

**Department 108 - Secretary of State
Senate Bill No. 2002**

Executive Budget Comparison to Prior Biennium Appropriations

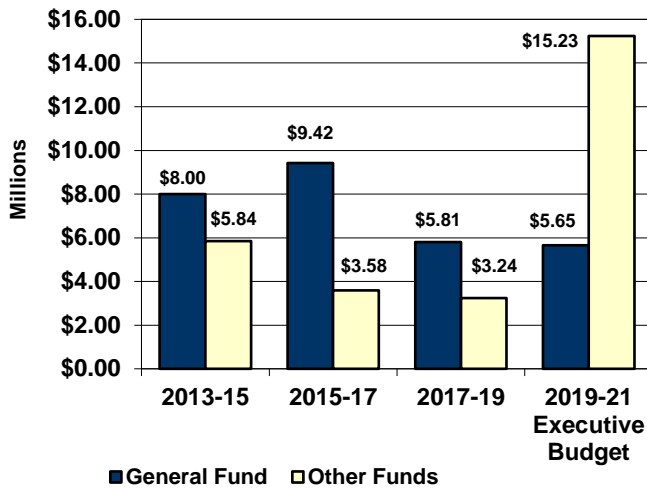
	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	32.00	\$5,654,824	\$15,233,041	\$20,887,865
2017-19 Legislative Appropriations ¹	32.00	5,808,732	3,238,155	9,046,887
Increase (Decrease)	0.00	(\$153,908)	\$11,994,886	\$11,840,978

¹The 2017-19 biennium agency appropriation amounts have not been adjusted for additional other funds authority of \$206,280 resulting from Emergency Commission action during the 2017-19 biennium.

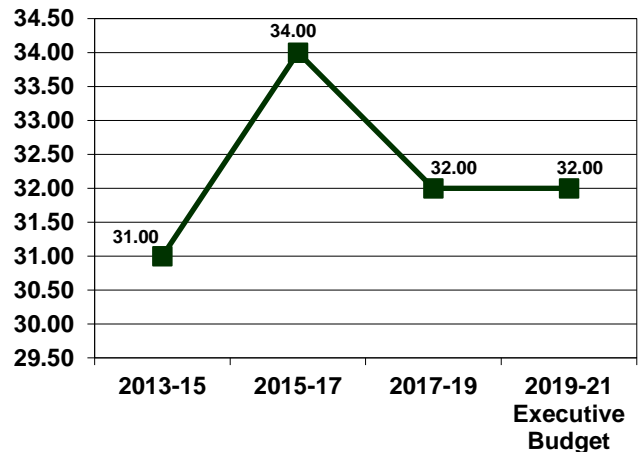
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	\$5,654,824	\$0	\$5,654,824
2017-19 Adjusted Legislative Appropriations	5,808,732	0	5,808,732
Increase (Decrease)	(\$153,908)	\$0	(\$153,908)

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$5,654,824	\$15,233,041	\$20,887,865
2019-21 Base Level	5,808,732	3,044,155	8,852,887
Increase (Decrease)	(\$153,908)	\$12,188,886	\$12,034,978

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$192,496 is for salary increases, \$120,934 is for health insurance increases, and \$24,616 is for retirement contribution increases	\$317,977	\$20,069	\$338,046
2. Adds funding for overtime and temporary staff from the Secretary of State general services operating fund	\$0	\$150,000	\$150,000
3. Removes funding for data processing for the AS400 business and licensing software as a result of the implementation of FirstStop software and adds funding for operating expenses from the Secretary of State general services operating fund	(\$527,002)	\$820,673	\$293,671

4. Removes funding for election reform, including reductions for information technology software (\$133,153), data processing (\$100,229), contractual services and repairs (\$121,000), and professional fees (\$48,115)	\$0	(\$402,497)	(\$402,497)
5. Reduces funding for public printing	(\$31,172)	\$0	(\$31,172)
6. Increases funding for technology projects from additional revenue from changes to Secretary of State fees in Section 5	\$0	\$800,000	\$800,000
7. Adds funding for Microsoft Office 365 licensing	\$4,065	\$799	\$4,864
8. Adds one-time funding from the strategic investment and improvements fund (\$8 million) and federal funds (\$3 million) to purchase a new voting system and e-poll books	\$0	\$11,000,000	\$11,000,000

**Other Sections Recommended to be Added in the Executive Budget
(As Detailed in the Attached Appendix)**

Secretary of State's salary - Section 3 would provide the statutory changes increasing the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$105,770 to \$110,001, effective July 1, 2019, and to \$112,201, effective July 1, 2020, to reflect the 4 percent and 2 percent recommended salary increase.

Secretary of State's general services operating fund - Section 4 would amend North Dakota Century Code Section 54-09-08 to remove the requirement to transfer all funds in the Secretary of State's general services operating fund exceeding \$75,000 to the general fund at the end of each biennium.

Secretary of State fees - Section 5 would amend Section 54-09-11 to remove a directive for the Secretary of State to establish a fee for furnishing lists from the central indexing system and establish a fee of \$40 for preparing any listing or compilation of any information recorded or filed, and provide an additional fee of 50 cents per page for a listing in paper format. The section also would amend Section 54-09-11 to increase the filing fee for the central indexing system from \$10 to \$20 and allow the fee to be used for the programming and maintenance of the information technology systems administered by the Secretary of State. The section also would amend Section 54-09-11 to remove the requirement for the Secretary of State to pay \$10 to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to Sections 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, and 41-09-72. The effects of this section will result in an estimated increase of \$800,000 in revenue deposited in the Secretary of State general services operating fund, but not affect general fund revenues.

Strategic investment and improvements fund - Section 6 would provide \$8 million from the strategic investment and improvements fund to Secretary of State for a statewide voting system and e-poll book project.

Exemption - Section 7 would provide that any unexpended funds from the technology project in Section 2 of Chapter 36 of the 2015 Session Laws is not subject to the provisions of Section 54-11.1-11, and any unexpended funds may be expended during the 2019-21 biennium.

Continuing Appropriations

Athletic commission fund - Section 53-01-09 - Appropriates any funding received by the Secretary of State for license fees for all boxers, kickboxers, mixed style fighters, promoters, managers, judges, timekeepers, cornerpersons, knockdown counters, matchmakers, and referees or other participants and fees based on the percentage of gross revenues from any boxing, kickboxing, mixed fighting style competition, or sparring exhibition held in this state to pay for the expenses of members of the Commission of Combative Sports.

Deficiency Appropriation

There are no deficiency appropriations for this agency.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1045 - Provides definitions and establishes in Century Code electronic transactions and blockchain technology and smart contracts.

Secretary of State - Budget No. 108
Senate Bill No. 2002
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	32.00	\$5,808,732	\$3,044,155	\$8,852,887
2019-21 Ongoing Funding Changes				
Base payroll changes		\$82,224	(\$200,158)	(\$117,934)
Salary increase		180,646	11,850	192,496
Health insurance increase		114,248	6,686	120,934
Retirement contribution increase		23,083	1,533	24,616
Increases temporary salaries			150,000	150,000
Reduces funding for election reform			(402,497)	(402,497)
Reduces funding for public printing		(31,172)		(31,172)
Increases funding for operating expenses		(527,002)	820,673	293,671
Increases funding for technology projects			800,000	800,000
Adds funding for Microsoft Office 365 licensing		4,065	799	4,864
Total ongoing funding changes	0.00	(\$153,908)	\$1,188,886	\$1,034,978
One-time funding items				
Adds funding for voting system and e-poll books			\$11,000,000	\$11,000,000
Total one-time funding changes	0.00	\$0	\$11,000,000	\$11,000,000
Total Changes to Base Level Funding	0.00	(\$153,908)	\$12,188,886	\$12,034,978
2019-21 Total Funding	32.00	\$5,654,824	\$15,233,041	\$20,887,865

Other Sections for Secretary of State - Budget No. 108

	Executive Budget Recommendation
Salary of Secretary of State	Section 3 would provide the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$105,770 to \$110,001, effective July 1, 2019, and to \$112,201, effective July 1, 2020, to reflect the 4 percent and 2 percent recommended salary increase.
Secretary of State's general services operating fund	Section 4 would amend North Dakota Century Code Section 54-09-08 to remove the requirement to transfer all funds in the Secretary of State's general services operating fund exceeding \$75,000 to the general fund at the end of each biennium.

Other Sections for Secretary of State - Budget No. 108

Executive Budget Recommendation

Secretary of State fees

Section 5 would amend Section 54–09–11 to remove a directive for the Secretary of State to establish a fee for furnishing lists from the central indexing system and establish a fee of \$40 for preparing any listing or compilation of any information recorded or filed, and provide an additional fee of 50 cents per page for a listing in paper format. The section also would amend Section 54–09–11 to increase the filing fee for the central indexing system from \$10 to \$20 and allow the fee to be used for the programming and maintenance of the information technology systems administered by the Secretary of State. The section also would amend Section 54 09 11 to remove the requirement for the Secretary of State to pay \$10 to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to Sections 35–13–02, 35–17–04, 35–20–16, 35–30–02, 35–31–02, and 41–09–72.

Strategic investment and improvements fund

Section 6 would provide \$8 million from the strategic investment and improvements fund to Secretary of State for a statewide voting system and e-poll book project.

Exemption

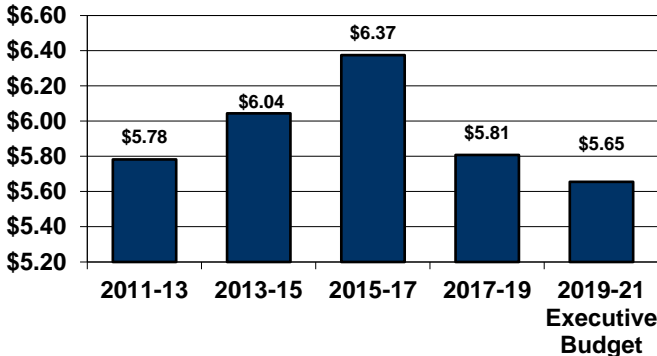
Section 7 would provide that any unexpended funds from the technology project in Section 2 of Chapter 36 of the 2015 Session Laws is not subject to the provisions of Section 54-11.1-11, and any unexpended funds may be expended during the 2019-21 biennium.

Department 108 - Secretary of State

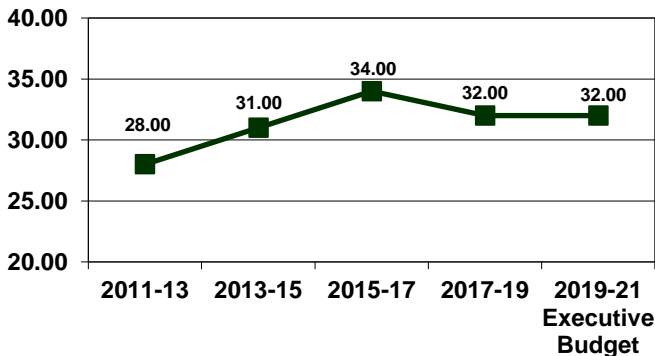
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2011-13

Ongoing General Fund Appropriations (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing general fund appropriations	\$5,783,121	\$6,043,495	\$6,374,720	\$5,808,732	\$5,654,824
Increase (decrease) from previous biennium	N/A	\$260,374	\$331,225	(\$234,763)	(\$153,908)
Percentage increase (decrease) from previous biennium	N/A	4.5%	5.5%	(3.9%)	(2.6%)
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	4.5%	10.2%	0.4%	(2.2%)

Major Increases (Decreases) in Ongoing General Fund Appropriations

2013-15 Biennium

- 1. Provided funding for costs related to increased usage of credit card payments received \$100,000

2015-17 Biennium

- 1. Added 6 FTE positions, including 3 office assistant positions and continued 3 positions authorized during the 2013-15 biennium from one-time funding \$597,840

2017-19 Biennium

- 1. Removed 2 FTE positions and related funding (\$211,268)
- 2. Adjusted funding source from the general fund to the general services operating fund for 1 FTE position (\$106,823)
- 3. Adjusted funding for overtime and temporary salaries by reducing funding from the general fund but increasing special funds by \$200,000 (\$50,000)
- 4. Adjusted funding for operating expenses by \$81,856, including a decrease of \$262,100 from the general fund and increasing \$343,956 from the general services operating fund, of which \$118,956 is for information technology expenses (\$262,100)
- 5. Added funding for campaign disclosure software \$50,000

2019-21 Biennium (Executive Budget Recommendation)

- 1. Removes funding for data processing for the AS400 business and licensing software as a result of the implementation of FirstStop software (\$527,002)

**GOVERNOR'S RECOMMENDATION FOR THE
SECRETARY OF STATE AS SUBMITTED
BY THE OFFICE OF MANAGEMENT AND BUDGET**

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the secretary of state for the purpose of defraying the expenses of the secretary of state and public printing, for the biennium beginning July 1, 2017, and ending June 30, 2019, as follows:

Subdivision 1.

SECRETARY OF STATE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$4,652,764	\$357,115	\$5,009,879
Operating expenses	2,711,018	1,098,535	3,809,553
Petition review	8,000	0	8,000
Election reform	<u>1,192,655</u>	<u>10,610,500</u>	<u>11,803,155</u>
Total all funds	\$8,564,437	\$12,066,150	\$20,630,587
Less estimated income	<u>3,044,155</u>	<u>12,188,886</u>	<u>15,233,041</u>
Total general fund	\$5,520,282	\$(122,736)	\$5,397,546
Full-time equivalent positions	32.00	0.00	32.00

Subdivision 2.

SECRETARY OF STATE - PUBLIC PRINTING

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Public printing	<u>\$288,450</u>	<u>\$(31,172)</u>	<u>\$257,278</u>
Total general fund	\$288,450	\$(31,172)	\$257,278

Subdivision 3.

BILL TOTAL

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total general fund	\$5,808,732	\$(153,908)	\$5,654,824
Grand total special funds	<u>3,044,155</u>	<u>12,188,886</u>	<u>15,233,041</u>
Grand total all funds	\$8,852,887	\$12,034,978	\$20,887,865

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium:

<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
Voting System and E-Poll Books	\$0	<u>\$11,000,000</u>
Total general fund	\$0	\$0

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The secretary of state shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 3. AMENDMENT. Section 54-09-05 of the North Dakota Century Code is amended and reenacted as follows:

Section 54-09-05. Salary of secretary of state.

The annual salary of the secretary of state is ~~one hundred five thousand seven hundred seventy dollars through June 30, 2018 and one hundred ten thousand and one dollars through June 30, 2020 and one hundred twelve thousand two hundred one dollars thereafter.~~

SECTION 4. AMENDMENT - GENERAL SERVICES OPERATING FUND. Section 54-09-08 of the North Dakota Century Code is amended and reenacted as follows:

The secretary of state's general services operating fund is a special fund in the state treasury. Moneys in the fund are to be used pursuant to legislative appropriations for the provision of services under section 16,1-02-15, subsection 4 of section 41-09-94, subsection 4 of section 41-09-96. Subsection 7 of section 54-09-04, and sections 10-35-33, 54-09-10, and 54-09-11. ~~At the close of each biennium, the secretary of state shall transfer any unobligated balance remaining in the fund exceeding seventy five thousand dollars to the general fund.~~

SECTION 5. AMENDMENT. FEES. Section 54-09-11 of North Dakota Century Code is amended and reenacted as follows:

1. The secretary of state shall establish fees for any programming charges specifically incurred to provide information requested by persons which is related to the central indexing system and for other services provided through the computerized system.
2. A fee may not be required for furnishing information on a verbal request pursuant to subsection 3 of section 54-09-10, and the fee for furnishing a certificate under subsection 3 of section 54-09-10 is fifteen dollars.
3. ~~The secretary of state shall establish the fee for furnishing lists from the central indexing system based on actual costs to produce the lists for distribution.~~ For preparing any listing or compilation of any information recorded or filed in the office of the secretary of state, forty dollars for each record type requested. Unless otherwise agreed to by the secretary of state, the information must be provided in an electronic format. If provided in a paper format, an additional fee of fifty cents per page may be charged.

4. Fees collected by secretary of state under this section, under subsection 4 of section 41-09-94, and subsection 5 of section 41-09-96, and ~~ten~~ twenty dollars from each filing entered into the central indexing system must be deposited in the secretary of state's general services operating fund. ~~Fees collected by secretary of state under this section must be used for the programming and maintenance of the central index system information technology systems administered by the secretary of state.~~
5. ~~The secretary of state shall pay ten dollars to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to section 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02 or 41-09-72. The payment must be made monthly from the general fund in the state treasury.~~

SECTION 6. SPECIAL FUNDS TRANSFER – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The less estimated income line item in section 1 of this Act includes the sum of \$8,000,000, or so much of the sum as may be necessary, from the strategic investment and improvements fund which may be transferred at the direction of the secretary of state for a state wide voting system and e-poll book projects during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 7 EXEMPTION. Any unexpended funds from the technology project in section 2 of chapter 36 of the 2015 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation may be expended during the biennium beginning July 1, 2019 and ending June 30, 2021.