

2021 HOUSE JUDICIARY

HB 1429

2021 HOUSE STANDING COMMITTEE MINUTES

Judiciary
Room JW327B, State Capitol

HB 1429
2/8/2021

relating to the compact for a balanced budget

Chairman Klemin called the hearing to order at 9:05 AM.

Present: Representatives Klemin, Karls, Becker, Buffalo, Christensen, Cory, K Hanson, ones, Magrum, Paulson, Paur, Roers Jones, Satrom, and Vetter.

Rep. Damschen: Introduced the bill.

Discussion Topics:

- Who the delegates will be.
- Expiration date on page 16.

Chairman Klemin closed the hearing at 9:16.

**Motion made to change president to president pro tempore by Rep. Satrom;
Seconded by Rep. Vetter**

Voice vote carried.

**Motion made to further amend the on line 24, Page 9, change any to the by Rep. T. Jones
Seconded by Rep. Christensen**

Voice vote carried.

**Do Not Pass As Amended Motion made by Rep. Christensen
Seconded by Rep. Magrum**

Roll Call Vote:

Representatives	Vote
Chairman Klemin	N
Vice Chairman Karls	N
Rep Becker	N
Rep. Christensen	Y
Rep. Cory	N
Rep T. Jones	N
Rep Magrum	Y
Rep Paulson	N
Rep Paur	N
Rep Roers Jones	N

Rep B. Satrom	N
Rep Vetter	N
Rep Buffalo	N
Rep K. Hanson	N

2-12-0 Motion failed

**Do Pass As Amended Motion Made by Rep. T. Jones
Seconded by Rep. Satrom**

Roll Call :

:Representatives	Vote
Representative Lawrence R. Klemin	Y
Representative Karen Karls	Y
Representative Rick Becker	Y
Representative Ruth Buffalo	Y
Representative Cole Christensen	N
Representative Claire Cory	Y
Representative Karla Rose Hanson	Y
Representative Terry B. Jones	Y
Representative Jeffery J. Magrum	N
Representative Bob Paulson	Y
Representative Gary Paur	Y
Representative Shannon Roers Jones	Y
Representative Bernie Satrom	Y
Representative Steve Vetter	Y

12-2-0 Motion carried
Carrier: Rep. Paulson

Stopped 9.24

DeLores D. Shimek
Committee Clerk

February 8, 2021

qp
2/8/21

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1429

Page 9, line 20, after "president" insert "pro tempore"

Page 9, line 21, replace "their designee" with "the officers' designees"

Page 9, line 22, remove "a"

Page 9, line 22, replace "affidavit" with "affidavits"

Page 9, line 22, replace "officer" with "officers"

Page 9, line 23, replace "its" with "the member state's"

Page 9, line 24, replace "any" with "the"

Renumber accordingly

REPORT OF STANDING COMMITTEE

HB 1429: Judiciary Committee (Rep. Klemin, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1429 was placed on the Sixth order on the calendar.

Page 9, line 20, after "president" insert "pro tempore"

Page 9, line 21, replace "their designee" with "the officers' designees"

Page 9, line 22, remove "a"

Page 9, line 22, replace "affidavit" with "affidavits"

Page 9, line 22, replace "officer" with "officers"

Page 9, line 23, replace "its" with "the member state's"

Page 9, line 24, replace "any" with "the"

Renumber accordingly

2021 SENATE GOVERNMENT AND VETERANS AFFAIRS

HB 1429

2021 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Room JW216, State Capitol

HB 1429
3/12/2021

Relating to the compact for a balanced budget.

Chair Vedaa opened the hearing at 10:00 AM with Sen Vedaa, Meyer, Elkin, K Roers, Weber, Wobbema, and Marcellais present.

Discussion Topics:

- Runaway convention elimination
- Amendments

Rep Damschen – Dist 10 introduced the bill

Curtis Olafson –State Alliances for Compact testified via Zoom in favor #8911

Chip DeMoss – CEO Compact for American Ed Foundation in favor #8861

Mead Treadwell - Chair Compact for America- testified via Zoom in favor #8888

Additional written testimony: None

Adjourned at 10:28 AM

Pam Dever, Committee Clerk

Curtis Olafson

Vice President of State Alliances-Compact For America Educational Foundation, Inc
North Dakota State Senate (2006-2012)
Olafson Farm and Ranch (Est. 1883)

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 Edinburg, North Dakota 58227
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<https://www.compactforamerica.org/balanced-budget-compact-project>

Testimony for HB 1429

HB 1429 is a relatively simple piece of legislation, but it encompasses some complex and very important issues. With the passage of HB 1138 in 2015, North Dakota became the 4th state to join the Compact For America Balanced Budget Amendment Compact. HB 1138 passed the House and Senate by wide margins. The House vote was 66-26 and the Senate vote was 29-17.

I think it is appropriate to start with a brief overview of the major Article V organizations promoting balanced budget amendments. It is very common for state legislators around the country to confuse the various Article V organizations and their efforts. This is far less common with state legislators in North Dakota. I attribute the difference to the fact that state legislators in North Dakota study the issues on their own rather than relying on legislative aides as is the case in many other states. Still, a review may be educational to help illustrate the differences between the Compact For America and other Article V efforts.

There are 3 major efforts that involve advocating the use of the Article V amendment process to impose fiscal restraints on what we can all agree is out-of-control federal spending.

1. Compact For America Balanced Budget Commission <https://www.compactforamerica.org/>
2. Convention of States <https://conventionofstates.com/>
3. Center for State-Led National Debt Solutions <http://csnds.org/> (Formerly Balanced Budget Amendment Task Force)

Of the 3, the CFA is the only approach that completely eliminates the all too common concerns of a “runaway convention” by including in the interstate compact the entire set of rules and procedures and amendment language that the member states agree to in advance. This was done at the direction and guidance of renowned constitutional and legal scholars to allow the states to be able to conduct single-issue up-down vote conventions to propose amendments just like Congress does.

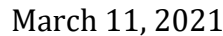
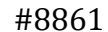
The CFA is also the only effort that spells out in advance through the pre-drafted and agreed-upon text of the Balanced Budget Amendment latitude for Congress to leverage additional debt to deal with emergency spending. Most importantly, it is the only effort that gives the state legislatures the authority to approve or reject additional debt beyond a certain level. Without this major enforcement mechanism empowering the state legislatures, any other BBA would be ineffective in stopping profligate spending by the Congress. They would need to convince a majority of the state legislatures that accrual of additional debt is justified. This is a provision that should be incorporated into any BBA proposal.

2021 HB 1429, despite its length, is actually making **only 3 minor changes** to the 2015 legislation.

1. On page 9 of the bill, on line 15, it changes the number of delegates who will be representing the State of North Dakota when the amendment convention is called from the previous designation of 1 delegate to 3 delegates.
2. Also, on page 9, on lines 19-25, it clarifies who will be appointed as delegates – the governor, the speaker of the house, and the president pro tempore of the senate (or their designees) and specifies that a majority of the 3 must approve any vote during the convention.
3. On page 16, line 15 it extends the deadline (currently 2021) to 2031 to allow more time for additional states to join the Compact. This is an important change to enhance the visibility and credibility of the Compact going forward and to keep the Compact as an important part of the national discussion that will have to be held on how to deal with our explosive federal debt. The CFA BBA Compact is an official legally binding interstate agency, and as such, has credibility with federal agencies on fiscal matters.

It is also important to note that in the original language of the 2015 bill, on page 12, lines 8 through 11, each state at the convention is entitled to one vote, regardless of how many delegates a state might send. This is sometimes a question and a point of contention in discussions involving other Article V proposals. The CFA approach puts that question to rest.

Please support HB 1429 with its minor, but important, updates to the previous legislation passed by the 64th Legislative Assembly in 2015.



RE: HB 1429 – Compact for a Balanced Budget
Before the House Government and Veterans Affairs Committee

Mr. Chairman and members of the Committee – thank you for the opportunity to provide testimony before you today. The Compact for a Balanced Budget provides a turnkey approach to state-initiated amendments to the U.S. Constitution. All amendments proposed either by the Congress or the state legislatures must follow the prescribed provisions of Article V of the Constitution, which details how desired amendments are both proposed and ratified. All 27 amendments to date to the U.S. Constitution have been proposed by Congress - the state legislatures have never successfully organized to propose a single amendment.

The Compact utilizes the tried and true interstate compact approach to organizing and binding states around a common goal. North Dakota is currently a member of 30 different interstate compacts. This particular Compact provides the necessary tools and controls for the state legislatures to safely organize and conduct a 24-hour, single issue, up/down vote convention to propose and ultimately ratify a pre-approved amendment. All rules and procedures of the required convention are encompassed in the laws of the Compact Member States and enforced at both the state and federal level.

In this particular case, the pre-approved Amendment is a state of the art Balanced Budget Amendment which for the first time allows Congress to utilize approved debt in the balancing equation. While the Amendment establishes a constitutional debt limit, it also provides Congress with ample funding for national emergencies and entitlement programs. Most importantly, the Amendment requires Congress to obtain the approval of a majority of the state legislatures whenever an increase in the constitutional debt limit is proposed.

Attached is a one-page overview of the major provisions of the Compact. I would be happy to answer any questions you may have regarding the Compact approach to state-initiated constitutional amendments, the Compact text, or the Balanced Budget Amendment.

Very truly yours,

Harold R. Ch. Man. III





Compact for a Balanced Budget

Summary of Key Legislative Provisions

The Balanced Budget Amendment – the amendment “Payload”

- Section 1 - requires federal budget to be balanced at all times, and only approved debt can be used to fund deficits
- Section 2 – establishes a constitutional debt limit at time of ratification
- Section 3 – requires approval of a majority of the state legislatures if Congress desires to increase the debt limit
- Section 4 – requires the President to protect the integrity of the constitutional debt limit
- Section 5 – encourages spending reductions first, as opposed to tax increases, to bridge the current deficit gap
- Section 6 – provides necessary definitions
- Section 7 – provides for self-enforcement of the amendment

the Compact for a Balanced Budget - the “Delivery Vehicle”

- Purpose – to greatly simplify the amendment process by combining all the steps required of the state legislatures to safely, efficiently, and effectively propose and ratify the Balanced Budget Amendment
- Article I – describes purpose of organizing the states to originate the Balanced Budget Amendment using a compact
- Article II – provides the necessary definitions, **including the actual text of the proposed Balanced Budget Amendment**
- Article III – sets compact membership and withdrawal requirements
- Article IV – establishes the Compact Commission – when 2 states join
- Article V – applies to Congress for Balanced Budget Amendment Article V convention – effective when 38 states join
- Article VI – appoints and instructs delegate(s) who will attend the Balanced Budget Amendment convention
- Article VII – details the **convention agenda and rules**, allows first member state to designate Convention Chair
- Article VIII – prohibits participation in convention before Congress consents to Compact; prohibits runaway convention and ratification of runaway proposals by member states
- Article IX – **resolution ratifying the balanced Budget Amendment** – effective when convention proposes amendment and Congress refers amendment to the state legislatures for ratification
- Article X – provides enforcement by state attorney generals, central venue and termination provisions

The Congressional Resolution – the “Blessing” of the Compact by Congress

- Title 1 – **resolution calling the required convention** in accordance with the terms and provisions of the Compact for a Balanced Budget - effective when 38 states join the Compact
- Title 2 – **resolution referring the Balanced Budget Amendment to the state legislatures for ratification** - effective when convention proposes the amendment

**Council of State Governments
National Center for Interstate Compacts
North Dakota Compacts**

Updated as of 3/11/2021

Ref.	Compact Name	Citation	Year Of Joinder
1	Agreement on Detainers	NDCC 29-34-01 to 29-34-08	1971
2	Compact for a Balanced Budget		2015
3	Compact for Education	NDCC 15.1-04-01, 15.1-04-02	1967
4	Compact on Mental Health	NDCC 25-11-01 to 25-11-06	1963
5	Compact on Placement of Children	NDCC 14-13-01 to 14-13-08	1963
6	Driver License Compact		1986
7	Emergency Management Assistance Compact	(no citation)	
8	Interstate Compact for Adult Offender Supervision	NDCC 12-65-01	2001
9	Interstate Compact for Juveniles	NDCC 27-22-01 to 27-22-07	1969
10	Interstate Compact on Adoption and Medical Assistance		
11	Interstate Compact on Educational Opportunity for Military Children	N.D.C.C. Chapter 15.1-04.1	2011
12	Interstate Compact on Industrialized/Modular Buildings		2011
13	Interstate Compact on Mentally Disordered Offenders	NDCC 25-14-01, 25-14-02	1967
14	Interstate Compact on the Placement of Children		0
15	Interstate Compact to Conserve Oil and Gas	Sen. Con. Res. "A," 23rd. Legis.	1953
16	Interstate Library Compact	NDCC 54-24.1-01 to 54-24.1-06	1965
17	Interstate Mining Compact		
18	Midwest Interstate Passenger Rail Compact	NDCC 8-11-01	2001
19	Midwestern Higher Education Compact	NDCC 15-10.2-01, 15-10.2-02	1991
20	Multistate Lottery Agreement		2004
21	Multistate Tax Compact	N.D. C.C. Ch. 57-59	1971
22	National Guard Mutual Assistance Counter-Drug Activities Compact	NDCC 37-17.2-01 to 37-17.2-02	1993
23	Nonresident Violator Compact		
24	Nurse Licensure Compact	North Dakota Administrative Code 54-02-10	2004
25	Southwestern Low-Level Radioactive Waste Disposal Compact	NDCC 23-20.5-01	1989
26	Surplus Lines Insurance Multi-State Compliance Compact	(no citation)	2011
27	Uniform Unclaimed Property Act		
28	Western Regional Education Compact	NDCC 15-10.2-01, 15-10.2-02	1999
29	Wildlife Violator Compact	NDCC 20.1-16	2001
30	Yellowstone River Compact	NDCC 61-23-01, 61-23-02	1951

State of Alaska
 State of Arizona
 State of Georgia
 State of Mississippi
 State of North Dakota

The Compact Commission
Compact for a Balanced Budget
 c/o Compact for America Educational Foundation, Inc.
 2323 Clear Lake City Boulevard, Suite 189-190
 Houston, Texas 77062



March 12, 2021

Testimony of Mead Treadwell, mead@treadwellalaska.com, (907) 223-8128
 Chairman, Compact for a Balanced Budget
 Appointed Alaska Commissioner to the Compact for a Balanced Budget
 Lt. Governor of Alaska, 2010-2014

- Thank you for the opportunity to testify.
- On behalf of the Compact members, I want to say that North Dakota has been a valued member of the Compact since July 2015, and we respectfully invite you to renew your participation.
- The Honorable Curtis Olafson is a major contributor to our work, and we'd like to thank him for his work with many other states.
- I'd like to thank the current bill's sponsors, and all of you for considering the bill.

Is a Balanced Budget Possible?

- Politically, I do not know. But I do know, as a borrower myself, you can't expand debt faster than income to service that debt without giving yourself problems. Our effort seeks to avoid US default.
- We may or may not have the best solution. What we do have is the only official mechanism, ongoing and official, to help force a national dialogue on spending and debt.
- In my state, as I presume in yours, we live in budget constraints which help us set priorities. The federal government seems to have suspended the laws of gravity when it comes to spending, so long as it has a printing press and a monetary policy to keep the costs of borrowing down.
- Whatever the answer to this question, it is essential that we push for limits on spending and debt.

Why should North Dakota renew its membership?

- Our Compact is working to force a discussion on spending and debt.
- Mississippi has just renewed; legislation is pending in Alaska; Arizona signed up for a longer term when it joined the Compact.
- A solvent federal government is important to all states; higher interest rates affect us all for infrastructure financing and returns to our Treasuries which park funds in federal debt; a default would dramatically affect our ability to keep our commitments to our citizens.

The Compact is an effective voice for States.

- On a very limited budget, the Compact Commission has met formally each year since its founding, and informally by weekly conference call approximately 45 times each year. We have sponsored the Debt Default Clock, guided by a group of experts in fiscal and finance matters, showing the US risk of default with continued borrowing. We have hosted meetings on Capitol Hill, and testified before legislative committees of many states, engaged with State Treasurers, and other leaders.
- **The Compact Commission is the only interstate body officially authorized to represent the member states before the President, the Executive Branch, and Congress on these matters.**

2021 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee Room JW216, State Capitol

HB 1429
3/18/2021

Relating to the compact for a balanced budget.

Chair Vedaa called to order at 11:22 AM with Sen Vedaa, Meyer, Elkin, K Roers, Weber, Wobbema, and Marcellais present.

Discussion Topics:

- Committee Work

Sen Meyer moved a **Do Pass**

Sen Weber seconded

Roll Call Vote: 4 -- YES 3 -- NO -0-ab
Motion Passed

Sen Meyer will carry the bill

Adjourned at 11:24 AM

Pam Dever, Committee Clerk

Senators	Vote
Senator Shawn Vedaa	Y
Senator Scott Meyer	Y
Senator Jay R. Elkin	N
Senator Richard Marcellais	N
Senator Kristin Roers	Y
Senator Mark F. Webber	Y
Senator Michael A. Wobbema	N

REPORT OF STANDING COMMITTEE

HB 1429, as engrossed: **Government and Veterans Affairs Committee (Sen. Vedaa, Chairman)** recommends **DO PASS** (4 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1429 was placed on the Fourteenth order on the calendar.