State of
North Dakota
Office of the Governor

Jack Dalrymple
Governor

May 13, 2015

The Honorable Drew Wrigley
President, ND Senate
State Capitol
Bismarck, ND 58505

RE: Senate Bill 2015

Dear President Wrigley:

Pursuant to Article V, Section 9 of the North Dakota Constitution, I have vetoed Sections 24 and 33 of Senate Bill 2015.

Section 24 is vetoed because the new language serves no constructive purpose and is an excessive requirement on the human resources management of the university system. Any new chancellor, when entering office for the first time, has the authority to remove vice-chancellors and hire replacements at their discretion, because the vice-chancellors are not "classified" employees. To require vice-chancellors to resign is likely detrimental to the effective operation of the university system during a period of transition and could have a negative effect on the education of our students. Therefore, section 24 of Senate Bill 2015 is vetoed.

I have also vetoed Section 33 which is an attempt to clarify the extent of quick take authority within the use of eminent domain by water resource districts. However, the language does just the opposite, resulting in greater confusion of this issue. There is no definition provided for the term "specific project" which leaves a wide range of possible interpretations. Quick take authority is a serious public policy decision that should be clearly and definitively prescribed by the legislative assembly. House Bill 1095, which was passed by the 64th legislative assembly, requires a study of the use of quick take authority by water resource districts. This study should provide the clear direction as to what policy changes, if any, are needed.

Sincerely,

Jack Dalrymple

Jack Dalrymple
Governor

Received by: _____ Date: 5/15/15 Time: 10:31 a.m.

Received by Secretary of State 5/15/15 10:35 a.m.

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Sixty-fourth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 6, 2015

SENATE BILL NO. 2015
(Appropriations Committee)
(At the request of the Governor)

AN ACT to provide an appropriation for defraying the expenses of the various divisions under the supervision of the director of the office of management and budget; to provide an appropriation to the department of transportation; to provide an appropriation to the state auditor; to provide an appropriation to the legislative assembly; to provide an appropriation to the legislative council; to provide an appropriation to the judicial branch; to provide contingent appropriations to the state board of higher education, department of transportation, and superintendent of public instruction; to create and enact a new section to chapter 44-04 and a new section to chapter 54-52.6 of the North Dakota Century Code, relating to open records requests submitted by members of the legislative assembly and the legislative council and the defined benefit retirement plan; to amend and reenact subdivision c of subsection 1 of section 15-10-17, section 48-08-04, subsections 3 and 4 of section 54-52-17, section 55-01-02.1, subsection 3 of section 57-38-01.7 as amended in section 1 of of House Bill No. 1462, as approved by the sixty-fourth legislative assembly, subdivision b of subsection 3 of section 57-51.1-03 as amended in section 5 of House Bill No. 1476, as approved by the sixty-fourth legislative assembly, and subsection 2 of section 61-16.1-09, of the North Dakota Century Code, and sections 1 and 2 of Senate Bill No. 2019, as approved by the sixty-fourth legislative assembly, relating to North Dakota university system personnel, the use of legislative meeting rooms, the defined benefit retirement plan, operation of the heritage center building, income tax credits for charitable contributions to private education institutions, eminent domain and water resource boards, and an appropriation to the parks and recreation department; to repeal section 54-44-06 of the North Dakota Century Code and section 5 of House Bill No. 1003, as approved by the sixty-fourth legislative assembly, relating to duties of the office of management and budget as to the school fund and contingent appropriations for higher education capital projects; to provide an exemption; to provide for various transfers and contingent transfers; to provide statements of legislative intent; to provide for legislative management studies and reports; to provide for budget section reports; to provide an effective date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the office of management and budget for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2015, and ending June 30, 2017, as follows:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$19,803,315	$224,939	$20,028,254
Accrued leave payments	570,412	(570,412)	0
Operating expenses	14,356,788	(150,003)	14,206,785
Emergency commission contingency fund	700,000	0	700,000
Capital assets	2,251,065	1,738,944	3,990,009
Grants	430,000	125,000	555,000
Guardianship grants	828,600	500,000	1,328,600
Prairie public broadcasting	1,337,138	362,862	1,700,000
State student internship program	200,000	50,000	250,000
Health insurance pool - temporary employees	0	5,000,000	5,000,000

Total all funds	$40,477,318	$7,281,330	$47,758,648
Less estimated income	8,730,630	2,689,760	11,420,390
Total general fund	$31,746,688	$4,591,570	$36,338,258
Full-time equivalent positions	130.50	(8.00)	122.50

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FIFTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-third legislative assembly for the 2013-15 biennium and the 2015-17 one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	2013-15	2015-17
Capitol complex parking lot repairs	$4,000,000	$0
Health insurance pool	2,000,000	0
Exterior restoration of legislative and j-wing	1,500,000	0
Repair and cleaning capitol and j-wing	1,200,000	0
Capitol south entrance	1,000,000	0
Prairie public broadcasting	600,000	0
North Dakota 125th anniversary coordinator	190,000	0
Energy impact funding	8,500,000	0
Transfer to property tax relief	315,210,000	0
Information technology hardware relocation study	200,000	0
Student internship	0	50,000
Facility projects	0	205,000
Signage on the capitol grounds	0	1,400,000
West parking lot repair	0	50,000
ACA health insurance	0	5,000,000
Facility management projects	0	1,825,009
Legislative wing electrical-related repairs	0	310,000
Total all funds	$334,400,000	$8,840,009
Less estimated income	5,500,000	4,210,000
Total general fund	$328,900,000	$4,630,009

The 2015-17 one-time funding amounts are not a part of the entity's base budget for the 2017-19 biennium. The office of management and budget shall report to the appropriations committees of the sixty-fifth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2015, and ending June 30, 2017.

SECTION 3. APPROPRIATION - TRANSFER - TAX RELIEF FUND TO GENERAL FUND. There is appropriated out of any moneys in the tax relief fund in the state treasury, not otherwise appropriated, the sum of $657,000,000, or so much of the sum as may be necessary, which the director of the office of management and budget shall transfer to the general fund during the biennium beginning July 1, 2015, and ending June 30, 2017.

SECTION 4. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - TARGETED MARKET EQUITY POOL - LEGISLATIVE MANAGEMENT REPORT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $3,750,000, or so much of the sum as may be necessary, and from special funds derived from federal funds and other income, the sum of $740,000, or so much of the sum as may be necessary, to the office of management and budget for a state agency targeted market equity salary funding pool to provide compensation adjustments for state employees in accordance with the provisions of this section. The market equity increases must be prioritized based on a statewide plan prepared by the office of management and budget within the funding available in the pool. The plan must address occupational market disparities, economic growth areas, recruitment and retention challenges, and external pay inequities for employees who are critical to the mission of the agency. The plan must give priority to employees whose salary is in the first or second quartile of their assigned salary range and employees whose salary is below the average classified state employee salary level.

One-half of the market equity pool funding is available for market equity adjustments in July 2015, to be paid in August 2015, and any remaining funding in the pool is available for market equity adjustments in July 2016, to be paid in August 2016. The market equity adjustments must be provided after any general compensation increase authorized by the sixty-fourth legislative assembly for these respective months and are independent of the general compensation increases. Employees whose documented performance levels do not meet standards are not eligible for the market equity increases. Notwithstanding any other provision of law, the office of management and budget shall transfer appropriation authority from the targeted market equity salary pool line item included in section 1 of this Act to eligible agencies for approved market equity salary adjustments. The office of management and budget shall provide a report to the legislative management regarding its statewide plan and any appropriation authority transferred from the pool.

Employees in the following agencies are eligible to receive a targeted market equity salary adjustment under this section:

1. Adjutant general;
2. Veterans' home;
3. State department of health;
4. Department of human services; and
5. Protection and advocacy project.

SECTION 5. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - STATE AGENCY ENERGY DEVELOPMENT IMPACT FUNDING POOL - TRANSFER AUTHORITY - EMERGENCY COMMISSION APPROVAL - LEGISLATIVE MANAGEMENT REPORT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $2,400,000, or so much of the sum as may be necessary, and from special funds derived from federal funds and other income, the sum of $5,565,000, or so much of the sum as may be necessary, to the office of management and budget for a state agency energy development impact funding pool, for the biennium beginning July 1, 2015, and ending June 30, 2017. The funds provided under this section are considered a one-time funding item and may not be continued into the biennium beginning July 1, 2017, and ending June 30, 2019.

A state agency may submit an application to the office of management and budget for a transfer of appropriation authority from the state agency energy development impact funding pool for employee housing rental assistance and temporary salary increases for employees affected by energy development. As part of the application, an agency must document how the agency will discontinue energy impact adjustments for employees at the end of the biennium. The office of management and budget, subject to emergency commission approval, shall transfer appropriation authority from the state agency energy development impact funding pool to eligible agencies for approved applications.

The office of management and budget shall provide a report to the legislative management regarding distributions from the energy development impact funding pool. Each agency receiving a distribution from the energy impact funding pool must provide a report to the legislative management regarding its plan to discontinue energy impact adjustments for employees at the end of the biennium beginning July 1, 2015, and ending June 30, 2017.

SECTION 6. GENERAL FUND APPROPRIATION AND TRANSFER - HIGHWAY FUND APPROPRIATION - DEPARTMENT OF TRANSPORTATION.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $18,000,000, which the director of the office of management and budget shall transfer to the highway fund during the biennium beginning July 1, 2015, and ending June 30, 2017.

2. There is appropriated out of any moneys in the highway fund in the state treasury, not otherwise appropriated, the sum of $18,000,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of state highway investments, for the biennium beginning July 1, 2015, and ending June 30, 2017.

SECTION 7. CONTINGENT GENERAL FUND TRANSFER AND HIGHWAY FUND APPROPRIATION - DEPARTMENT OF TRANSPORTATION.

1. Subject to the provisions of this section, there is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $20,000,000, which the director of the office of management and budget shall transfer to the highway fund, during the biennium beginning July 1, 2015, and ending June 30, 2017. If a transfer of funds occurs under this subsection, there is appropriated out of any moneys in the highway fund in the state treasury, not otherwise appropriated, the sum of $20,000,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of enhanced state highway investments, for the biennium beginning July 1, 2015, and ending June 30, 2017.

2. a. The transfer and appropriation in subsection 1 of this section is available only if the director of the office of management and budget determines actual general fund revenues for the period beginning February 1, 2015, and ending June 30, 2015, exceed the legislative estimates made at the close of the 2015 legislative session for general fund revenues during the same period by at least $20,000,000.

   b. For purposes of this subsection, "estimated general fund revenues" excludes transfers to the general fund from the strategic investment and improvements fund, property tax relief fund, the lottery, the mill and elevator, and gas tax administration.

SECTION 8. CONTINGENT GENERAL FUND AND STRATEGIC INVESTMENT AND IMPROVEMENTS FUND APPROPRIATIONS AND TRANSFERS - STATE BOARD OF HIGHER EDUCATION - DEPARTMENT OF TRANSPORTATION - BUDGET SECTION APPROVAL - BUDGET SECTION REPORT.

1. Subject to the provisions of this section, there is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $25,850,000, or so much of the sum as may be necessary, to the state board of higher education for the Valley City state university fine arts building project, including the demolition of two existing buildings, for the biennium beginning July 1, 2015, and ending June 30, 2017.

2. Subject to the provisions of this section, the director of the office of management and budget shall transfer the sum of $25,850,000 from the strategic investment and improvements fund to the highway fund during the biennium beginning July 1, 2015, and ending June 30, 2017. If a transfer of funds occurs under this subsection, there is appropriated out of any moneys in the highway fund in the state treasury, not otherwise appropriated, the sum of $25,850,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of enhanced state highway investments, for the biennium beginning July 1, 2015, and ending June 30, 2017.

3. Subject to the provisions of this section, there is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $46,000,000, or so much of the sum as may be necessary, to the state board of higher education for the North Dakota state university Dunbar Hall project, for the biennium beginning July 1, 2015, and ending June 30, 2017.

4. Subject to the provisions of this section, the director of the office of management and budget shall transfer the sum of $46,000,000 from the general fund to the highway fund during the biennium beginning July 1, 2015, and ending June 30, 2017. If a transfer of funds occurs under this subsection, there is appropriated out of any moneys in the highway fund in the state treasury, not otherwise appropriated, the sum of $46,000,000, or so much of the sum as may

be necessary, to the department of transportation for the purpose of enhanced state highway investments, for the biennium beginning July 1, 2015, and ending June 30, 2017.

5. a. The appropriations and transfers in subsections 1 and 2 of this section are available only if the director of the office of management and budget determines actual general fund revenues for the period beginning July 1, 2015, and ending December 31, 2015, exceed the legislative estimates made at the close of the 2015 legislative session for general fund revenues during the same period by at least $126,000,000, or if the director of the office of management and budget determines actual general fund revenues for the period beginning July 1, 2015, and ending June 30, 2016, exceed the legislative estimates made at the close of the 2015 legislative session for general fund revenues during the same period by at least $126,000,000. If the appropriations and transfers under this subdivision become available, the state board of higher education shall provide a report to the budget section regarding the status of the Valley City state university fine arts building project.

b. The appropriations and transfers in subsections 3 and 4 of this section are available, subject to budget section approval, only if the director of the office of management and budget determines actual general fund revenues for the period beginning July 1, 2015, and ending December 31, 2016, exceed the legislative estimates made at the close of the 2015 legislative session for general fund revenues during the same period by at least $250,000,000. Additionally, the appropriation in subsection 3 is available only if the state board of higher education certifies to the budget section that the Dunbar Hall project conforms to the university system master plan and space utilization study and the board receives budget section approval to proceed with the project. The board may not seek approval from the budget section to proceed with the project until the state auditor's office performance audit of the university system space utilization study is completed.

c. For purposes of this subsection, "estimated general fund revenues" excludes the unobligated general fund balance on July 1, 2015, and transfers to the general fund from the strategic investment and improvements fund, tax relief fund, the lottery, the mill and elevator, and gas tax administration.

SECTION 9. APPROPRIATION - STATE AUDITOR. There is appropriated out of special funds derived from other income from fees charged to the North Dakota university system, not otherwise appropriated, the sum of $200,000, or so much of the sum as may be necessary, to the state auditor for the purpose of conducting information technology security audits of the eleven institutions in the North Dakota university system, for the biennium beginning July 1, 2015, and ending June 30, 2017.

SECTION 10. APPROPRIATION - LEGISLATIVE ASSEMBLY - MEETING ROOMS - REPORTS TO LEGISLATIVE PROCEDURE AND ARRANGEMENTS COMMITTEE. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $160,000 or so much of the sum as may be necessary, to the legislative assembly for the purpose of purchasing and installing audio and visual equipment, tables, chairs, and other furnishings in legislative meeting rooms within the facility space expansion authorized under House Bill No. 1002, as approved by the sixty-fourth legislative assembly, for the biennium beginning July 1, 2015, and ending June 30, 2017. The funding appropriated in this section is considered a one-time funding item.

The state court administrator shall provide periodic reports to the legislative procedure and arrangements committee during the 2015-16 interim regarding the status of the facility space expansion authorized under House Bill No. 1002, as approved by the sixty-fourth legislative assembly.

SECTION 11. APPROPRIATION - LEGISLATIVE COUNCIL - CONSULTANTS FOR INTERIM STUDY. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $400,000, or so much of the sum as may be necessary, to the legislative council for the purpose of contracting with consultants to study oil and gas tax incentives and oil and

gas recovery techniques, for the biennium beginning July 1, 2015, and ending June 30, 2017. The funding provided in this section is considered a one-time funding item.

SECTION 12. APPROPRIATION - JUDICIAL WING REMODELING PROJECT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $65,693, or so much of the sum as may be necessary, to the judicial branch for the purpose of defraying the additional costs of the remodeling project in the judicial wing, for the biennium beginning July 1, 2015, and ending June 30, 2017. The funding provided in this section is considered a one-time funding item.

SECTION 13. CONTINGENT APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION - TRANSPORTATION GRANTS. If any funding appropriated to the superintendent of public instruction for integrated formula payments to school districts remains after the superintendent complies with all statutory payment obligations imposed for the biennium beginning July 1, 2015, and ending June 30, 2017, the superintendent shall provide up to $3,000,000 of the funds remaining for additional transportation grants. The superintendent shall prorate the available funding according to the percentage of the total transportation formula amount to which each school district is entitled.

SECTION 14. ESTIMATED INCOME - CAPITOL BUILDING FUND. The estimated income line item in section 1 of this Act includes $1,710,000 from the capitol building fund, of which $1,400,000 is for capitol building entrance and signage projects and $310,000 is for legislative wing electrical and ceiling repairs.

SECTION 15. COMMUNITY SERVICE SUPERVISION GRANTS - FUNDING ALLOCATIONS - ADDITIONAL INCOME APPROPRIATION. The grants line item in section 1 of this Act includes the sum of $500,000 from the general fund for the purpose of providing community service supervision grants. The director of the office of management and budget shall distribute the grant funds on or before August first during each year of the biennium beginning July 1, 2015, and ending June 30, 2017, to North Dakota community corrections association regions as follows:

Barnes County	$12,121
Bismarck (urban)	27,057
Bismarck (rural)	14,223
Devils Lake	14,329
Dickinson	16,911
Fargo	32,169
Grand Forks	26,404
Jamestown	18,511
Minot	21,592
Richland County	13,241
Rugby	15,543
Sargent County	10,781
Wells County	10,919
Williston	16,199
Total	$250,000

Any moneys in the community service supervision fund are appropriated to the office of management and budget for distribution to community corrections association regions on or before August first of each year during the biennium beginning July 1, 2015, and ending June 30, 2017.

SECTION 16. EXEMPTION. The amount appropriated for the fiscal management division, as contained in section 1 of chapter 15 of the 2013 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available for continued development and operating costs of the accounting, management, and payroll systems, during the biennium beginning July 1, 2015, and ending June 30, 2017.

SECTION 17. INTENT. Within the authority included in section 1 of this Act are the following grants and special items:

Boys and girls clubwork	$53,000
State memberships and related expenses	$611,000
Unemployment insurance	$1,500,000
Capitol grounds planning commission	$25,000

SECTION 18. STATE STUDENT INTERNSHIP PROGRAM. The human resources division of the office of management and budget may transfer to each eligible agency appropriated general fund spending authority from the state student internship program line item contained in section 1 of this Act.

SECTION 19. OFFICE OF MANAGEMENT AND BUDGET - TEMPORARY EMPLOYEE HEALTH INSURANCE POOL. The office of management and budget may transfer to each eligible agency appropriation authority from the health insurance pool - temporary employees line item contained in section 1 of this Act. Transfers may be made for the purpose of providing temporary employee health insurance adjustments for state employees, including institutions of higher education, determined to be full time based on guidelines developed by the office of management and budget in accordance with the shared responsibility provisions of the Affordable Care Act for the biennium beginning July 1, 2015, and ending June 30, 2017.

SECTION 20. FUNDING TRANSFERS - EXCEPTION - AUTHORIZATION. Notwithstanding section 54-16-04, agencies may transfer appropriation authority between line items, as it relates to compensation increases authorized in section 21 of this Act, for the biennium beginning July 1, 2015, and ending June 30, 2017. The agencies shall notify the office of management and budget of any transfer made pursuant to this section.

SECTION 21. STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES. It is the intent of the sixty-fourth legislative assembly that 2015-17 biennium compensation adjustments for classified state employees for each year of the biennium are to be a performance component in a range of two to four percent based on documented performance. Increases for classified state employees are not to be the same percentage increase for each employee. The increases for the first year of the biennium are to be given beginning with the month of July 2015, to be paid in August 2015, and for the second year of the biennium are to be given beginning with the month of July 2016, to be paid in August 2016.

Probationary employees are not entitled to the performance increases. However, probationary employees may be given all or a portion of the increases effective in July, paid in August, or upon completion of probation, at the discretion of the appointing authority.

The office of management and budget shall develop guidelines for use by state agencies for providing compensation adjustments for regular classified employees. The guidelines must follow section 54-44.3-01.2, compensation philosophy statement.

Compensation adjustments for regular nonclassified state employees, excluding employees under the control of the state board of higher education, are to be in a range of two to four percent based on market and documented performance and are not to be the same percentage increase for each employee.

Employees whose overall documented performance level does not meet standards are not eligible for any salary increase.

SECTION 22. ONE-TIME FUNDING - ASSISTIVE TECHNOLOGY SERVICES. The funding appropriated to the department of human services in Senate Bill No. 2289 as approved by the sixty-fourth legislative assembly, relating to assistive technology services is considered one-time funding for the biennium beginning July 1, 2015, and ending June 30, 2017.

SECTION 23. STUDENT LOAN TRUST FUND - STATE DEPARTMENT OF HEALTH - DENTAL LOAN REPAYMENT PROGRAM. The estimated income line item of section 1 of House Bill No. 1004, as approved by the sixty-fourth legislative assembly, includes the sum of $360,000, or so much of the sum as may be necessary, from the student loan trust fund for the dental loan repayment program administered by the state department of health for the biennium beginning July 1, 2015, and ending June 30, 2017.

SECTION 24. AMENDMENT. Subdivision c of subsection 1 of section 15-10-17 of the North Dakota Century Code is amended and reenacted as follows:

c. Appoint and remove all university system office personnel, fix their salaries within the limits of legislative appropriations, fix their terms of office, and prescribe their duties. The board shall adopt a policy that provides that each vice chancellor in the university system office is considered to have resigned the individual's position as a vice chancellor upon the appointment of a commissioner of higher education.

SECTION 25. A new section to chapter 44-04 of the North Dakota Century Code is created and enacted as follows:

Requests for records by members of the legislative assembly and the legislative council.

Notwithstanding section 44-04-18.6, any record of the legislative council relating to a request for public records made by the legislative council on behalf of a member of the legislative assembly is a public record. The legislative council shall maintain a written or digital record of any request for public records made on behalf of a member of the legislative assembly which identifies the member of the legislative assembly who made the request.

SECTION 26. AMENDMENT. Section 48-08-04 of the North Dakota Century Code is amended and reenacted as follows:

48-08-04. Use of legislative assembly rooms and halls.

During the interim between legislative sessions, the committee rooms, halls, passageways, and other space in the capitol used by the legislative assembly, including the pioneer room and three additional meeting rooms comprising approximately four thousand square feet in the judicial wing of the capitol, may not be used without authorization of the legislative council.

SECTION 27. AMENDMENT. Subsection 3 of section 54-52-17 of the North Dakota Century Code is amended and reenacted as follows:

3. Retirement dates are defined as follows:

   a. Normal retirement date, except for a national guard security officer or firefighter or a peace officer or correctional officer employed by the bureau of criminal investigation or by a political subdivision, is:

      (1) The first day of the month next following the month in which the member attains the age of sixty-five years; or

      (2) When the member has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.

   b. Normal retirement date for members first enrolled after December 31, 2015, except for a national guard security officer or firefighter, a peace officer or correctional officer employed by the bureau of criminal investigation or by a political subdivision, or a supreme court or district court judge, is:

      (1) The first day of the month next following the month in which the member attains the age of sixty-five years; or

(2) When the member has a combined total of years of service credit and years of age equal to ninety and the member attains a minimum age of sixty and has not received a retirement benefit under this chapter.

~~b.~~c. Normal retirement date for a national guard security officer or firefighter is the first day of the month next following the month in which the national guard security officer or firefighter attains the age of fifty-five years and has completed at least three eligible years of employment as a national guard security officer or firefighter.

~~c.~~d. Normal retirement date for a peace officer or correctional officer employed by a political subdivision is:

(1) The first day of the month next following the month in which the peace officer or correctional officer attains the age of fifty-five years and has completed at least three eligible years of employment as a peace officer or correctional officer; or

(2) When the peace officer or correctional officer has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.

~~d.~~e. Normal retirement date for a peace officer employed by the bureau of criminal investigation is:

(1) The first day of the month next following the month in which the peace officer attains the age of fifty-five years and has completed at least three eligible years of employment as a peace officer; or

(2) When the peace officer has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.

~~e.~~f. Postponed retirement date is the first day of the month next following the month in which the member, on or after July 1, 1977, actually severs or has severed the member's employment after reaching the normal retirement date.

~~f.~~g. Early retirement date, except for a national guard security officer or firefighter or a peace officer or correctional officer employed by the bureau of criminal investigation or by a political subdivision, is the first day of the month next following the month in which the member attains the age of fifty-five years and has completed three years of eligible employment. For a national guard security officer or firefighter, early retirement date is the first day of the month next following the month in which the national guard security officer or firefighter attains the age of fifty years and has completed at least three years of eligible employment. For a peace officer or correctional officer employed by the bureau of criminal investigation or by a political subdivision, early retirement date is the first day of the month next following the month in which the peace officer or correctional officer attains the age of fifty years and has completed at least three years of eligible employment.

~~g.~~h. Disability retirement date is the first day of the month after a member becomes permanently and totally disabled, according to medical evidence called for under the rules of the board, and has completed at least one hundred eighty days of eligible employment. For supreme and district court judges, permanent and total disability is based solely on a judge's inability to perform judicial duties arising out of physical or mental impairment, as determined pursuant to rules adopted by the board or as provided by subdivision a of subsection 3 of section 27-23-03. A member is eligible to receive disability retirement benefits only if the member:

(1) Became disabled during the period of eligible employment; and

(2) Applies for disability retirement benefits within twelve months of the date the member terminates employment.

A member is eligible to continue to receive disability benefits as long as the permanent and total disability continues and the member submits the necessary documentation and undergoes medical testing required by the board, or for as long as the member participates in a rehabilitation program required by the board, or both. If the board determines that a member no longer meets the eligibility definition, the board may discontinue the disability retirement benefit. The board may pay the cost of any medical testing or rehabilitation services it deems necessary and these payments are appropriated from the retirement fund for those purposes.

SECTION 28. AMENDMENT. Subsection 4 of section 54-52-17 of the North Dakota Century Code is amended and reenacted as follows:

4. The board shall calculate retirement benefits as follows:

a. Normal retirement benefits for all retirees, except supreme and district court judges, reaching normal retirement date equal an annual amount, payable monthly, comprised of a service benefit and a prior service benefit, as defined in this chapter, which is determined as follows:

(1) Service benefit equals two percent of final average salary multiplied by the number of years of service employment.

(2) Prior service benefit equals two percent of final average salary multiplied by the number of years of prior service employment.

b. Normal retirement benefits for all supreme and district court judges under the public employees retirement system reaching normal retirement date equal an annual amount, payable monthly, comprised of a benefit as defined in this chapter, determined as follows:

(1) Benefits must be calculated from the time of appointment or election to the bench and must equal three and one-half percent of final average salary multiplied by the first ten years of judicial service, two and eighty hundredths percent of final average salary multiplied by the second ten years of judicial service, and one and one-fourth percent of final average salary multiplied by the number of years of judicial service exceeding twenty years.

(2) Service benefits must include, in addition, an amount equal to the percent specified in subdivision a of final average salary multiplied by the number of years of nonjudicial employee service and employment.

c. Postponed retirement benefits are calculated as for single life benefits for those members who retired on or after July 1, 1977.

d. Early retirement benefits are calculated as for single life benefits accrued to the date of termination of employment, but must be actuarially reduced to account for benefit payments beginning prior to the normal retirement date, which is the earlier of age sixty-five or the age at which current service plus age equals eighty-five. Except for a national guard security officer or firefighter, a peace officer or correctional officer employed by the bureau of criminal investigation or by a political subdivision, or a supreme court or district court judge, early retirement benefits for members first enrolled after December 31, 2015, are calculated for single life benefits accrued to the date of termination of employment, but must be reduced by fixed rate of eight percent per year to account for benefit payments beginning before the normal retirement date. A retiree, other than a supreme or district court judge, is eligible for early retirement benefits only after having completed three years of eligible employment. A supreme or district court

judge retiree is eligible for early retirement benefits only after having completed five years of eligible employment.

e. Except for supreme and district court judges, disability retirement benefits are twenty-five percent of the member's final average salary. Disability retirement benefits for supreme and district court judges are seventy percent of final average salary reduced by the member's primary social security benefits and by any workforce safety and insurance benefits paid. The minimum monthly disability retirement benefit under this section is one hundred dollars.

SECTION 29. A new section to chapter 54-52.6 of the North Dakota Century Code is created and enacted as follows:

Changes to election.

1. In this section the term "participating member" is limited in application to a participating member who elected to participate in the defined contribution retirement plan established under this chapter as an active employee of a participating employer, is an actively participating member of the defined contribution plan as of the effective date of this Act, and is an active employee with a participating employer on the date an election is made under this section. The term does not include a participant who is not actively employed with a participating employer on the date of transfer of the funds under this section, has taken a distribution from the defined contribution plan, is retired, is no longer actively employed with a participating employer, or who is a member who has a qualified domestic relations order or other court order on the member's account.

2. Notwithstanding any other provision of law, the board shall provide an opportunity for each participating member to elect in writing to terminate membership in the defined contribution retirement plan under this chapter and to elect to become a participating member in the public employees retirement system under chapter 54-52.

3. The board shall establish a three-calendar-month election period beginning not later than February 1, 2016. A participating member who does not make a written election or who does not file the election with the North Dakota public employees retirement system office during the period specified in this section continues to be a member of the defined contribution plan. A participating member who makes and files a written election with the North Dakota public employees retirement system office under this section ceases to be a member of the defined contribution plan upon receipt by the public employees retirement system of the accumulated fund balance of the member's defined contribution plan under this chapter and waives all rights to that employee's accumulated fund balance under the defined contribution plan. If the executive director of the North Dakota public employees retirement system determines a participating member was not adequately notified of the option to make an election under this section, the executive director may provide that participating member a reasonable time, not to exceed three months, within which to make that election.

4. The public employees retirement system shall credit the transferring employee with the service credit and salary history reflected on the public employees retirement system's electronic database.

5. The board shall determine the method by which a participating member may make a written election under this section. If the participating member is married at the time of the election, the election is not effective unless the election is signed by the individual's spouse. However, the executive director of the North Dakota public employees retirement system may waive this spousal signature requirement if the spouse's signature cannot be obtained because of extenuating circumstances.

6. For a participating member who elects to terminate membership in the defined contribution plan under this section, the board shall transfer that member's accumulated fund balance, less

any rollovers from other plans made into the defined contribution plan, to the public employees retirement system under chapter 54-52. If funds are transferred from the defined contribution plan to the defined benefit plan under an election made under this section, the board shall record this transfer to the defined benefit plan as employee and employer contributions in the same manner as transferred by the defined contribution provider. If a participating member has a separate account attributable to rollover contributions to the defined contribution plan pursuant to section 54-52.6-09.1, the participating member shall make an election to receive a distribution of the entire amount held in the rollover account at the time of transfer.

7. A participating member who elects a transfer under this section is entitled to vested employer contribution amounts under section 54-52-11.1 prospectively from the date of transfer. A participating member who elects a transfer under this section must be assessed and required to pay monthly to the defined benefit plan an additional employee contribution of an additional two percent of the monthly salary or wages paid to the member.

SECTION 30. AMENDMENT. Section 55-01-02.1 of the North Dakota Century Code is amended and reenacted as follows:

55-01-02.1. Society to have jurisdiction over heritage center.

The society has jurisdiction over the administration and operations of the North Dakota heritage center building. The director of the office of management and budget is responsible for maintenance of the heritage center building. The society shall maintain the collections displayed and stored at the heritage center and shall provide, or arrange, for the security of those collections. The society shall establish a policy that authorizes the consumption of alcoholic beverages, including distilled spirits as defined in section 5-01-01, at the heritage center during an event that is open only to invited guests and if the alcoholic beverages are dispensed by a qualified alcoholic beverage licensee.

SECTION 31. AMENDMENT. Subsection 3 of section 57-38-01.7 of the North Dakota Century Code as amended by section 1 of House Bill No. 1462, as approved by the sixty-fourth legislative assembly, is amended and reenacted as follows:

3. At the election of the taxpayer, there must be allowed, subject to the applicable limitations provided in this subsection, as a nonrefundable credit against the income tax liability under section 57-38-30 or, in the case of contributions by a passthrough entity, under section 57-38-30.3 for the taxable year, an amount equal to fifty percent of the aggregate amount of charitable contributions made by the taxpayer during the year directly to nonprofit private institutions of primary education, located within the state. The amount allowable as a credit under this subsection for any taxable year may not exceed twenty percent of the taxpayer's total income tax under this chapter for the year, or two thousand five hundred dollars, whichever is less.

SECTION 32. Subdivision b of subsection 3 of section 57-51.1-03 of the North Dakota Century Code as amended in section 5 of House Bill No. 1476, as approved by the sixty-fourth legislative assembly, is amended and reenacted as follows:

b. The incremental production from a tertiary recovery project ~~that does not use carbon dioxide and~~ which has been certified as a qualified project by the industrial commission is exempt from any taxes imposed under this chapter for a period of ten years from the date the incremental production begins. Incremental production from a tertiary recovery project ~~that uses carbon dioxide in a~~from a horizontal well drilled and completed ~~outside~~within the Bakken and Three Forks formations~~, and ten miles [16.10 kilometers] or more outside an established field in which the industrial commission has defined the pool to include the Bakken or Three Forks formation and~~ which has been certified as a qualified project by the industrial commission is not exempt from July 1, 2015, through June 30, 2017, and is thereafter exempt from any taxes imposed under this chapter for a

period of five years from July 1, 2017, or the date the incremental production begins, whichever is later.

SECTION 33. AMENDMENT. Subsection 2 of section 61-16.1-09 of the North Dakota Century Code is amended and reenacted as follows:

2. Exercise the power of eminent domain in the manner provided by title 32 for the purpose of acquiring and securing any rights, titles, interests, estates, or easements necessary or proper to carry out the duties imposed by this chapter~~, and particularly to~~. A water resource board may acquire the necessary rights in land for the construction of dams, flood control projects, and other water conservation, distribution, and supply works of any nature and to permit the flooding of lands~~, and to~~. In addition, a water resource board may secure the right of access to ~~such~~these dams and other devices and the right of public access to any impounded waters ~~impounded thereby. Provided, however, that when~~If the interest sought to be acquired is a right of way for ~~any~~a project authorized in this chapter for which federal ~~or state~~ funds have been appropriated or state funds have been appropriated by the legislative assembly for a specific project, the ~~district~~board, after making a written offer to purchase the right of way and depositing the amount of the offer with the clerk of the district court of the county wherein the right of way is located, may ~~thereupon~~ take immediate possession of the right of way, as authorized by section 16 of article I of the Constitution of North Dakota. Within thirty days after notice has been given in writing to the landowner by the clerk of the district court that a deposit has been made for the taking of a right of way as authorized in this subsection, the owner of the property taken may appeal to the district court by serving a notice of appeal upon the acquiring agency, and the matter must be tried at the next regular or special term of court with a jury unless a jury be waived, in the manner prescribed for trials under chapter 32-15.

SECTION 34. Section 1 of Senate Bill No. 2019, as approved by the sixty-fifth legislative assembly, is amended and reenacted as follows:

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 parks and recreation department for the purpose of defraying the expenses of the parks and recreation department, for providing funding to the Lewis and Clark interpretive center, and for providing a grant to the International Peace Garden, for the biennium beginning July 1, 2015, and ending June 30, 2017, as follows:

Subdivision 1.

PARKS AND RECREATION DEPARTMENT

	Base Level	Adjustments or Enhancements	Appropriation
Administration	$2,573,593	$598,129	$3,171,722
Accrued leave payments	181,577	(181,577)	0
Park operations and maintenance	15,045,525	20,128,406	35,173,931
~~Recreation~~	~~5,585,875~~	~~2,021,544~~	~~7,607,419~~
~~Total all funds~~	~~$23,386,570~~	~~$22,566,502~~	~~$45,953,072~~
~~Less estimated income~~	~~10,505,431~~	~~4,357,404~~	~~14,862,835~~
~~Total general fund~~	~~$12,881,139~~	~~$18,209,098~~	~~$31,090,237~~
Recreation	5,585,875	1,711,245	7,297,120
Total all funds	$23,386,570	$22,256,203	$45,642,773
Less estimated income	10,505,431	4,357,404	14,862,835
Total general fund	$12,881,139	$17,898,799	$30,779,938
Full-time equivalent positions	55.00	11.00	66.00

Subdivision 2.

INTERNATIONAL PEACE GARDEN

	Base Level	Adjustments or Enhancements	Appropriation
International Peace Garden	$973,699	$535,297	$1,508,996
Total general fund	$973,699	$535,297	$1,508,996

Subdivision 3.

LEWIS AND CLARK INTERPRETIVE CENTER

	Base Level	Adjustments or Enhancements	Appropriation
Lewis and Clark interpretive center	$0	$1,005,279	$1,005,279
Total general fund	$0	$1,005,279	$1,005,279

Subdivision 4.

BILL TOTAL

	Base Level	Adjustments or Enhancements	Appropriation
~~Grand total general fund~~	~~$13,854,838~~	~~$19,749,674~~	~~$33,604,512~~
~~Grand total special funds~~	~~10,505,431~~	~~4,357,404~~	~~14,862,835~~
~~Grand total all funds~~	~~$24,360,269~~	~~$24,107,078~~	~~$48,467,347~~
Grand total general fund	$13,854,838	$19,439,375	$33,294,213
Grand total special funds	10,505,431	4,357,404	14,862,835
Grand total all funds	$24,360,269	$23,796,779	$48,157,048

SECTION 35. Section 2 of Senate Bill No. 2019, as approved by the sixty-fifth legislative assembly, is amended and reenacted as follows:

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FIFTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-third legislative assembly for the 2013-15 biennium and the 2015-17 one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	2013-15	2015-17
Parks enhancements	$3,897,800	$14,750,000
Parks equipment	350,000	600,000
Lewis and Clark interpretive center grant	1,350,000	0
Parks strategic plans	100,000	0
Community grant program	500,000	500,000
International Peace Garden capital projects	1,250,000	335,297
Trail lease renewals	0	200,000
~~Web application for snowmobile registration~~	~~0~~	~~310,299~~
Statewide comprehensive outdoor recreation plan	0	90,000
Repairs at Lewis and Clark interpretive center	0	75,000
50th anniversary	0	25,000
Retirement leave payouts	0	100,000
International Peace Garden demolition project	0	200,000
~~Total all funds~~	~~$7,447,800~~	~~$17,185,596~~
~~Less estimated income~~	~~1,270,300~~	~~345,000~~
~~Total general fund~~	~~$6,177,500~~	~~$16,840,596~~
Total all funds	$7,447,800	$16,875,297
Less estimated income	1,270,300	345,000
Total general fund	$6,177,500	$16,530,297

The 2015-17 one-time funding amounts are not a part of the entity's base budget for the 2017-19 biennium. The parks and recreation department shall report to the appropriations committees of the sixty-fifth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2015, and ending June 30, 2017.

SECTION 36. REPEAL. Section 54-44-06 of the North Dakota Century Code is repealed.

SECTION 37. REPEAL. Section 5 of House Bill No. 1003, as approved by the sixty-fourth legislative assembly, is repealed.

SECTION 38. LEGISLATIVE INTENT - STATE BOARD OF HIGHER EDUCATION - SEVERANCE PAY. Notwithstanding any policy adopted by the board, the state board of higher education or an institution under its control may not approve or provide severance pay to any employee whose employment is terminated as a result of the transfer of positions from the state board of higher education to the attorney general as provided in House Bill No. 1003 as approved by the sixty-fourth legislative assembly.

SECTION 39. LEGISLATIVE INTENT - OIL AND GAS IMPACT GRANTS TO AIRPORTS. It is the intent of the sixty-fourth legislative assembly that of the funding designated for grants to airports impacted by oil and gas development included in subsection 1 of section 5 of House Bill No. 1176, as approved by the sixty-fourth legislative assembly, a grant award of at least $39,000,000 be awarded to the airport in the hub city as defined under section 57-51-01 that received the highest total allocation under subsection 1 of section 57-51-15 for the period beginning September 1, 2013, and ending August 31, 2014, and a grant award of at least $5,800,000 be awarded to the airport in the hub city as defined under section 57-51-01 that received the second highest total allocation under subsection 1 of section 57-51-15 for the period beginning September 1, 2013, and ending August 31, 2014. It is also the intent of the sixty-fourth legislative assembly that the grant awards designated under this section must be awarded without a local matching requirement.

SECTION 40. LEGISLATIVE MANAGEMENT STUDY - BUDGET SECTION FUNCTIONS. During the 2015-16 interim, the legislative management shall study the functions of the budget section. The study must review the duties and studies assigned to the budget section and the ability of the budget section to authorize financial decisions, including full-time equivalent positions, university system building projects, and project scope changes. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-fifth legislative assembly.

SECTION 41. LEGISLATIVE MANAGEMENT STUDY - TRANSPORTATION FUNDING DISTRIBUTIONS TO POLITICAL SUBDIVISIONS. During the 2015-16 interim, the legislative management shall consider studying special transportation funding distributions to political subdivisions. The study must review distribution methods including the feasibility and desirability of using upper great plains transportation institute needs studies, county major collector miles, or a combination of both, if there are future special transportation funding distributions to political subdivision, and must review options to ensure counties are reporting information consistently. The legislative management shall consider methods to ensure that road projects in each county are properly coordinated with state road projects and projects in adjacent counties. The study must also review the use of special transportation funding in comparison to the legislative assembly's intent. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly.

SECTION 42. LEGISLATIVE MANAGEMENT STUDY - ENHANCED OIL AND GAS RECOVERY. During the 2015-16 interim, the legislative management shall study the current scientific and economic information regarding oil and gas recovery and enhanced recovery techniques, including the use of carbon dioxide, the timeline for implementing the techniques, and the estimated future annual economic impact, to evaluate existing and alternative tax incentives and recommend tax incentives that under current and foreseeable conditions, and within different oil formations, would best serve the interests of the state, political subdivisions, and fossil fuel energy production industries. The legislative

management shall report its recommendations, together with any legislation necessary to implement the recommendations, to the sixty-fifty legislative assembly.

SECTION 43. EFFECTIVE DATE. Section 31 of this Act is effective for taxable years beginning after December 31, 2014, and section 32 of this Act is effective for taxable events occurring after December 31, 2015, and for a tertiary recovery project the exemption of five years applies only for a project from which incremental production begins after December 31, 2015.

SECTION 44. EMERGENCY. Funding of $1,550,000 in the operating expenses line item in section 1 and section 15 of House Bill No. 1018, as approved by the sixty-fourth legislative assembly; section 1 of House Bill No. 1255, as approved by the sixty-fourth legislative assembly; and section 30 of this Act are declared to be an emergency measure.

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-fourth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2015.

Senate Vote:	Yeas 45	Nays 2	Absent 0
House Vote:	Yeas 72	Nays 16	Absent 6

Secretary of the Senate

Received by the Governor at 4:18 P. M. on May 4, 2015.

Approved at 5:40 P. M. on May 13, 2015.

Governor

Filed in this office this 15th day of May, 2015,

at 1035 o'clock A M.

Secretary of State