; Robinson; Schobinger; Stenehjerm; Tallackson; Thane; Tollefson; Tomac; Traynor; Trenbeath; Urlacher; Wanzek; Wardner; Watne

**ABSENT AND NOT VOTING:** Solberg

Reengrossed SB 2361 passed and the title was agreed to.

\*\*\*\*\*

**REPORT OF CONFERENCE COMMITTEE**

**HB 1386, as engrossed:** Your conference committee (Sens. Cook, Flakoll, D. Mathern and Reps. Froseth, Carlson, Delmore) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1227-1228, adopt amendments as follows, and place HB 1386 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1227 and 1228 of the House Journal and pages 1037 and 1038 of the Senate Journal and that Engrossed House Bill No. 1386 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 48-01.1-09, 54-44.7-01, and 54-44.7-02, subsection 1 of section 54-44.7-03, and subsection 1 of section 54-44.7-04 of the North Dakota Century Code, relating to construction management.

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

**SECTION 1. AMENDMENT.** Section 48-01.1-09 of the North Dakota Century Code is amended and reenacted as follows:

**48-01.1-09. Use of construction manager.** If a governing body uses a construction manager on a public improvement, the construction manager must be a licensed contractor. A The construction manager awarded a the contract for construction of a public improvement shall bond the entire cost of the project through a single bond, or through bonds supporting provided by all bid packages and the construction manager's bond for the full amount of the construction manager's services. If the total of the bonds is less than the total project bid, the construction manager shall bond the difference between the total of the bonds and the total project bid.

**SECTION 2. AMENDMENT.** Section 54-44.7-01 of the North Dakota Century Code is amended and reenacted as follows:

**54-44.7-01. Definition.** "Architect, engineer, construction management, and land surveying services" are those professional services associated with the practice of architecture, professional engineering, professional land surveying, landscape architecture, ~~and~~ interior design pertaining to construction, and construction management, as defined by the laws of this state, as well as incidental services that members of these professions and those in their employ may logically or justifiably perform, including studies, investigations, surveys, evaluations, consultations, planning, programming, conceptual designs, plans and specifications, cost estimates,

inspections, construction management, shop drawing reviews, sample recommendations, preparation of operating and maintenance manuals, and other related services, except for professional services related to prefabricated steel for bridge purposes.

**SECTION 3. AMENDMENT.** Section 54-44.7-02 of the North Dakota Century Code is amended and reenacted as follows:

**54-44.7-02. Applicability - Policy.** Architect, engineer, construction management, and land surveying services must be procured as provided in this chapter. It is the policy of this state that all North Dakota state agencies shall negotiate contracts for services on the basis of demonstrated competence and qualification for the particular type of services required.

**SECTION 4. AMENDMENT.** Subsection 1 of section 54-44.7-03 of the North Dakota Century Code is amended and reenacted as follows:

1. Each using agency shall establish its own architect, engineer, construction management, and land surveying services selection committee hereinafter referred to as the agency selection committee, which must be composed of those individuals whom the agency head determines to be qualified to make an informed decision as to the most competent and qualified firm for the proposed project. The head of the using agency or his qualified, responsible designee shall sit as a member of the agency selection committee for the purpose of coordinating and accounting for the committee's work.

**SECTION 5. AMENDMENT.** Subsection 1 of section 54-44.7-04 of the North Dakota Century Code is amended and reenacted as follows:

1. All state agencies securing architect, engineer, construction management, or land surveying services for projects for which the fees are estimated not to exceed ten thousand dollars may employ the architects, engineers, construction managers, and land surveyors by direct negotiation and selection, taking into account all of the following:
  - a. The nature of the project.
  - b. The proximity of the architect, engineer, construction management, or land surveying services to the project.
  - c. The capability of the architect, engineer, construction manager, or land surveyor to produce the required services within a reasonable time.
  - d. Past performance.
  - e. Ability to meet project budget requirements.

This procedure shall still follow state policy set forth above."

Renumber accordingly

Engrossed HB 1386 was placed on the Seventh order of business on the calendar.

#### **CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. COOK MOVED** that the conference committee report on Engrossed HB 1386 be adopted, which motion prevailed on a voice vote.

Engrossed HB 1386, as amended, was placed on the Fourteenth order.

#### **SECOND READING OF HOUSE BILL**

**HB 1386:** A BILL for an Act to amend and reenact sections 48-01.1-09, 54-44.7-01, and 54-44.7-02, subsection 1 of section 54-44.7-03, and subsection 1 of section 54-44.7-04 of the North Dakota Century Code, relating to construction management.

#### **ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 27 YEAS, 21 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bowman; Christenson; Christmann; Cook; Erbele; Fischer; Flakoll; Freborg; Grindberg; Holmberg; Kilzer; Klein; Krebsbach; Kringstad; Lee; Lyson; Nelson, G.; Nething; Stenehjem; Thane; Tollefson; Traynor; Urlacher; Wanzek; Wardner; Watne

**NAYS:** Bercier; Dever; Espgaard; Every; Heitkamp; Kelsh; Krauter; Kroeplin; Lindaas; Mathern, D.; Mathern, T.; Mutch; Nelson, C.; Nichols; O'Connell; Polovitz; Robinson; Schobinger; Tallackson; Tomac; Trenbeath

**ABSENT AND NOT VOTING:** Solberg

Engrossed HB 1386, as amended, passed and the title was agreed to.

\*\*\*\*\*

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

**MR. SPEAKER:** The President has appointed as a new conference committee to act with a like committee from the House on:

**HB 1399:** Sens. Wardner; Christmann; Nichols

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

**MR. SPEAKER:** The Senate has passed unchanged: HCR 3072.

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

**MR. SPEAKER:** The Senate has amended and subsequently passed: HB 1293.

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

**MR. SPEAKER:** The Senate has amended and subsequently passed: HB 1326.

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

**MR. SPEAKER:** The Senate has adopted the conference committee report and subsequently passed: SB 2021, SB 2361.

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

**MR. SPEAKER:** The Senate has adopted the conference committee report, subsequently passed, and the emergency clause carried: SB 2019.

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

**MR. SPEAKER:** The Senate has adopted the conference committee report and subsequently passed: HB 1386.

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

**MR. SPEAKER:** The Senate has adopted the conference committee report on HB 1200.

**MESSAGE TO THE SENATE FROM THE HOUSE (MARK L. JOHNSON, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: SB 2004, SB 2229.

**MESSAGE TO THE SENATE FROM THE HOUSE (MARK L. JOHNSON, CHIEF CLERK)**

**MR. PRESIDENT:** The House does not concur in the Senate amendments to HB 1013 and the Speaker has appointed as a conference committee to act with a like committee from the Senate on:

**HB 1013:** Reps. Monson; R. Kelsch; Aarsvold

#### MOTION

**SEN. CHRISTMANN MOVED** that the absent members be excused, which motion prevailed.

#### MOTION

**SEN. CHRISTMANN MOVED** that the Senate be on the Fourth, Fifth, and Seventh orders of business and at the conclusion of those orders, the Senate stand adjourned until 8:30 a.m., Wednesday, April 25, 2001, which motion prevailed.

#### COMMUNICATION FROM GOVERNOR JOHN HOEVEN

This is to inform you that on April 24, 2001, I have signed the following: SB 2041, SB 2042, SB 2086, SB 2124, SB 2217, SB 2239, and SB 2285.

#### REPORT OF CONFERENCE COMMITTEE

**SB 2032, as engrossed:** Your conference committee (Sens. Mutch, Tollefson, Every and Reps. Berg, Keiser, Lemieux) recommends that the **HOUSE RECEDE** from the House

amendments on SJ pages 1160-1162, adopt amendments as follows, and place SB 2032 on the Seventh order:

That the House recede from its amendments as printed on pages 1160-1162 of the Senate Journal and pages 1074-1076 of the House Journal and that Engrossed Senate Bill No. 2032 be amended as follows:

Page 1, line 3, remove "and"

Page 1, line 5, remove "and"

Page 1, line 6, remove "and"

Page 1, line 11, remove "and"

Page 1, line 12, remove "and" and after "55-06-01" insert ", 57-38-29, 57-38-30.3, 57-38-54"

Page 1, line 16, after "commerce" insert ", income tax filing methods for individuals, and publication of statistics by the tax commissioner"

Page 1, line 17, after the first semicolon insert "to provide for correction of statutory references;"

Page 26, line 30, remove "Director" and overstrike "- **Appointment**" and insert immediately thereafter "Director"

Page 26, line 31, overstrike "The" and remove "commissioner of"

Page 27, line 1, remove "commerce" and overstrike "shall appoint as director a person who is qualified by training, knowledge, and"

Page 27, overstrike lines 2 and 3

Page 27, line 4, overstrike "of the", remove the first "commissioner", overstrike "and shall receive a salary set by the", and remove the second "commissioner"

Page 27, line 5, overstrike "within the limits of legislative appropriations."

Page 28, line 3, after the semicolon insert "and"

Page 28, line 4, overstrike "Report at least annually to an interim committee designated by the legislative"

Page 28, line 5, overstrike "council on performance of all divisions of the", remove "division", and overstrike "of economic"

Page 28, overstrike line 6

Page 28, line 7, overstrike "satisfaction the", remove "division", and overstrike "of economic development and finance has in"

Page 28, overstrike lines 8 through 11

Page 28, line 12, overstrike "9."

Page 30, line 17, overstrike "1."

Page 30, line 21, overstrike "2. The", remove "commissioner of commerce", overstrike "shall appoint a director of the", and remove "division of"

Page 30, line 22, overstrike "tourism", overstrike "who shall serve at the will of the", remove "commissioner", and overstrike the period

Page 33, replace lines 3 through 11 with:

"2. The commissioner shall appoint the director of any division created by the commissioner under subsection 1. Effective August 1, 2003, the commissioner shall appoint the directors of the division of community services, division of economic development and finance, and division of workforce development. Effective August 1, 2005, the commissioner shall

appoint the director of the division of tourism. Each director appointed by the commissioner serves at the pleasure of the commissioner and is entitled to receive a salary set by the commissioner within the limits of legislative appropriation. Until August 1, 2003, the governor shall appoint the directors of the division of community services, division of economic development and finance, and division of workforce development and until August 1, 2005, the governor shall appoint the director of the division of tourism. The individuals appointed by the governor shall serve at the pleasure of the governor and are entitled to receive a salary set by the governor within the limits of legislative appropriations.

Page 34, line 7, replace "on" with ":

a. On"

Page 34, line 8, replace ", on" with ":

b. On"

Page 34, line 9, replace ", on" with ":

c. On"

Page 34, line 10, replace ", and summarizing" with ":

d. On"

Page 34, line 11, after the underscored semicolon insert "and

e. On commerce benchmarks, including the average annual wage in the state, the gross state product exclusive of agriculture, and the number of primary sector jobs in the state;"

Page 34, line 29, replace "executive committee" with "foundation"

Page 35, line 1, replace ", including counsel in the" with ":

c. Develop a strategic plan for economic development in the state and set accountability standards, measurements, and benchmarks to evaluate the effectiveness of the department in implementing the strategic plan;

d. Develop a strategic plan for the development of value-added agriculture in the state; and"

Page 35, remove line 2

Page 35, line 3, replace "c" with "e"

Page 35, line 4, replace "; and" with an underscored period

Page 35, remove line 5

Page 35, line 29, remove "commerce division of" and overstrike "economic"

Page 35, line 30, overstrike "development and finance" and insert immediately thereafter "commerce"

Page 38, line 5, overstrike "hereby"

Page 38, line 6, overstrike "which" and insert immediately thereafter "that"

Page 38, line 8, overstrike "and it" and insert immediately thereafter ". The council" and overstrike the second "shall"

Page 38, line 9, overstrike "consist" and insert immediately thereafter "consists" and after "of" insert "a traffic counsel selected by the members of the council, a representative of the railways serving the state who is selected by the council, and"

Page 38, line 14, overstrike "livestock industry council" and insert immediately thereafter "North Dakota stockmen's association"

Page 38, line 15, after "Dakota" insert "state"

Page 38, line 18, overstrike "farmers"

Page 38, line 19, overstrike "The North Dakota railway lines."

Page 38, line 20, overstrike "10."

Page 38, line 21, overstrike "11." and insert immediately thereafter "10."

Page 38, overstrike lines 22 and 23

Page 40, after line 3, insert:

**"SECTION 52. AMENDMENT.** Section 57-38-29 of the North Dakota Century Code is amended and reenacted as follows:

**57-38-29. ~~Rate of tax on individuals~~ Optional method of computing tax.** Notwithstanding the other provisions of this chapter, an individual, estate, or trust may elect to determine state income tax liability by applying the provisions of this section. A tax is hereby imposed upon every individual, to be levied, collected, and paid annually with respect to the taxable income of such individual as defined in this chapter, computed at the following rates:

1. On taxable income not in excess of three thousand dollars, a tax of two and sixty-seven hundredths percent.
2. On taxable income in excess of three thousand dollars and not in excess of five thousand dollars, a tax of four percent.
3. On taxable income in excess of five thousand dollars and not in excess of eight thousand dollars, a tax of five and thirty-three hundredths percent.
4. On taxable income in excess of eight thousand dollars and not in excess of fifteen thousand dollars, a tax of six and sixty-seven hundredths percent.
5. On taxable income in excess of fifteen thousand dollars and not in excess of twenty-five thousand dollars, a tax of eight percent.
6. On taxable income in excess of twenty-five thousand dollars and not in excess of thirty-five thousand dollars, a tax of nine and thirty-three hundredths percent.
7. On taxable income in excess of thirty-five thousand dollars and not in excess of fifty thousand dollars, a tax of ten and sixty-seven hundredths percent.
8. On taxable income in excess of fifty thousand dollars, a tax of twelve percent.

**SECTION 53. AMENDMENT.** Section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

**57-38-30.3. ~~Simplified optional method of computing tax.~~**

1. ~~Notwithstanding the other provisions of this chapter, an individual, estate, or trust may elect to determine state income tax liability by applying the provisions of this section. Any taxpayer electing to determine the taxpayer's income tax liability pursuant to this section is only eligible for these adjustments or credits which are specifically provided for in this section. Provided, that for purposes of this section, any person required to file a state income tax return pursuant to the provisions of this chapter, but who has not computed a federal taxable income or federal income tax liability figure shall compute such a federal taxable income figure using a pro forma return pursuant to the provisions of this section in order to determine a federal income tax liability figure to be used as a starting point in computing state income tax.~~

- ~~2-~~ 2. A tax is hereby imposed for each taxable year upon income earned or received in that taxable year by every resident and nonresident individual, estate, and trust. This tax is fourteen percent of the individual's, estate's, or trust's adjusted federal income tax liability for the taxable year. A taxpayer computing the tax under this section is only eligible for those adjustments or credits that are specifically provided for in this section. Provided, that for purposes of this section, any person required to file a state income tax return under this chapter, but who has not computed a federal income tax liability figure, shall compute a federal income tax liability figure using a pro forma return in order to determine a federal income tax liability figure to be used as a starting point in computing state income tax under this section.
- ~~3-~~ 2. The adjusted federal income tax liability for a resident individual, estate, and trust must be determined by multiplying the federal income tax liability by a fraction, the numerator of which is the adjusted gross income taxable to this state and the denominator of which is the total adjusted gross income as reported on the federal income tax return. To the extent they are included in the taxpayer's federal adjusted gross income, the following amounts must be excluded from the numerator:
- a. Interest income from obligations of the United States and income exempt from state income tax under federal statute or United States or North Dakota constitutional provisions.
  - b. The portion of a distribution from a qualified investment fund described in section 57-38-01 which is attributable to investments by the qualified investment fund in obligations of the United States, obligations of North Dakota or its political subdivisions, and any other obligation the interest from which is exempt from state income tax under federal statute or United States or North Dakota constitutional provisions.
  - c. An amount equal to the earnings that are passed through to a taxpayer in connection with an allocation and apportionment to North Dakota under chapter 57-35.3.
- ~~4-~~ 3. The adjusted federal income tax liability of a nonresident individual, estate, and trust must be determined by multiplying the federal income tax liability by a fraction, the numerator of which is the adjusted gross income derived from sources within this state and the denominator of which is the total adjusted gross income as reported on the federal income tax return. To the extent they are included in the taxpayer's federal adjusted gross income, the following amounts must be excluded from the numerator:
- a. Interest income from obligations of the United States and income exempt from state income tax under federal statute or United States or North Dakota constitutional provisions.
  - b. The portion of a distribution from a qualified investment fund described in section 57-38-01 which is attributable to investments by the qualified investment fund in obligations of the United States, obligations of North Dakota or its political subdivisions, and any other obligation the interest from which is exempt from state income tax under federal statute or United States or North Dakota constitutional provisions.
  - c. An amount equal to the earnings that are passed through to a taxpayer in connection with an allocation and apportionment to North Dakota under chapter 57-35.3.
- ~~5-~~ 4. For purposes of this section, "federal income tax liability" means the individual's, estate's, or trust's federal income tax computed for the taxable year under Internal Revenue Code sections 1 and 3, relating to the computation of the regular federal income tax before credits, including calculation and tax rate modifications prescribed under other provisions of the Internal Revenue Code, adjusted as follows:



- a. Add the alternative minimum tax computed under Internal Revenue Code section 55;
- b. Add the tax on a lump sum distribution computed under Internal Revenue Code section 402; however, this adjustment does not apply if the lump sum distribution is received while a nonresident of this state and is exempt from taxation by this state under federal law;
- c. Add the tax on an accumulation distribution of a trust computed under Internal Revenue Code section 667;
- d. Add the tax computed under Internal Revenue Code section 72(m)(5) on excess benefits received from a qualified plan under Internal Revenue Code section 401(a) or a qualified annuity under Internal Revenue Code section 403(a);
- e. Add the tax computed under Internal Revenue Code section 72(q)(1) on an early distribution from an annuity contract;
- f. Add the tax computed under Internal Revenue Code section 72(t)(1) on an early distribution from a qualified retirement plan;
- g. Add the tax computed under Internal Revenue Code section 4973(a) on excess contributions to an individual retirement account, medical savings account, and certain Internal Revenue Code section 403(b) and annuity contracts; however, this adjustment does not apply if the individual, estate, or trust is a nonresident of this state;
- h. Add the tax computed under Internal Revenue Code section 4974(a) on excess accumulations in a qualified retirement plan; however, this adjustment does not apply if the individual, estate, or trust is a nonresident of this state;
- i. Add the tax computed under Internal Revenue Code section 4980A on excess distributions from a qualified retirement plan; and
- j. Subtract the credit for prior year minimum tax computed under Internal Revenue Code section 53.

Unless specifically provided for in this subsection, no federal income tax credit may be subtracted in determining the federal income tax liability for purposes of this section.

- ~~6.~~ 5. A husband and wife filing a joint federal income tax return shall file a joint state income tax return if the return is filed under this section. If separate federal income tax returns are filed, one spouse's state income tax return may be filed under this section and the other spouse's income tax return may be filed under the other provisions of this chapter.
- ~~7.~~ 6.
  - a. A resident individual, estate, or trust must be allowed a credit against the tax otherwise due under this section for the amount of any income tax imposed on the taxpayer for the taxable year by another state or territory of the United States or the District of Columbia on income derived from sources therein and which is also subject to tax under this section.
  - b. The credit provided under this subsection may not exceed the proportion of the tax otherwise due under this section that the amount of the taxpayer's adjusted gross income derived from sources in the other taxing jurisdiction bears to the taxpayer's entire adjusted gross income as reported on the taxpayer's federal income tax return.
- ~~8.~~ 7.
  - a. Individuals, estates, or trusts receiving a refund of federal income tax for a year for which an election to file state income tax returns has been made under this section shall file amended state income tax returns reducing the federal income tax liability for the year for which the federal income tax refund is granted and may not report the federal income tax refund in the year received.

- b. Individuals, estates, or trusts assessed additional federal income tax for a year for which an election to file state income tax returns has been made under this section shall file amended state income tax returns increasing the federal income tax liability for the year for which the additional federal income tax is assessed and may not report increased federal income tax liability in the year in which the additional federal income tax is paid.
- ~~9.~~ 8. The tax commissioner may prescribe procedures and guidelines to prevent requiring income that had been previously taxed under this chapter from becoming taxed again because of the provisions of this section and may prescribe procedures and guidelines to prevent any income from becoming exempt from taxation because of the provisions of this section if it would otherwise have been subject to taxation under the provisions of this chapter.
- ~~40.~~ 9. A taxpayer filing a return under this section is entitled to the credit provided under section 57-38-01.20.
- ~~44.~~ 10. A taxpayer filing a return under this section is entitled to the exemptions or credits provided under sections 40-63-04, 40-63-06, and 40-63-07.

**SECTION 54. AMENDMENT.** Section 57-38-54 of the North Dakota Century Code is amended and reenacted as follows:

**57-38-54. Publication of statistics.** The tax commissioner shall prepare and publish biennially statistics reasonably available with respect to the operation of this chapter, including amounts collected, classification of taxpayers, and such other facts as are deemed pertinent and valuable. The commissioner shall publish the tax rate imposed under section 57-38-30.3 as a percentage of adjusted federal tax liability and as the corresponding range of marginal tax rates as if the tax were imposed on taxable income.

Page 40, after line 21, insert:

**"SECTION 59. LEGISLATIVE COUNCIL CORRECTION OF STATUTORY REFERENCES.** The legislative council may replace references to the "department of economic development and finance", "division of community services", "tourism department", and "department of economic development and finance division of finance" with references to the "department of commerce division of economic development and finance", department of commerce division of community services", "department of commerce division of tourism", "department of commerce division of economic development and finance finance office", "department of commerce", and "commissioner of commerce", or any variation of these terms as appropriate, in any measure enacted by the fifty-seventh legislative assembly."

Page 40, line 27, replace "This" with "Sections 52 through 54 of this Act are effective for taxable years beginning after December 31, 2000, and the remainder of this"

Renumber accordingly

Engrossed SB 2032 was placed on the Seventh order of business on the calendar.

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

**WILLIAM R. HORTON, Secretary**