

23.0269.04000

Sixty-eighth  
Legislative Assembly  
of North Dakota

**FIRST ENGROSSMENT  
with Conference Committee Amendments  
ENGROSSED SENATE BILL NO. 2015**

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the various divisions  
2 under the supervision of the director of the office of management and budget; to provide an  
3 appropriation to the office of the governor, legislative assembly, adjutant general, legislative  
4 council, department of environmental quality, department of labor and human rights, department  
5 of public instruction, department of commerce, department of health and human services,  
6 department of career and technical education, and judicial branch; to create and enact a new  
7 subsection to section 10-30.5-02 and a new subsection to section 54-44-11 of the North Dakota  
8 Century Code, relating to the purpose and use of the North Dakota development fund and a  
9 facility management operating fund; to amend and reenact section 15.1-27-04.1 as amended by  
10 section 10 of Senate Bill No. 2284, as approved by the sixty-eighth legislative assembly,  
11 sections 15.1-36-02 and 15.1-36-04, subsection 2 of the new section to chapter 19-03.1, as  
12 created by section 1 of Senate Bill No. 2248, as approved by the sixty-eighth legislative  
13 assembly, subsection 1 of section 21-10-12, as amended in section 3 of Senate Bill No. 2330,  
14 as approved by the sixty-eighth legislative assembly, section 24-02-37.3, as amended by  
15 section 10 of House Bill No. 1012, as approved by the sixty-eighth legislative assembly,  
16 sections 48-10-02, 54-06-14.7, and 54-21-19, sections 54-52-02.5, 54-52-02.9, 54-52-02.11,  
17 and 54-52-02.12, as amended in sections 3, 4, 5, and 6 of House Bill No. 1040, as approved by  
18 the sixty-eighth legislative assembly, section 54-52-02.15 as created by section 7 of House Bill  
19 No. 1040, as approved by the sixty-eighth legislative assembly, section 54-52-03, subsection 2  
20 of section 54-52-06.4, as amended in section 1 of House Bill No. 1309, as approved by the  
21 sixty-eighth legislative assembly, subsection 4 of section 54-52-17, as amended in section 4 of  
22 House Bill No. 1183, as approved by the sixty-eighth legislative assembly, section 54-52.2-09 as  
23 created by section 13 of House Bill No. 1040, as approved by the sixty-eighth legislative  
24 assembly, subsection 3 of section 54-52.6-01 and section 54-52.6-02 as amended in  
25 sections 14 and 15 of House Bill No. 1040, as approved by the sixty-eighth legislative assembly,

1 subsection 1 of section 54-52.6-02.1 and section 54-52.6-02.2 as created by sections 16 and 17  
2 of House Bill No. 1040, as approved by the sixty-eighth legislative assembly, subsection 2 of  
3 section 54-52.6-03 as amended by section 18 of House Bill No. 1040, as approved by the  
4 sixty-eighth legislative assembly, section 54-52.6-09 as amended in section 22 of House Bill  
5 No. 1040, as approved by the sixty-eighth legislative assembly, section 54-63.1-04, and the new  
6 subsection to section 61-16.1-11, as created in section 1 of Senate Bill No. 2372, as approved  
7 by the sixty-eighth legislative assembly, of the North Dakota Century Code and section 2 of  
8 House Bill No. 1438, as approved by the sixty-eighth legislative assembly, relating to baseline  
9 funding and the determination of state school aid, loans from the coal development trust fund,  
10 evidence of indebtedness, distribution of illegal drugs, legacy fund earnings, the flexible  
11 transportation fund, the capitol grounds planning commission spending limit, the state leave  
12 sharing program, capitol grounds rent collections, the retirement board, the public employees  
13 retirement system retirement plan, the public employees retirement system plan for state peace  
14 officers, the clean sustainable energy authority duties, and joint water resource boards; to  
15 repeal section 5 of Senate Bill No. 2020, as approved by the sixty-eighth legislative assembly,  
16 relating to a transfer of Bank of North Dakota profits to a water infrastructure revolving loan  
17 fund; to provide for a transfer; to provide an exemption; to provide for a legislative management  
18 study; to provide a report; to provide a penalty; to provide for application; to provide a  
19 retroactive effective date; to provide a contingent effective date; to provide an effective date;  
20 and to declare an emergency.

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

22 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
23 as may be necessary, are appropriated out of any moneys in the general fund in the state  
24 treasury, not otherwise appropriated, and from special funds derived from federal funds and  
25 other income, to the office of management and budget for the purpose of defraying the  
26 expenses of the office of management and budget, for the biennium beginning July 1, 2023,  
27 and ending June 30, 2025, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>	
28				
29				
30	Salaries and wages	\$21,926,979	\$1,231,851	\$23,158,830

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1	Operating expenses	15,663,214	3,729,579	19,392,793
2	Capital assets	764,515	8,567,640	9,332,155
3	Emergency commission contingency fund	400,000	0	400,000
4	Targeted market equity pool	0	82,500,000	82,500,000
5	Guardianship grants	2,450,000	4,650,000	7,100,000
6	Prairie public broadcasting	1,200,000	1,792,450	2,992,450
7	Community service supervision grants	350,000	0	350,000
8	State student internship program	0	500,000	500,000
9	Governor's emergency education relief	0	3,659,555	3,659,555
10	Deferred maintenance funding pool	0	20,000,000	20,000,000
11	New and vacant FTE funding pool	0	98,200,000	98,200,000
12	Employer retirement contribution pool	0	12,538,779	12,538,779
13	Infrastructure grant	<u>0</u>	<u>200,000</u>	<u>200,000</u>
14	Total all funds	\$42,754,708	\$237,569,854	\$280,324,562
15	Less estimated income	<u>8,828,309</u>	<u>137,175,715</u>	<u>146,004,024</u>
16	Total general fund	\$33,926,399	\$100,394,139	\$134,320,538
17	Full-time equivalent positions	108.00	2.00	110.00

**SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**

**SIXTY-NINTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act:

	<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
23	Griggs County medical center grant	\$500,000	\$0
24	Facility consolidation study	350,000	0
25	Special assessments on capitol grounds	300,000	0
26	Interior and exterior signage projects	500,000	0
27	Statewide budget software	1,230,100	0
28	Capitol accessibility improvements	750,000	0
29	Legislative wing ventilation improvements	7,000,000	0
30	Pierce County medical center grant	1,000,000	0
31	Accrued leave retirement payouts	0	100,369

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1	Inflationary increases	0	340,000
2	Capitol accessibility consulting	25,000	50,000
3	Accessibility improvements - legislative areas	0	150,000
4	State employee leave management system	0	335,000
5	Cash management study	0	450,000
6	Procurement software	2,021,204	400,000
7	Building automation project	518,800	800,000
8	Extraordinary repairs	500,000	250,000
9	Capitol space utilization improvements	0	2,500,000
10	Central services software and equipment	0	573,800
11	Governor's residence improvements	0	100,000
12	Brynhild Haugland room remodeling project	0	250,000
13	Capitol window replacement project	0	4,000,000
14	Deferred maintenance projects	10,000,000	20,000,000
15	Prairie public broadcasting grants	0	1,792,450
16	State student internship program	100,000	500,000
17	Governor's emergency education relief	0	3,659,555
18	Infrastructure grant	<u>0</u>	<u>200,000</u>
19	Total all funds	\$24,795,104	\$36,451,174
20	Less estimated income	<u>24,695,104</u>	<u>29,934,355</u>
21	Total general fund	\$100,000	\$6,516,819

22 The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget  
 23 for the 2025-27 biennium. The office of management and budget shall report to the  
 24 appropriations committees of the sixty-ninth legislative assembly on the use of this one-time  
 25 funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

26 **SECTION 3. APPROPRIATION - COMMUNITY SERVICE SUPERVISION FUND.** Any  
 27 moneys in the community service supervision fund under section 29-26-22 are appropriated to  
 28 the office of management and budget for distribution to community corrections association  
 29 regions on or before August first of each year for the biennium beginning July 1, 2023, and  
 30 ending June 30, 2025.

1       **SECTION 4. APPROPRIATION - 2021-23 BIENNIUM - OFFICE OF THE GOVERNOR -**  
2 **LEGISLATIVE ASSEMBLY.**

3       1. There is appropriated from special funds derived from federal funds or other income,  
4       not otherwise appropriated, the sum of \$6,500, or so much of the sum as may be  
5       necessary, to the office of the governor for the salaries and wages line item for the  
6       period beginning with the effective date of this section, and ending June 30, 2023.

7       2. There is appropriated out of any moneys in the general fund in the state treasury, not  
8       otherwise appropriated, the sum of \$5,000, or so much of the sum as may be  
9       necessary, to the legislative assembly for international legislators' forum dues for the  
10      period beginning with the effective date of this section, and ending June 30, 2023.

11       **SECTION 5. APPROPRIATION - 2021-23 BIENNIUM - ADJUTANT GENERAL - STATE**  
12 **DISASTER RELIEF FUND - SNOW REMOVAL GRANTS - REPORT TO LEGISLATIVE**  
13 **MANAGEMENT.**

14      1. There is appropriated out of any moneys in the state disaster relief fund in the state  
15      treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as  
16      may be necessary, to the adjutant general for the purpose of providing full season  
17      emergency snow removal grants to tribal governments, counties, cities, and  
18      townships, for the period beginning with the effective date of this section, and ending  
19      June 30, 2023.

20      2. A tribal government, county, township, or city may apply to the department of  
21      emergency services for a full season emergency snow removal grant for  
22      reimbursement of up to sixty percent of the snow removal costs incurred by the tribal  
23      government, county, city, or township for the period of October 1, 2022, through  
24      April 30, 2023, which exceeded one hundred fifty percent of the average snow  
25      removal cost for the seven-month period of October to April for the four lowest cost  
26      years for those years during the period beginning October 1, 2017, through April 30,  
27      2022.

28      3. Each tribal government, county, city, or township requesting reimbursement under this  
29      section shall submit the request in accordance with guidelines developed by the  
30      department of emergency services. An award under subsection 2 must be reduced by  
31      any amount awarded under Senate Bill No. 2183, as approved by the sixty-eighth

1 legislative assembly. A tribal government, county, city, or township may not be required  
2 to return any funds awarded under Senate Bill No. 2183, as approved by the  
3 sixty-eighth legislative assembly, due to the calculation completed under subsection 2.

4 4. The department of emergency services shall distribute the grants under this section  
5 before June 30, 2023, and shall report to the legislative management regarding the  
6 grants awarded.

7 **SECTION 6. APPROPRIATION - GENERAL FUND - LEGISLATIVE COUNCIL -**  
8 **DEPARTMENT OF ENVIRONMENTAL QUALITY - DEPARTMENT OF LABOR AND HUMAN**  
9 **RIGHTS - DEPARTMENT OF PUBLIC INSTRUCTION - DEPARTMENT OF COMMERCE -**

10 **REPORT - ONE-TIME FUNDING.** For the biennium beginning July 1, 2023, and ending  
11 June 30, 2025, there is appropriated out of any moneys in the general fund in the state treasury,  
12 not otherwise appropriated, the following amounts, or so much of the sum as may be  
13 necessary:

14 1. \$500,000 to the legislative council for the purpose of contracting for a performance  
15 audit of the state auditor and for other consulting services of interim committees. The  
16 chairman of the legislative management shall arrange for the audit and receive the  
17 audit report. The performance audit must address the efficiency and effectiveness of  
18 the state auditor's office relative to industry best practices. The performance audit  
19 must include a review of the appropriateness of the number of hours to complete  
20 audits; methods used to monitor staff time and allocate hours charged to audits; billing  
21 processes; quality assurance processes; the adequacy and timeliness of  
22 communications with audited entities, governing boards, and the public; and other  
23 areas as determined by the chairman of the legislative management. The funding  
24 provided in this subsection is considered a one-time funding item.

25 2. \$40,000 to the department of environmental quality for the purpose of providing  
26 meeting expense reimbursement to members of the onsite wastewater recycling  
27 technical committee. A member of the committee who is not a state employee is  
28 entitled to reimbursement for mileage and expenses as provided by law for state  
29 officers and employees, to be paid by the department of environmental quality. A state  
30 employee who is a member of the committee is entitled to receive that employee's

1 regular salary and is entitled to reimbursement for mileage and expenses to be paid by  
2 the employing agency.

3 3. \$50,000 to the department of labor and human rights for the purpose of defraying  
4 expenses of analyzing the administration of occupational and professional boards  
5 pursuant to Senate Bill No. 2249, as approved by the sixty-eighth legislative assembly.

6 The funding provided in this subsection is considered a one-time funding item.

7 4. \$3,000,000 to the department of public instruction for the purpose of providing  
8 integrated formula payments.

9 5. \$500,000 to the department of commerce for the purpose of providing workforce  
10 development grants to a tribally controlled community college in the Turtle Mountain  
11 area. To be eligible for a grant under this section, a tribally controlled community  
12 college shall partner with at least one high school in the state for programs under  
13 section 54-60.2-02. During the 2023-24 interim, a tribally controlled community college  
14 receiving funding under this program shall report to the department of commerce by  
15 August 1, 2024, regarding the use of grant funds and the department of commerce  
16 shall provide a report to the legislative management by October 1, 2024, regarding the  
17 use of grant funds. The funding provided in this subsection is considered a one-time  
18 funding item.

19 6. \$2,000,000 to the department of commerce for the purpose of defraying the expenses  
20 of the office of legal immigration. The funding provided in this subsection is considered  
21 a one-time funding item.

22 **SECTION 7. APPROPRIATION - STRATEGIC INVESTMENT AND IMPROVEMENTS**

23 **FUND - DEPARTMENT OF HEALTH AND HUMAN SERVICES - DEPARTMENT OF CAREER**  
24 **AND TECHNICAL EDUCATION - ONE-TIME FUNDING - LEGISLATIVE MANAGEMENT**

25 **REPORT.** For the biennium beginning July 1, 2023, and ending June 30, 2025, there is  
26 appropriated out of any moneys in the strategic investment and improvements fund in the state  
27 treasury, not otherwise appropriated, the following amounts, or so much of the sum as may be  
28 necessary:

29 1. \$8,250,000 to the department of health and human services for the purpose of  
30 providing a behavioral health facility grant. The department of health and human  
31 services shall provide the grant as follows:

- 1           a. A grant of \$8,250,000 must be provided to establish a behavioral health facility in
- 2                     the badlands human service center service region. The grant recipient must
- 3                     provide matching funds of \$1,950,000 to establish the facility.
- 4           b. The department shall require an entity receiving funding under this subsection to
- 5                     operate the facility for a period of at least ten years and require the grant amount
- 6                     to be repaid if the entity does not operate the facility for at least ten years.
- 7           c. The requirements of chapter 54-44.4 do not apply to the selection of a grant
- 8                     recipient, the grant award, or payments made under this subsection.
- 9           d. The funding provided under this subsection is a one-time funding item.
- 10         2. \$26,500,000 to the department of career and technical education for the purpose of
- 11                     defraying inflationary costs of existing projects approved under the statewide area
- 12                     career center initiative grant program during the 2021-23 biennium. The department of
- 13                     career and technical education shall distribute the funding to existing career academy
- 14                     projects proportionally based on funding allocations provided to each project during
- 15                     the 2021-23 biennium. If funding approved in this subsection is provided for a career
- 16                     academy project and the funding becomes uncommitted during the 2023-25 biennium,
- 17                     the department of career and technical education may redistribute the funding for
- 18                     existing projects under the program during the biennium beginning July 1, 2023, and
- 19                     ending June 30, 2025. The department of career and technical education shall report
- 20                     to the legislative management during the 2023-24 interim and to the appropriations
- 21                     committees of the sixty-ninth legislative assembly regarding the amount of inflationary
- 22                     funding provided for each project and the construction status of each project. The
- 23                     funding provided under this subsection is considered a one-time funding item.

24           **SECTION 8. APPROPRIATION - JUDICIAL BRANCH - EMPLOYER RETIREMENT**

25           **CONTRIBUTION FUNDING.** The funds provided in this section, or so much of the funds as may

26                     be necessary, are appropriated out of any moneys in the general fund in the state treasury, not

27                     otherwise appropriated, and from special funds derived from federal funds and other income, to

28                     the judicial branch for the purpose of providing funding for the cost of the one percent employer

29                     retirement contribution increase included in House Bill No. 1040, as approved by the sixty-

30                     eighth legislative assembly, for the biennium beginning July 1, 2023, and ending June 30, 2025.



1	Salaries and wages	<u>\$347,518</u>
2	Total all funds	\$347,518
3	Less estimated income	<u>4,273</u>
4	Total general fund appropriation	\$343,245

5       **SECTION 9. APPROPRIATION - LEGISLATIVE COUNCIL - EMPLOYER RETIREMENT**  
6 **CONTRIBUTION FUNDING.** There is appropriated out of any moneys in the general fund in the  
7 state treasury, not otherwise appropriated, the sum of \$58,283, or so much of the sum as may  
8 be necessary, to the legislative council for the purpose of providing funding for the cost of the  
9 one percent employer retirement contribution increase included in House Bill No. 1040, as  
10 approved by the sixty-eighth legislative assembly, for the biennium beginning July 1, 2023, and  
11 ending June 30, 2025.

12       **SECTION 10. APPROPRIATION - TRANSFER OF APPROPRIATION AUTHORITY -**  
13 **FEDERAL STATE FISCAL RECOVERY FUND - EXEMPTION - SPENDING RESTRICTION -**  
14 **REPORT.**

- 15       1. Notwithstanding any other provision of law, on December 1, 2024, the office of  
16 management and budget shall transfer any uncommitted federal state fiscal recovery  
17 fund appropriation authority from the state agency that received the appropriation  
18 authority to the department of corrections and rehabilitation for the purpose of  
19 defraying the expenses of salaries and wages and other operating costs of the  
20 department of corrections and rehabilitation for the biennium beginning July 1, 2023,  
21 and ending June 30, 2025.
- 22       2. The office of management and budget shall transfer any uncommitted accumulated  
23 interest and earnings of the federal state fiscal recovery fund to the department of  
24 corrections and rehabilitation during the biennium beginning July 1, 2023, and ending  
25 June 30, 2025. Any interest and earnings received by the department of corrections  
26 and rehabilitation under this section are appropriated to the department for the  
27 purpose of defraying the expenses of salaries and wages and other operating costs of  
28 the department for the biennium beginning July 1, 2023, and ending June 30, 2025.
- 29       3. The department of corrections and rehabilitation may not spend general fund savings  
30 resulting from the use of the federal state fiscal recovery fund moneys.

1           4.    The office of management and budget shall report to the budget section regarding any  
2                    appropriation authority and interest and earnings transferred under this section.

3           **SECTION 11. TRANSFER - TAX RELIEF FUND OR SOCIAL SERVICES FUND TO**

4           **HUMAN SERVICE FINANCE FUND.** The office of management and budget shall transfer the  
5           sum of \$200,000,000 from the tax relief fund or the social services fund under section  
6           57-51.1-07.5 to the human service finance fund during the biennium beginning July 1, 2023,  
7           and ending June 30, 2025.

8           **SECTION 12. TRANSFER - STATE STUDENT INTERNSHIP PROGRAM FUNDS TO**

9           **STATE AGENCIES.** The office of management and budget shall transfer funds from the state  
10          student internship program line item in section 1 of this Act to eligible state agencies for student  
11          internships during the biennium beginning July 1, 2023, and ending June 30, 2025.

12          **SECTION 13. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO**

13          **GENERAL FUND.** The office of management and budget shall transfer the sum of \$50,000,000  
14          from the strategic investment and improvements fund to the general fund during the biennium  
15          beginning July 1, 2023, and ending June 30, 2025.

16          **SECTION 14. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO**

17          **NORTH DAKOTA DEVELOPMENT FUND.** The office of management and budget shall transfer  
18          the sum of \$30,000,000 from the strategic investment and improvements fund to the North  
19          Dakota development fund for programs under chapter 10-30.5, during the biennium beginning  
20          July 1, 2023, and ending June 30, 2025.

21          **SECTION 15. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS**  
22          **FUND - DEFERRED MAINTENANCE FUNDING POOL - EXEMPTION - TRANSFER TO**

23          **STATE AGENCIES.** The sum of \$20,000,000 included in the deferred maintenance funding pool  
24          line item in section 1 of this Act and identified as one-time funding in section 2 of this Act is from  
25          the strategic investment and improvements fund for a deferred maintenance funding pool. The  
26          office of management and budget may use up to \$12,700,000 from the deferred maintenance  
27          funding pool, including up to \$12,000,000 for a boiler replacement project in the capitol and up  
28          to \$700,000 for a water mitigation project at the liberty memorial building. Notwithstanding any  
29          other provision of law, the office of management and budget shall transfer funds from the  
30          deferred maintenance funding pool line item in section 1 of this Act to other eligible state  
31          agencies for deferred maintenance.

1       **SECTION 16. ESTIMATED INCOME - CAPITOL BUILDING FUND.** The sum of \$5,550,000  
2 included in the capital assets line item in section 1 of this Act and identified as one-time funding  
3 in section 2 of this Act is from the capitol building fund for the following:

- 4       1.   \$150,000 for accessibility improvements in legislative areas of the capitol;
- 5       2.   \$800,000 for a building automation project;
- 6       3.   \$250,000 for electrical and mechanical repairs;
- 7       4.   \$100,000 for security improvements at the governor's residence;
- 8       5.   \$250,000 for a remodeling project in the Brynhild Haugland room in the capitol; and
- 9       6.   \$4,000,000 for a capitol window replacement project.

10       **SECTION 17. OPERATING EXPENSES LINE ITEM - CASH MANAGEMENT STUDY -**  
11 **OFFICE OF MANAGEMENT AND BUDGET - REPORT TO LEGISLATIVE MANAGEMENT.**

12 The operating expenses line item in section 1 of this Act includes the sum of \$450,000 from the  
13 general fund for the purpose of the office of management and budget procuring consulting  
14 services to conduct a study and develop recommendations for improvement of the cash  
15 management practices of the state, for the biennium beginning July 1, 2023, and ending  
16 June 30, 2025. The study must include cash management practices employed by the Bank of  
17 North Dakota, state treasurer, retirement and investment office, board of university and school  
18 lands, and other agencies as determined by the office of management and budget. The office of  
19 management and budget shall report to the legislative management before September 30,  
20 2024, regarding the findings and recommendations resulting from its study.

21       **SECTION 18. INFRASTRUCTURE GRANT LINE ITEM - RURAL SENIOR CENTER.** The  
22 infrastructure grant line item in section 1 of this Act includes the sum of \$200,000 from the  
23 general fund for the purpose of providing a rural senior center infrastructure grant to an  
24 organization in Wells County located in a city with a population between 1,500 and 1,800  
25 according to the 2020 census, for the biennium beginning July 1, 2023, and ending June 30,  
26 2025.

27       **SECTION 19. GRANTS AND SPECIAL ITEMS.** Section 1 of this Act includes appropriation  
28 authority which may be used only for the following grants and special items:

29 Unemployment insurance	\$1,800,000
30 Capitol grounds planning commission	\$25,000
31 Statewide memberships and related expenses	\$685,657

1           **SECTION 20. TARGETED MARKET EQUITY COMPENSATION ADJUSTMENTS -**  
2 **GUIDELINES - EXEMPTION - TRANSFER OF APPROPRIATION AUTHORITY - BUDGET**  
3 **SECTION REPORT.**

- 4           1.    The targeted market equity pool line item in section 1 of this Act includes \$45,100,000  
5                from the general fund and \$37,400,000 from special funds derived from federal funds  
6                and other income for the purpose of providing compensation adjustments for executive  
7                branch state employees in accordance with provisions of this section for the period  
8                beginning with the effective date of this section and ending June 30, 2025.
- 9           2.    The targeted market equity compensation adjustments must be prioritized based on a  
10               statewide plan prepared by the office of management and budget based on the  
11               funding available in the pool. The plan must address occupational market disparities,  
12               recruitment and retention challenges, and external pay inequities for employees who  
13               are critical to the mission of the agency. Employees whose documented performance  
14               levels do not meet standards are not eligible for the market equity compensation  
15               adjustments.
- 16           3.    All targeted market equity compensation adjustments must be provided by July 1,  
17               2023.
- 18           4.    The funding allocated to each agency must be used for the cost to continue the  
19               compensation adjustments for the 2023-25 biennium, including the effect of the market  
20               equity adjustments on funding needed for the salary increases authorized by the  
21               legislative assembly in section 21 of this Act.
- 22           5.    Notwithstanding any other provision of law, the office of management and budget shall  
23               transfer appropriation authority from the targeted market equity funding pool to eligible  
24               executive branch state agencies for approved targeted market equity salary  
25               adjustments.
- 26           6.    The office of management and budget shall provide a report to the budget section  
27               regarding the statewide plan, any changes to the plan presented to the sixty-eighth  
28               legislative assembly, and the appropriation authority transferred from the pool.

29           **SECTION 21. STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES.**

- 30           1.    The 2023-25 biennium compensation adjustments for permanent state employees are  
31               to average 6 percent per eligible employee for the first fiscal year of the biennium and

1 are to average 4 percent per eligible employee for the second year of the biennium.

2 The increases for the first year of the biennium are to be given beginning with the  
3 month of July 2023, to be paid in August 2023, and for the second year of the  
4 biennium are to be given beginning with the month of July 2024, to be paid in  
5 August 2024. Increases for eligible state employees are to be based on documented  
6 performance and are not to be the same percentage increase for each employee.

7 2. The office of management and budget shall develop guidelines for use by state  
8 agencies for providing compensation adjustments for classified state employees. The  
9 guidelines must follow the compensation philosophy statement under section  
10 54-44.3-01.2.

11 3. Probationary employees are not entitled to the increases. However, at the discretion of  
12 the appointing authority, probationary employees may be given all or a portion of the  
13 increases effective in July, paid in August, or upon completion of probation. Employees  
14 whose overall documented performance level does not meet standards are not eligible  
15 for any salary increase.

16 **SECTION 22. NEW AND VACANT FTE FUNDING POOL - GUIDELINES - EXEMPTION -**  
17 **TRANSFER OF APPROPRIATION AUTHORITY - APPLICATION - BUDGET SECTION**  
18 **REPORT.**

19 1. The new and vacant FTE funding pool line item in section 1 of this Act includes  
20 \$40,100,000 from the general fund and \$58,100,000 from special funds derived from  
21 federal funds and other income for the purpose of providing funding for hiring new full-  
22 time equivalent positions and for agencies that do not realize sufficient savings from  
23 vacant full-time equivalent positions in accordance with provisions of this section for  
24 the biennium beginning July 1, 2023, and ending June 30, 2025.

25 2. An executive branch state agency that had funding removed by the sixty-eighth  
26 legislative assembly for purposes of the new and vacant full-time equivalent funding  
27 pool may submit a request to the office of management and budget for an allocation of  
28 funding from the pool:

29 a. To provide funding for the salaries and wages necessary for the 2023-25  
30 biennium for a new full-time equivalent position authorized by the sixty-eighth  
31 legislative assembly from the date of hiring through the end of the biennium;

- 1           b. To provide funding for the salaries and wages necessary for the 2023-25  
2           biennium for filling a full-time equivalent position that was vacant on July 1, 2023,  
3           from the date of hiring through the end of the biennium;
- 4           c. After March 1, 2025, for salaries and wages funding necessary for the 2023-25  
5           biennium if actual salaries and wages savings from vacant positions adjusted for  
6           other salaries and wages uses are less than the estimate used by the sixty-eighth  
7           legislative assembly in the development of the agency's appropriation; or
- 8           d. As requested by the department of transportation, the sum of up to \$7,400,000  
9           for salaries and wages funding needs.
- 10          3. The office of management and budget may transfer general fund appropriation  
11          authority from the pool to an agency only upon the agency certifying to the office of  
12          management and budget that special funds from federal or other sources are not  
13          available for the salaries and wages of the full-time equivalent position.
- 14          4. An agency may not receive more funding from the pool than the amount that was  
15          removed from the agency budget for new and vacant full-time equivalent positions as  
16          contained in the statement of purpose of amendment of bills approved by the sixty-  
17          eighth legislative assembly as printed in the house and senate journals.
- 18          5. Notwithstanding any other provision of law, the office of management and budget shall  
19          transfer appropriation authority from the new and vacant full-time equivalent funding  
20          pool to eligible executive branch state agencies:
  - 21           a. Within fifteen days of receiving an agency request for the hiring of a new full-time  
22           equivalent position authorized by the sixty-eighth legislative assembly, along with  
23           documentation of the salaries and wages necessary for the position for the  
24           remainder of the biennium, limited to the amount identified for the position in the  
25           statement of purpose of amendment;
  - 26           b. Within fifteen days of receiving an agency request for filling a full-time equivalent  
27           position that was vacant on July 1, 2023, along with documentation verifying that  
28           funding available for salaries and wages within the agency's budget is insufficient  
29           to provide funding for the position for the remainder of the biennium;
  - 30           c. Within thirty days of receiving an agency request, along with documentation  
31           verifying that actual salaries and wages savings from vacant positions through

- 1 February 2025 and estimates for the remainder of the biennium adjusted for  
2 other salaries and wages uses are less than the estimate used by the sixty-eighth  
3 legislative assembly in the development of the agency's appropriation; or  
4 d. Within fifteen days of receiving a request from the department of transportation to  
5 transfer the sum of up to \$7,400,000 for salaries and wages funding needs.  
6 6. The provisions of section 54-27-10 do not apply to the salaries and wages line item of  
7 appropriations approved by the sixty-eighth legislative assembly for the biennium  
8 beginning July 1, 2023, and ending June 30, 2025.  
9 7. If funding in the new and vacant full-time equivalent funding pool is insufficient to  
10 provide the necessary salaries and wages funding for the biennium, the office of  
11 management and budget shall request a deficiency appropriation from the sixty-ninth  
12 legislative assembly. Any funding remaining in the funding pool at the end of the  
13 biennium must be canceled in accordance with the provisions of section 54-44.1-11.  
14 8. The office of management of budget shall report to each meeting of the budget section  
15 regarding salaries and wages, vacant position information, and use of funding in the  
16 pool including:  
17 a. The number of agency requests submitted, amounts transferred from the pool,  
18 and information on:  
19 (1) New full-time equivalent positions, including the date hired; and  
20 (2) Vacant full-time equivalent positions, including dates the positions were  
21 vacated and filled;  
22 b. Salaries and wages savings to date resulting from vacant positions by agency;  
23 and  
24 c. Each agency's use of salaries and wages funding, including amounts spent for  
25 accrued leave payouts, salary increases in addition to general salary increases  
26 provided by the sixty-eighth legislative assembly, bonuses, incentive or location  
27 pay adjustments, reclassifications, funding used for temporary salaries or  
28 overtime in excess of amounts provided by the sixty-eighth legislative assembly,  
29 or other purposes.

30 **SECTION 23. EMPLOYER RETIREMENT CONTRIBUTION POOL - GUIDELINES -**  
31 **EXEMPTION - TRANSFER OF APPROPRIATION AUTHORITY.**

Sixty-eighth  
Legislative Assembly

1           1.    The employer retirement contribution pool line item in section 1 of this Act includes  
2                   \$5,563,709 from the general fund and \$6,975,070 from special funds derived from  
3                   federal funds and other income for providing funding to executive branch agencies for  
4                   the increased cost of the employer retirement contribution increases included in House  
5                   Bill No. 1040, House Bill No. 1183, and House Bill No. 1309, as approved by the sixty-  
6                   eighth legislative assembly, in accordance with provisions of this section, for the  
7                   biennium beginning July 1, 2023, and ending June 30, 2025.

8           2.    Notwithstanding any other provision of law, the office of management and budget shall  
9                   transfer appropriation authority provided in this section to the listed executive branch  
10                  state agencies as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total Funds</u>	
11				
12	Governor	\$26,154	\$0	\$26,154
13	Secretary of state	24,295	4,050	28,345
14	Office of management and budget	95,753	16,423	112,176
15	Information technology department	104,514	525,014	629,528
16	State auditor	44,533	32,769	77,302
17	State treasurer	7,502	0	7,502
18	Attorney general	1,268,037	843,938	2,111,975
19	Tax commissioner	114,348	0	114,348
20	Office of administrative hearings	0	7,135	7,135
21	Commission on legal counsel for indigents	45,111	1,268	46,379
22	Retirement and investment office	0	42,355	42,355
23	Public employees retirement system	0	36,736	36,736
24	Ethics commission	1,957	0	1,957
25	Department of public instruction	31,605	53,383	84,988
26	North Dakota university system	39,435	16,789	56,224
27	Department of trust lands	0	40,947	40,947
28	Bismarck state college	31,441	56,303	87,744
29	Lake region state college	14,693	20,449	35,142
30	Williston state college	8,607	12,224	20,831
31	University of North Dakota	100,821	520,248	621,069



Sixty-eighth  
Legislative Assembly

1	University of North Dakota school of	38,691	68,304	106,995
2	medicine and health sciences			
3	North Dakota state university	97,772	375,024	472,796
4	North Dakota state college of science	43,662	53,548	97,210
5	Dickinson state university	15,061	19,859	34,920
6	Mayville state university	11,331	43,952	55,283
7	Minot state university	31,980	49,180	81,160
8	Valley City state university	17,606	16,577	34,183
9	Dakota college at Bottineau	8,526	9,863	18,389
10	North Dakota forest service	8,411	669	9,080
11	State library	16,695	3,148	19,843
12	School for the deaf	23,099	1,617	24,716
13	North Dakota vision services - school	12,195	1,382	13,577
14	for the blind			
15	Center for distance education	9,799	0	9,799
16	Department of career and technical	21,878	3,144	25,022
17	education			
18	Department of health and human	49,333	156,146	205,479
19	services - public health			
20	Department of environmental quality	51,295	119,961	171,256
21	Veterans' home	20,372	58,979	79,351
22	Indian affairs commission	4,454	0	4,454
23	Department of veterans' affairs	7,261	1,075	8,336
24	Department of health and human	1,265,293	831,416	2,096,709
25	services - human services			
26	Protection and advocacy project	12,935	16,646	29,581
27	Job service North Dakota	1,878	138,944	140,822
28	Insurance commissioner	0	51,040	51,040
29	Industrial commission	123,610	11,031	134,641
30	Department of labor and human rights	11,636	2,448	14,084
31	Public service commission	26,468	21,823	48,291

Sixty-eighth  
Legislative Assembly

1	Aeronautics commission	0	8,712	8,712
2	Department of financial institutions	0	42,723	42,723
3	Securities department	0	11,771	11,771
4	Bank of North Dakota	0	181,939	181,939
5	Housing finance agency	0	53,004	53,004
6	Mill and elevator association	0	168,887	168,887
7	Workforce safety and insurance	0	254,365	254,365
8	Highway patrol	15,723	14,180	29,903
9	Department of corrections and	1,111,528	59,883	1,171,411
10	rehabilitation			
11	Adjutant general	128,680	235,829	364,509
12	Department of commerce	65,463	12,165	77,628
13	Agriculture commissioner	46,693	31,803	78,496
14	Upper great plains transportation institute	4,868	11,964	16,832
15	Branch research centers	21,139	14,106	35,245
16	NDSU extension service	22,744	17,085	39,829
17	Northern crops institute	797	671	1,468
18	NDSU main research center	33,694	9,151	42,845
19	Agronomy seed farm	0	2,958	2,958
20	North Dakota racing commission	2,008	105	2,113
21	State historical society	66,191	9,389	75,580
22	Council on the arts	5,650	0	5,650
23	Game and fish department	0	381,164	381,164
24	Parks and recreation department	148,484	8,375	156,859
25	Department of water resources	0	108,163	108,163
26	Department of transportation	0	<u>1,050,871</u>	<u>1,050,871</u>
27	Total	\$5,563,709	\$6,975,070	\$12,538,779

28       **SECTION 24.** A new subsection to section 10-30.5-02 of the North Dakota Century Code is  
29 created and enacted as follows:

1           Moneys in the fund may be used to provide financing for projects that enhance  
2           production of clean sustainable energy in the state only to the extent the project has  
3           been recommended by the clean sustainable energy authority under chapter 54-63.1.

4           **SECTION 25. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code as  
5 amended by section 10 of Senate Bill No. 2284, as approved by the sixty-eighth legislative  
6 assembly, is amended and reenacted as follows:

7           **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid. (Effective**  
8 **through June 30, 2025)**

- 9           1. To determine the amount of state aid payable to each district, the superintendent of  
10 public instruction shall establish each district's baseline funding. A district's baseline  
11 funding consists of:
- 12           a. All state aid received by the district in accordance with chapter 15.1-27 during the  
13           2018-19 school year;
  - 14           b. An amount equal to the property tax deducted by the superintendent of public  
15           instruction to determine the 2018-19 state aid payment;
  - 16           c. An amount equal to seventy-five percent of the revenue received by the school  
17           district during the 2017-18 school year for the following revenue types:
    - 18           (1) Revenue reported under code 2000 of the North Dakota school district  
19           financial accounting and reporting manual, as developed by the  
20           superintendent of public instruction in accordance with section 15.1-02-08;
    - 21           (2) Mineral revenue received by the school district through direct allocation from  
22           the state treasurer and not reported under code 2000 of the North Dakota  
23           school district financial accounting and reporting manual, as developed by  
24           the superintendent of public instruction in accordance with section  
25           15.1-02-08;
    - 26           (3) Tuition reported under code 1300 of the North Dakota school district  
27           financial accounting and reporting manual, as developed by the  
28           superintendent of public instruction in accordance with section 15.1-02-08,  
29           with the exception of revenue received specifically for the operation of an  
30           educational program provided at a residential treatment facility, tuition  
31           received for the provision of an adult farm management program, and

1 beginning in the 2021-22 school year, seventeen percent of tuition received  
2 under an agreement to educate students from a school district on an  
3 air force base with funding received through federal impact aid, and an  
4 additional seventeen percent of tuition received under an agreement to  
5 educate students from a school district on an air force base with funding  
6 received through federal impact aid each school year thereafter, until the  
7 2024-25 school year when sixty-eight percent of tuition received under an  
8 agreement to educate students from a school district on an air force base  
9 with funding received through federal impact aid must be excluded from the  
10 tuition calculation under this paragraph;

- 11 (4) Revenue from payments in lieu of taxes on the distribution and transmission  
12 of electric power;
- 13 (5) Revenue from payments in lieu of taxes on electricity generated from  
14 sources other than coal; and
- 15 (6) Revenue from the leasing of land acquired by the United States for which  
16 compensation is allocated to the state under 33 U.S.C. 701(c)(3);

17 d. An amount equal to the total revenue received by the school district during the  
18 2017-18 school year for the following revenue types:

- 19 (1) Mobile home tax revenue;
- 20 (2) Telecommunications tax revenue; and
- 21 (3) Revenue from payments in lieu of taxes and state reimbursement of the  
22 homestead credit and disabled veterans credit; and

23 e. Beginning with the 2020-21 school year, the superintendent shall reduce the  
24 baseline funding for any school district that becomes an elementary district  
25 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must  
26 be proportional to the number of weighted student units in the grades that are  
27 offered through another school district relative to the total number of weighted  
28 student units the school district offered in the year before the school district  
29 became an elementary district. The reduced baseline funding applies to the  
30 calculation of state aid for the first school year in which the school district  
31 becomes an elementary district and for each year thereafter. For districts that

1                   become an elementary district prior to the 2020-21 school year, the  
2                   superintendent shall use the reduced baseline funding to calculate state aid for  
3                   the 2020-21 school year and for each year thereafter.

4           2.    a.    The superintendent shall divide the district's baseline funding determined in  
5                   subsection 1 by the district's 2017-18 weighted student units to determine the  
6                   district's baseline funding per weighted student unit.

7                   b.    For any school district that becomes an elementary district pursuant to section  
8                   15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the  
9                   district's baseline funding per weighted student unit used to calculate state aid.

10                   The superintendent shall divide the district's baseline funding determined in  
11                   subsection 1 by the district's weighted student units after the school district  
12                   becomes an elementary district to determine the district's adjusted baseline  
13                   funding per weighted student unit. The superintendent shall use the district's  
14                   adjusted baseline funding per weighted student unit in the calculation of state aid  
15                   for the first school year in which the school district becomes an elementary  
16                   district and for each year thereafter.

17                   c.    Beginning with the 2021-22 school year and for each school year thereafter, the  
18                   superintendent shall reduce the district's baseline funding per weighted student  
19                   unit. Each year the superintendent shall calculate the amount by which the  
20                   district's baseline funding per weighted student unit exceeds the payment per  
21                   weighted student unit provided in subsection 3. ~~The~~For the 2023-24 school year  
22                   the superintendent shall reduce the district's baseline funding per weighted  
23                   student unit by ~~fifteen~~forty percent of the amount by which the district's baseline  
24                   funding per weighted student unit exceeds the payment per weighted student unit  
25                   for the ~~2021-22~~2023-24 school year. For each year thereafter, the reduction  
26                   percentage is increased by an additional fifteen percent. However, the district's  
27                   baseline funding per weighted student unit, after the reduction, may not be less  
28                   than the payment per weighted student unit provided in subsection 3.

29           3.    a.    For the 2023-24 school year, the superintendent shall calculate state aid as the  
30                   greater of:

- 1           (1) The district's weighted student units multiplied by ten thousand six hundred  
2           forty-six dollars;
- 3           (2) One hundred two percent of the district's baseline funding per weighted  
4           student unit, as established in subsection 2, multiplied by the district's  
5           weighted student units, not to exceed the district's 2017-18 baseline  
6           weighted student units, plus any weighted student units in excess of the  
7           2017-18 baseline weighted student units multiplied by ten thousand six  
8           hundred forty-six dollars; or
- 9           (3) The district's baseline funding as established in subsection 1 less the  
10          amount in paragraph 1, with the difference reduced by ~~forty-five~~forty percent  
11          and then the difference added to the amount determined in paragraph 1.
- 12          b. For the 2024-25 school year and each school year thereafter, the superintendent  
13          shall calculate state aid as the greater of:
- 14               (1) The district's weighted student units multiplied by eleven thousand  
15               seventy-two dollars;
- 16               (2) One hundred two percent of the district's baseline funding per weighted  
17               student unit, as established in subsection 2, multiplied by the district's  
18               weighted student units, not to exceed the district's 2017-18 baseline  
19               weighted student units, plus any weighted student units in excess of the  
20               2017-18 baseline weighted student units multiplied by eleven thousand  
21               seventy-two dollars; or
- 22               (3) The district's baseline funding as established in subsection 1 less the  
23               amount in paragraph 1, with the difference reduced by ~~sixty~~fifty-five percent  
24               for the 2024-25 school year and the reduction percentage increasing by  
25               fifteen percent each school year thereafter until the difference is reduced to  
26               zero, and then the difference added to the amount determined in  
27               paragraph 1.
- 28          4. After determining the product in accordance with subsection 3, the superintendent of  
29          public instruction shall:
- 30               a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the  
31               school district, except the amount in dollars subtracted for purposes of this

1 subdivision may not exceed the previous year's amount in dollars subtracted for  
2 purposes of this subdivision by more than twelve percent, adjusted pursuant to  
3 section 15.1-27-04.3; and

4 b. Subtract an amount equal to seventy-five percent of all revenue types listed in  
5 subdivisions c and d of subsection 1. Before determining the deduction for  
6 seventy-five percent of all revenue types, the superintendent of public instruction  
7 shall adjust revenues as follows:

8 (1) Tuition revenue shall be adjusted as follows:

9 (a) In addition to deducting tuition revenue received specifically for the  
10 operation of an educational program provided at a residential  
11 treatment facility, tuition revenue received for the provision of an adult  
12 farm management program, and tuition received under an agreement  
13 to educate students from a school district on an air force base with  
14 funding received through federal impact aid as directed each school  
15 year in paragraph 3 of subdivision c of subsection 1, the  
16 superintendent of public instruction also shall reduce the total tuition  
17 reported by the school district by the amount of tuition revenue  
18 received for the education of students not residing in the state and for  
19 which the state has not entered a cross-border education contract;  
20 and

21 (b) The superintendent of public instruction also shall reduce the total  
22 tuition reported by admitting school districts meeting the requirements  
23 of subdivision e of subsection 2 of section 15.1-29-12 by the amount  
24 of tuition revenue received for the education of students residing in an  
25 adjacent school district.

26 (2) After adjusting tuition revenue as provided in paragraph 1, the  
27 superintendent shall reduce all remaining revenues from all revenue types  
28 by the percentage of mills levied in 2022 by the school district for sinking  
29 and interest relative to the total mills levied in 2022 by the school district for  
30 all purposes.

- 1       5.    The amount remaining after the computation required under subsection 4 is the  
2           amount of state aid to which a school district is entitled, subject to any other statutory  
3           requirements or limitations.
- 4       6.    On or before June thirtieth of each year, the school board shall certify to the  
5           superintendent of public instruction the final average daily membership for the current  
6           school year.
- 7       7.    For purposes of the calculation in subsection 4, each county auditor, in collaboration  
8           with the school districts, shall report the following to the superintendent of public  
9           instruction on an annual basis:
  - 10       a.    The amount of revenue received by each school district in the county during the  
11           previous school year for each type of revenue identified in subdivisions c and d of  
12           subsection 1;
  - 13       b.    The total number of mills levied in the previous calendar year by each school  
14           district for all purposes; and
  - 15       c.    The number of mills levied in the previous calendar year by each school district  
16           for sinking and interest fund purposes.

17       **Baseline funding - Establishment - Determination of state aid. (Effective after**  
18       **June 30, 2025)**

- 19       1.    To determine the amount of state aid payable to each district, the superintendent of  
20           public instruction shall establish each district's baseline funding. A district's baseline  
21           funding consists of:
  - 22       a.    All state aid received by the district in accordance with chapter 15.1-27 during the  
23           2018-19 school year;
  - 24       b.    An amount equal to the property tax deducted by the superintendent of public  
25           instruction to determine the 2018-19 state aid payment;
  - 26       c.    An amount equal to seventy-five percent of the revenue received by the school  
27           district during the 2017-18 school year for the following revenue types:
    - 28           (1)   Revenue reported under code 2000 of the North Dakota school district  
29               financial accounting and reporting manual, as developed by the  
30               superintendent of public instruction in accordance with section 15.1-02-08;



- 1           (2) Mineral revenue received by the school district through direct allocation from  
2           the state treasurer and not reported under code 2000 of the North Dakota  
3           school district financial accounting and reporting manual, as developed by  
4           the superintendent of public instruction in accordance with section  
5           15.1-02-08;
- 6           (3) Tuition reported under code 1300 of the North Dakota school district  
7           financial accounting and reporting manual, as developed by the  
8           superintendent of public instruction in accordance with section 15.1-02-08,  
9           with the exception of revenue received specifically for the operation of an  
10          educational program provided at a residential treatment facility, tuition  
11          received for the provision of an adult farm management program, and  
12          beginning in the 2025-26 school year, eighty-five percent of tuition received  
13          under an agreement to educate students from a school district on an  
14          air force base with funding received through federal impact aid, until the  
15          2026-27 school year, and each school year thereafter, when all tuition  
16          received under an agreement to educate students from a school district on  
17          an air force base with funding received through federal impact aid must be  
18          excluded from the tuition calculation under this paragraph;
- 19          (4) Revenue from payments in lieu of taxes on the distribution and transmission  
20          of electric power;
- 21          (5) Revenue from payments in lieu of taxes on electricity generated from  
22          sources other than coal; and
- 23          (6) Revenue from the leasing of land acquired by the United States for which  
24          compensation is allocated to the state under 33 U.S.C. 701(c)(3); and
- 25      d. An amount equal to the total revenue received by the school district during the  
26      2017-18 school year for the following revenue types:
- 27          (1) Mobile home tax revenue;
- 28          (2) Telecommunications tax revenue; and
- 29          (3) Revenue from payments in lieu of taxes and state reimbursement of the  
30          homestead credit and disabled veterans credit.

1 e. Beginning with the 2020-21 school year, the superintendent shall reduce the  
2 baseline funding for any school district that becomes an elementary district  
3 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must  
4 be proportional to the number of weighted student units in the grades that are  
5 offered through another school district relative to the total number of weighted  
6 student units the school district offered in the year before the school district  
7 became an elementary district. The reduced baseline funding applies to the  
8 calculation of state aid for the first school year in which the school district  
9 becomes an elementary district and for each year thereafter. For districts that  
10 become an elementary district prior to the 2020-21 school year, the  
11 superintendent shall use the reduced baseline funding to calculate state aid for  
12 the 2020-21 school year and for each year thereafter.

13 2. a. The superintendent shall divide the district's baseline funding determined in  
14 subsection 1 by the district's 2017-18 weighted student units to determine the  
15 district's baseline funding per weighted student unit.

16 b. For any school district that becomes an elementary district pursuant to section  
17 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the  
18 district's baseline funding per weighted student unit used to calculate state aid.  
19 The superintendent shall divide the district's baseline funding determined in  
20 subsection 1 by the district's weighted student units after the school district  
21 becomes an elementary district to determine the district's adjusted baseline  
22 funding per weighted student unit. The superintendent shall use the district's  
23 adjusted baseline funding per weighted student unit in the calculation of state aid  
24 for the first school year in which the school district becomes an elementary  
25 district and for each year thereafter.

26 c. Beginning with the 2021-22 school year and for each school year thereafter, the  
27 superintendent shall reduce the district's baseline funding per weighted student  
28 unit. Each year the superintendent shall calculate the amount by which the  
29 district's baseline funding per weighted student unit exceeds the payment per  
30 weighted student unit provided in subsection 3. ~~The~~For the 2023-24 school year  
31 the superintendent shall reduce the district's baseline funding per weighted

1 student unit by ~~fifteen~~forty percent of the amount by which the district's baseline  
2 funding per weighted student unit exceeds the payment per weighted student unit  
3 for the ~~2021-22~~2023-24 school year. For each year thereafter, the reduction  
4 percentage is increased by an additional fifteen percent. However, the district's  
5 baseline funding per weighted student unit, after the reduction, may not be less  
6 than the payment per weighted student unit provided in subsection 3.

7 3. a. For the 2023-24 school year, the superintendent shall calculate state aid as the  
8 greater of:

9 (1) The district's weighted student units multiplied by ten thousand six hundred  
10 forty-six dollars;

11 (2) One hundred two percent of the district's baseline funding per weighted  
12 student unit, as established in subsection 2, multiplied by the district's  
13 weighted student units, not to exceed the district's 2017-18 baseline  
14 weighted student units, plus any weighted student units in excess of the  
15 2017-18 baseline weighted student units multiplied by ten thousand six  
16 hundred forty-six dollars; or

17 (3) The district's baseline funding as established in subsection 1 less the  
18 amount in paragraph 1, with the difference reduced by ~~forty-five~~forty percent  
19 and then the difference added to the amount determined in paragraph 1.

20 b. For the 2024-25 school year and each school year thereafter, the superintendent  
21 shall calculate state aid as the greater of:

22 (1) The district's weighted student units multiplied by eleven thousand  
23 seventy-two dollars;

24 (2) One hundred two percent of the district's baseline funding per weighted  
25 student unit, as established in subsection 2, multiplied by the district's  
26 weighted student units, not to exceed the district's 2017-18 baseline  
27 weighted student units, plus any weighted student units in excess of the  
28 2017-18 baseline weighted student units multiplied by eleven thousand  
29 seventy-two dollars; or

30 (3) The district's baseline funding as established in subsection 1 less the  
31 amount in paragraph 1, with the difference reduced by ~~sixty~~fifty-five percent

1 for the 2024-25 school year and the reduction percentage increasing by  
2 fifteen percent each school year thereafter until the difference is reduced to  
3 zero, and then the difference added to the amount determined in  
4 paragraph 1.

5 4. After determining the product in accordance with subsection 3, the superintendent of  
6 public instruction shall:

7 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the  
8 school district; and

9 b. Subtract an amount equal to seventy-five percent of all revenue types listed in  
10 subdivisions c and d of subsection 1. Before determining the deduction for  
11 seventy-five percent of all revenue types, the superintendent of public instruction  
12 shall adjust revenues as follows:

13 (1) Tuition revenue shall be adjusted as follows:

14 (a) In addition to deducting tuition revenue received specifically for the  
15 operation of an educational program provided at a residential  
16 treatment facility, tuition revenue received for the provision of an adult  
17 farm management program, and tuition received under an agreement  
18 to educate students from a school district on an air force base with  
19 funding received through federal impact aid as directed each school  
20 year in paragraph 3 of subdivision c of subsection 1, the  
21 superintendent of public instruction also shall reduce the total tuition  
22 reported by the school district by the amount of tuition revenue  
23 received for the education of students not residing in the state and for  
24 which the state has not entered a cross-border education contract;  
25 and

26 (b) The superintendent of public instruction also shall reduce the total  
27 tuition reported by admitting school districts meeting the requirements  
28 of subdivision e of subsection 2 of section 15.1-29-12 by the amount  
29 of tuition revenue received for the education of students residing in an  
30 adjacent school district.

1                   (2) After adjusting tuition revenue as provided in paragraph 1, the  
2                   superintendent shall reduce all remaining revenues from all revenue types  
3                   by the percentage of mills levied in 2022 by the school district for sinking  
4                   and interest relative to the total mills levied in 2022 by the school district for  
5                   all purposes.

6           5. The amount remaining after the computation required under subsection 4 is the  
7           amount of state aid to which a school district is entitled, subject to any other statutory  
8           requirements or limitations.

9           6. On or before June thirtieth of each year, the school board shall certify to the  
10           superintendent of public instruction the final average daily membership for the current  
11           school year.

12           7. For purposes of the calculation in subsection 4, each county auditor, in collaboration  
13           with the school districts, shall report the following to the superintendent of public  
14           instruction on an annual basis:

15           a. The amount of revenue received by each school district in the county during the  
16           previous school year for each type of revenue identified in subdivisions c and d of  
17           subsection 1;

18           b. The total number of mills levied in the previous calendar year by each school  
19           district for all purposes; and

20           c. The number of mills levied in the previous calendar year by each school district  
21           for sinking and interest fund purposes.

22           **SECTION 26. AMENDMENT.** Section 15.1-36-02 of the North Dakota Century Code is  
23           amended and reenacted as follows:

24           **15.1-36-02. Coal development trust fund - Board of university and school lands -**  
25           **School construction projects - Unanticipated construction projects and emergency**  
26           **repairs - Loans.**

27           1. Up to sixty million dollars from the coal development trust fund is available to the  
28           board of university and school lands for loans under this section.

29           2. To be eligible for a loan under this section, the school district must demonstrate a need  
30           based on an unanticipated construction project, an unanticipated replacement project,

- 1           or an emergency repair, or a legislatively defined condition, and the board of a school  
2           district shall:
- 3           a.    Obtain the approval of the superintendent of public instruction for the construction  
4           project under section 15.1-36-01; and
- 5           b.    Submit to the superintendent of public instruction an application containing all  
6           information deemed necessary by the superintendent, including potential  
7           alternative sources or methods of financing the construction project.
- 8           3.    The superintendent of public instruction shall consider each loan application in the  
9           order ~~if~~ the application received approval under section 15.1-36-01.
- 10          4.    If the superintendent of public instruction approves the loan, the board of university  
11          and school lands shall issue a loan from the coal development trust fund.
- 12          a.    For a loan made under this ~~section~~ subsection:
- 13           ~~a.~~(1)   The minimum loan amount is two hundred fifty thousand dollars and the  
14           maximum loan amount for which a school district may qualify is ~~two~~ five  
15           million dollars;
- 16           ~~b.~~(2)   The term of the loan is twenty years, unless the board of the school district  
17           requests a shorter term in the written loan application; and
- 18           ~~c.~~(3)   The interest rate of the loan may not exceed two percent per year.
- 19          b.    During the 2023-25 biennium, a loan including additional expenses due to  
20          unanticipated construction inflation is an allowable condition under subsection 2.  
21          For a loan made under this subsection which includes additional expenses due to  
22          unanticipated construction inflation:
- 23           (1)   The unanticipated construction inflation must have occurred for a  
24           construction project bid after January 1, 2021, and before June 30, 2024;
- 25           (2)   The maximum loan amount for which a school district may qualify is five  
26           million dollars;
- 27           (3)   The interest rate on the loan may not exceed two percent per year;
- 28           (4)   The term of the loan is twenty years, unless the board of the school district  
29           requests a shorter term in the written loan application; and
- 30           (5)   The school district may pledge revenues derived from its general fund levy  
31           authority or other sources of revenue authorized by law.

- 1           5.   a.   If a school district seeking a loan under this section received an allocation of the  
2                   oil and gas gross production tax during the previous fiscal year in accordance  
3                   with chapter 57-51, the board of the district shall provide to the board of  
4                   university and school lands, and to the state treasurer, its evidence of  
5                   indebtedness indicating ~~that~~ the loan originated under this section.  
6           b.   If the evidence of indebtedness is payable solely from the school district's  
7                   allocation of the oil and gas gross production tax in accordance with section  
8                   57-51-15, the loan does not constitute a general obligation of the school district  
9                   and may not be considered a debt of the district.  
10          c.   If a loan made to a school district is payable solely from the district's allocation of  
11                   the oil and gas gross production tax in accordance with section 57-51-15, the  
12                   terms of the loan must require ~~that~~ the state treasurer withhold the dollar amount  
13                   or percentage specified in the loan agreement, from each of the district's oil and  
14                   gas gross production tax allocations, in order to repay the principal and interest of  
15                   the evidence of indebtedness. The state treasurer shall deposit the amount  
16                   withheld into the fund from which the loan originated.  
17          d.   Any evidence of indebtedness executed by the board of a school district under  
18                   this subsection is a negotiable instrument and not subject to taxation by the state  
19                   or any political subdivision of the state.  
20          6.   For purposes of this section, a "construction project" means the purchase, lease,  
21                   erection, or improvement of any structure or facility by a school board, provided the  
22                   acquisition or activity is within a school board's authority.

23           **SECTION 27. AMENDMENT.** Section 15.1-36-02 of the North Dakota Century Code is  
24   amended and reenacted as follows:

25           **15.1-36-02. Coal development trust fund - Board of university and school lands -**  
26   **School construction projects - Unanticipated construction projects and emergency**  
27   **repairs - Loans.**

- 28           1.   Up to sixty million dollars from the coal development trust fund is available to the  
29                   board of university and school lands for loans under this section.  
30           2.   To be eligible for a loan under this section, the school district must demonstrate a need  
31                   based on an unanticipated construction project, an unanticipated replacement project,

1 an emergency repair, or a legislatively defined condition, and the board of a school  
2 district shall:

3 a. Obtain the approval of the superintendent of public instruction for the construction  
4 project under section 15.1-36-01; and

5 b. Submit to the superintendent of public instruction an application containing all  
6 information deemed necessary by the superintendent, including potential  
7 alternative sources or methods of financing the construction project.

8 3. The superintendent of public instruction shall consider each loan application in the  
9 order the application received approval under section 15.1-36-01.

10 4. If the superintendent of public instruction approves the loan, the board of university  
11 and school lands shall issue a loan from the coal development trust fund.

12 a. For a loan made under this ~~subsection~~section:

13 ~~(1)~~a. The minimum loan amount is two hundred fifty thousand dollars and the  
14 maximum loan amount for which a school district may qualify is five million  
15 dollars;

16 ~~(2)~~b. The term of the loan is twenty years, unless the board of the school district  
17 requests a shorter term in the written loan application; and

18 ~~(3)~~c. The interest rate of the loan may not exceed two percent per year.

19 b. ~~During the 2023-25 biennium, a loan including additional expenses due to~~  
20 ~~unanticipated construction inflation is an allowable condition under subsection 2-~~  
21 ~~of this section. For a loan made under this subsection which includes additional~~  
22 ~~expenses due to unanticipated construction inflation:~~

23 ~~(1) The unanticipated construction inflation must have occurred for a~~  
24 ~~construction project bid after January 1, 2021, and before June 30, 2024;~~

25 ~~(2) The maximum loan amount for which a school district may qualify is five-~~  
26 ~~million dollars;~~

27 ~~(3) The interest rate on the loan may not exceed two percent per year;~~

28 ~~(4) The term of the loan is twenty years, unless the board of the school district~~  
29 ~~requests a shorter term in the written loan application; and~~

30 ~~(5) The school district may pledge revenues derived from its general fund levy~~  
31 ~~authority or other sources of revenue authorized by law.~~



- 1           5.   a.   If a school district seeking a loan under this section received an allocation of the  
2                   oil and gas gross production tax during the previous fiscal year in accordance  
3                   with chapter 57-51, the board of the district shall provide to the board of  
4                   university and school lands, and to the state treasurer, its evidence of  
5                   indebtedness indicating the loan originated under this section.
- 6           b.   If the evidence of indebtedness is payable solely from the school district's  
7                   allocation of the oil and gas gross production tax in accordance with section  
8                   57-51-15, the loan does not constitute a general obligation of the school district  
9                   and may not be considered a debt of the district.
- 10          c.   If a loan made to a school district is payable solely from the district's allocation of  
11                   the oil and gas gross production tax in accordance with section 57-51-15, the  
12                   terms of the loan must require the state treasurer withhold the dollar amount or  
13                   percentage specified in the loan agreement, from each of the district's oil and gas  
14                   gross production tax allocations, in order to repay the principal and interest of the  
15                   evidence of indebtedness. The state treasurer shall deposit the amount withheld  
16                   into the fund from which the loan originated.
- 17          d.   Any evidence of indebtedness executed by the board of a school district under  
18                   this subsection is a negotiable instrument and not subject to taxation by the state  
19                   or any political subdivision of the state.
- 20          6.   For purposes of this section, a "construction project" means the purchase, lease,  
21                   erection, or improvement of any structure or facility by a school board, provided the  
22                   acquisition or activity is within a school board's authority.

23           **SECTION 28. AMENDMENT.** Section 15.1-36-04 of the North Dakota Century Code is  
24 amended and reenacted as follows:

25           **15.1-36-04. Evidences of indebtedness.**

26           ~~The~~Except as otherwise provided in this chapter, the board of a school district may issue  
27 and sell evidences of indebtedness under chapter 21-02 or 21-03 to finance the construction or  
28 improvement of a project approved under this chapter. The principal amount of the loan and the  
29 evidences of indebtedness to repay the loan may not exceed the loan amount for which the  
30 district is eligible under this chapter. Evidences of indebtedness issued under this chapter or  
31 chapter 21-03 constitute a general obligation of the school district.

1       **SECTION 29. AMENDMENT.** Subsection 2 of the new section to chapter 19-03.1 of the  
2 North Dakota Century Code, as created by section 1 of Senate Bill No. 2248, as approved by  
3 the sixty-eighth legislative assembly, is amended and reenacted as follows:

4       2. An individual is guilty of causing death or injury by distributing a controlled substance if  
5 the individual willfully ~~supplies another to deliver a controlled substance to an~~  
6 ~~individual who consumes the controlled substance and that~~delivers a controlled  
7 substance, or supplies another to deliver or consume a controlled substance, and an  
8 individual dies or is injured from overdosing after consuming a portion of ~~the~~that  
9 controlled substance.

10       a. A violation of this section is a class A felony.

11       b. This section does not limit a conviction under chapter 12.1-16, but an individual  
12 may not be found guilty of this section and an offense under chapter 12.1-16 if  
13 the conduct arises out of the same course of conduct.

14       **SECTION 30. AMENDMENT.** Subsection 1 of section 21-10-12 of the North Dakota  
15 Century Code, as amended in section 3 of Senate Bill No. 2330, as approved by the  
16 sixty-eighth legislative assembly, is amended and reenacted as follows:

17       1. "Earnings" means an amount equal to ~~seven~~eight percent of the five-year average  
18 value of the legacy fund assets as reported by the state investment board using the  
19 value of the assets at the end of each fiscal year for the five-year period ending with  
20 the most recently completed even-numbered fiscal year.

21       **SECTION 31. AMENDMENT.** Section 24-02-37.3 of the North Dakota Century Code, as  
22 amended by section 10 of House Bill No. 1012, as approved by the sixty-eighth legislative  
23 assembly, is amended and reenacted as follows:

24               **SECTION 10. AMENDMENT.** Section 24-02-37.3 of the North Dakota Century  
25 Code as created by section 1 of Senate Bill No. 2113, as approved by the sixty-eighth  
26 legislative assembly, is amended and reenacted as follows:

27               **24-02-37.3. Flexible transportation fund - Budget section approval -**  
28               **Report.**

29               There is created in the state treasury the flexible transportation fund. The  
30 fund consists of eligible federal or state funding and any contributed private  
31 funds.

- 1                    1. The flexible transportation fund must be administered and expended by the  
2                    director and may be used for the following:
  - 3                    a. Providing a match for federal funding obtained by the department of  
4                    transportation.
  - 5                    b. State-funded road and bridge construction and maintenance, and  
6                    transportation support costs including staffing, facilities, and  
7                    operational expenditures on the state highway system.
  - 8                    c. State-funded road and bridge construction and maintenance activities  
9                    within the state but off of the state highway system. The director shall  
10                   establish the terms and provisions of the program.
- 11                   2. All money derived from the investment of the flexible transportation fund or  
12                   any portion of the fund, must be credited to the flexible transportation fund.  
13                   The director shall monthly transmit all moneys collected and received under  
14                   this chapter to the state treasurer to be transferred and credited to the  
15                   flexible transportation fund.
- 16                   3. The director must receive budget section approval for any project that  
17                   utilizes more than ~~fifteen~~ million dollars from the fund except for projects  
18                   that match federal or private funds and the amount utilized from the fund is  
19                   fifty percent or less of total project costs. Any request considered by the  
20                   budget section must comply with section 54-35-02.9.
- 21                   4. The director shall allocate at least twenty-five percent of motor vehicle  
22                   excise tax collections deposited in the flexible transportation fund pursuant  
23                   to section 57-40.3-10 for non-oil-producing county and township road and  
24                   bridge projects as follows:
  - 25                   a. The funds must be allocated by the department to counties for  
26                   projects or grants for the benefit of counties and organized and  
27                   unorganized townships;
  - 28                   b. The department shall establish criteria to distribute the funds;
  - 29                   c. The funds must be used for the maintenance and improvement of  
30                   county and township paved and unpaved roads and bridges;

- 1 d. Priority must be given to projects that match federal funds and to  
2 projects that improve roadways that serve as local corridors;  
3 e. An organized township is not eligible to receive funding if the township  
4 does not maintain any roadways or does not levy at least eighteen  
5 mills for general purposes; and  
6 f. For purposes of this subsection, "non-oil-producing county" means a  
7 county that received no allocation of funding or a total allocation of  
8 less than five million dollars under subsection 2 of section 57-51-15 in  
9 the most recently completed even-numbered fiscal year before the  
10 start of each biennium.

- 11 5. The director shall provide periodic reports to the budget section regarding  
12 the status of the fund and projects receiving allocations from the fund.

13 **SECTION 32. AMENDMENT.** Section 48-10-02 of the North Dakota Century Code is  
14 amended and reenacted as follows:

15 **48-10-02. Capitol building fund to be administered by the capitol grounds planning**  
16 **commission - Continuing appropriation - Procedure for expenditure of certain funds.**

17 1. The capitol grounds planning commission shall have general powers to superintend  
18 the administration of the capitol building fund, its interest and income fund, and its  
19 investments and properties. It may cause any lands now held in such funds to be sold  
20 at market value, direct the conversion of any securities now held by such funds to  
21 cash, approve expenditures from such funds subject to law and legislative  
22 appropriations, and to do all other things necessary to carry out the intent and  
23 purposes of this section. The board of university and school lands or its designee, on  
24 the commission's behalf, shall see to the investment and management of the capitol  
25 building fund and its interest and income fund and shall account to the commission  
26 concerning these funds at the commission's request.

27 2. Provided further, all moneys and other property in the capitol building fund, except as  
28 otherwise appropriated, are hereby dedicated and reserved to the exclusive purpose  
29 of the construction of an addition to the legislative wing of the state capitol building,  
30 and the capitol grounds planning commission shall take necessary steps to

1           accumulate and conserve the money and property in the capitol building fund for such  
2           purpose.

3           3. The commission may, during any biennium, expend from the interest and income fund  
4           of the capitol building fund a sum not to exceed fifty percent of the unencumbered  
5           balance on the first day of any biennium, and such amount is hereby appropriated to  
6           the capitol grounds planning commission. The expenditure may be made, after  
7           consideration of the capitol grounds master plan, for projects or planning related to  
8           remodeling expenses but may not exceed two hundred fifty thousand dollars per  
9           biennium. The expenditure may only be made upon approval by two-thirds of the total  
10          membership of the commission. The expenditure must be made upon a voucher, or  
11          vouchers, prepared by the office of management and budget at the direction of the  
12          commission.

13          **SECTION 33. AMENDMENT.** Section 54-06-14.7 of the North Dakota Century Code is  
14          amended and reenacted as follows:

15          **54-06-14.7. State leave sharing program - Rulemaking.**

- 16          1. The human resource management services division of the office of management and  
17          budget shall establish a state leave sharing program for permanent employees of the  
18          state. The program must provide for a mechanism for state employees to donate  
19          accrued annual and sick leave to an employee who does not have available leave who  
20          is suffering from a severe, extreme, or life-threatening condition or who is caring for an  
21          immediate relative or household member who is suffering from a severe, extreme, or  
22          life-threatening condition.
- 23          2. A ~~probationary~~, temporary, employee or contracted employee with a limited-term  
24          appointment is not eligible to participate in the leave sharing program. An employee  
25          may not use more than four months donated leave in any twelve-month period and an  
26          employee may not retain leave beyond the occurrence necessitating the leave.
- 27          3. The human resource management services division shall:
- 28                  a. Require medical certification from a physician, physician assistant, psychologist,  
29                  or advanced practice nurse practitioner verifying the severe, extreme, or  
30                  life-threatening nature of the medical condition and the expected duration of the  
31                  condition;

1           b. Track the amount of leave taken by permanent state employees under the  
2           program; and

3           c. Adopt rules in accordance with chapter 28-32 to implement this section.

4           **SECTION 34. AMENDMENT.** Section 54-21-19 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6           **54-21-19. Director to furnish supplies and maintain capitol, state offices, and**  
7 **executive mansion - Authority to charge for services.**

8           The director of the office of management and budget shall provide all necessary fuel,  
9 electricity, insurance, janitorial, and other services necessary to maintain the state offices on the  
10 capitol grounds as well as all necessary furniture, fuel, electricity, express, freight, drayage, and  
11 all other necessary supplies for the executive mansion and the capitol grounds and shall make  
12 all necessary repairs. The purchases must be in accordance with chapter 54-44.4. The director  
13 shall charge an amount equal to the fair value of the office space and other services rendered  
14 to all departments that receive and expend moneys from other than the general fund executive  
15 branch agencies, except that for good cause the amounts charged may be waived by the  
16 director for a one-year period of time with the waiver subject to further annual renewals after  
17 proper application has been filed with the director.

18           **SECTION 35.** A new subsection to section 54-44-11 of the North Dakota Century Code is  
19 created and enacted as follows:

20           The office of management and budget shall establish a facility management operating  
21 fund to be used for the salary and operating expenses of the division of facility  
22 management. Rental fees collected pursuant to section 54-21-19 must be deposited in  
23 the fund. The director of the office of management and budget shall transfer any  
24 unobligated balance in the fund to the general fund at the end of each fiscal year.

25           **SECTION 36. AMENDMENT.** Section 54-52-02.5 of the North Dakota Century Code, as  
26 amended in section 3 of House Bill No. 1040, as approved by the sixty-eighth legislative  
27 assembly, is amended and reenacted as follows:

28           **54-52-02.5. Newly elected and appointed state officials.**

29           1. After December 31, 1999, but before January 1, ~~2025~~2024, an individual elected or  
30 appointed to a state office for the first time must, from and after the date that individual  
31 qualifies and takes office, be a participating member of the public employees

1 retirement system unless that person makes an election at any time during the first six  
2 months after the date the person takes office to participate in the defined contribution  
3 retirement plan established under chapter 54-52.6.

4 2. After December 31, ~~2024~~2023, an individual elected or appointed to a state office for  
5 the first time, from and after the date that individual qualifies and takes office, must be  
6 a participating member of the defined contribution retirement plan established under  
7 chapter 54-52.6, unless at the time of election or appointment the individual is a  
8 participating or deferred member under this chapter, in which case the official remains  
9 a participating member under this chapter.

10 3. As used in this section, the phrase "for the first time" means an individual appointed,  
11 who, after December 31, 1999, does not hold office as an appointed official at the time  
12 of that individual's appointment.

13 **SECTION 37. AMENDMENT.** Section 54-52-02.9 of the North Dakota Century Code, as  
14 amended in section 4 of House Bill No. 1040, as approved by the sixty-eighth legislative  
15 assembly, is amended and reenacted as follows:

16 **54-52-02.9. Participation by temporary employees.**

17 1. Before January 1, ~~2025~~2024, within one hundred eighty days of beginning  
18 employment, a temporary employee may elect to participate in the public employees  
19 retirement system under this chapter and receive credit for service after enrollment.  
20 Monthly, the temporary employee shall pay to the fund an amount equal to fourteen  
21 and twelve hundredths percent times the temporary employee's present monthly  
22 salary. The amount required to be paid by a temporary employee increases by one  
23 percent times the temporary employee's present monthly salary beginning with the  
24 monthly reporting period of January ~~2025~~2024.

25 2. If the temporary employee first enrolled:  
26 a. Before January 1, 2020, in addition the temporary employee shall pay the  
27 required monthly contribution to the retiree health benefit fund established under  
28 section 54-52.1-03.2. This contribution must be recorded as a member  
29 contribution pursuant to section 54-52.1-03.2.

- 1           b. After December 31, 2019, the temporary employee shall pay to the fund an  
2           additional amount equal to one and fourteen hundredths percent times the  
3           temporary employee's present monthly salary.
- 4           3. A temporary employee who is a participating member under this chapter due to  
5           employment before January 1, ~~2025~~2024, who becomes a permanent employee after  
6           December 31, ~~2024~~2023, qualifies to participate in the defined benefit retirement plan  
7           under this chapter and receive credit for service after enrollment.
- 8           4. After December 31, ~~2024~~2023, and within one hundred eighty days of beginning  
9           employment, a temporary employee may elect to participate in the defined contribution  
10          retirement plan under chapter 54-52.6.
- 11          5. An employer may not pay the temporary employee's contributions. A temporary  
12          employee may continue to participate as a temporary employee in the public  
13          employees retirement system until termination of employment or reclassification of the  
14          temporary employee as a permanent employee. A temporary employee may not  
15          purchase any additional credit, including additional credit under section 54-52-17.4 or  
16          past service under section 54-52-02.6.

17          **SECTION 38. AMENDMENT.** Section 54-52-02.11 of the North Dakota Century Code, as  
18          amended in section 5 of House Bill No. 1040, as approved by the sixty-eighth legislative  
19          assembly, is amended and reenacted as follows:

20          **54-52-02.11. Participation requirements for nonstate elected officials.**

- 21          1. Before January 1, ~~2025~~2024, eligible elected officials of participating counties, at their  
22          individual option, may enroll in the defined benefit plan within the first six months of  
23          their term.
- 24          2. After December 31, ~~2024~~2023, eligible elected officials of participating counties, at  
25          their individual option, may enroll in the defined contribution retirement plan under  
26          chapter 54-52.6 within the first six months of their term.

27          **SECTION 39. AMENDMENT.** Section 54-52-02.12 of the North Dakota Century Code, as  
28          amended in section 6 of House Bill No. 1040, as approved by the sixty-eighth legislative  
29          assembly, is amended and reenacted as follows:



1           **54-52-02.12. Participation requirements for nonstate appointed officials.**

- 2           1. Nonstate appointed officials of participating employers appointed on or after August 1,  
3           1999, but before January 1, ~~2025~~2024, who meet the participation requirements of this  
4           chapter must be enrolled in the defined benefit plan effective within the first month of  
5           taking office.  
6           2. After December 31, ~~2024~~2023, nonstate appointed officials of participating employers  
7           who meet the participation requirements must be enrolled in the defined contribution  
8           retirement plan under chapter 54-52.6 effective within the first month of taking office.

9           **SECTION 40. AMENDMENT.** Section 54-52-02.15 of the North Dakota Century Code, as  
10          created in section 7 of House Bill No. 1040, as approved by the sixty-eighth legislative  
11          assembly, is amended and reenacted as follows:

12           **54-52-02.15. Public employees retirement system main plan - Closure to new hires -**  
13          **Multiple plan membership.**

- 14          1. Under this section "eligible employee" means a permanent employee who:  
15           a. Meets all the eligibility requirements set by this chapter;  
16           b. Is at least eighteen years of age;  
17           c. Becomes a participating member after December 31, ~~2024~~2023; and  
18           d. Is not eligible to participate in the law enforcement plan, judges' plan, highway  
19           patrol plan, teachers' fund for retirement plan, or alternative retirement program  
20           established under section 15-10-17 for university system employees.  
21          2. Effective January 1, ~~2025~~2024, the public employees retirement system defined  
22          benefit main plan maintained for employees is closed to new eligible employees.  
23          However, an employee who becomes a participating or deferred member under this  
24          chapter before January 1, ~~2025~~2024, remains in the defined benefit retirement plan  
25          under this chapter, regardless of being rehired after December 31, ~~2024~~2023.  
26          3. Except as otherwise provided under this section, effective January 1, ~~2025~~2024, an  
27          eligible employee who begins employment with an employer shall participate in the  
28          defined contribution retirement plan under chapter 54-52.6 as provided under section  
29          54-52.6-02.1.  
30          4. This section does not impact an employee to the extent the employee is a participating  
31          member in one or more of the following enumerated plans: law enforcement plan,

1 judges' plan, highway patrol plan, teachers' fund for retirement plan, or alternative  
2 retirement program established under section 15-10-17 for university system  
3 employees.

4 a. A participating or deferred member in the defined contribution retirement plan  
5 under chapter 54-52.6 who becomes eligible to participate in a plan enumerated  
6 under this subsection is eligible to participate in the retirement plan enumerated  
7 under this subsection.

8 b. A participating member of a retirement plan enumerated under this subsection  
9 who becomes an eligible employee is not eligible to participate in the defined  
10 benefit retirement plan under this chapter but instead participates in the defined  
11 contribution retirement plan under chapter 54-52.6. However, this subdivision  
12 does not apply to an individual who before January 1, ~~2025~~2024, is a  
13 participating or a deferred member under this chapter, as that individual  
14 continues to participate in the defined benefit retirement plan under this chapter.

15 5. The board shall adopt rules to implement this section.

16 **SECTION 41. AMENDMENT.** Section 54-52-03 of the North Dakota Century Code is  
17 amended and reenacted as follows:

18 **54-52-03. Governing authority.**

19 1. A state agency is hereby created to constitute the governing authority of the system to  
20 consist of a board of ~~nine~~eleven individuals known as the retirement board. No more  
21 than one elected member of the board may be in the employ of a single department,  
22 institution, or agency of the state or in the employ of a political subdivision. An  
23 employee of the public employees retirement system or the state retirement and  
24 investment office may not serve on the board.

25 ~~1.~~ ~~Two~~

26 2. Four members of the legislative assembly must be appointed ~~by the chairman of the~~  
27 ~~legislative management~~ to serve on the board.

28 a. ~~If the same political party has the greatest number of members in both the house~~  
29 ~~and senate, one member must be from that majority party and one member from~~  
30 ~~the political party with the next greatest number of members in the house and~~  
31 ~~senate.~~

- 1           b. ~~If the same political party does not have the greatest number of members in both~~  
2           ~~the house and senate, one member must be from the majority party in the house~~  
3           ~~and one member must be from the majority party in the senate.~~
- 4           2. ~~One member~~ The majority leader of the house of representatives shall appoint two  
5           members of the house of representatives and the majority leader of the senate shall  
6           appoint two members of the senate. The members appointed under this subsection  
7           shall serve a term of two years.
- 8           3. Four members of the board must be appointed by the governor to serve a term of five  
9           years. ~~The~~Each appointee under this subsection must be a North Dakota citizen who  
10          is not a state or political subdivision employee and who ~~by experience~~ is familiar with  
11          ~~money management~~retirement and employee benefit plans. The governor shall  
12          appoint one citizen member ~~is to serve as~~ chairman of the board.
- 13          3. ~~One member of the board must be appointed by the attorney general from the~~  
14          ~~attorney general's legal staff and shall serve a term of five years.~~
- 15          4. ~~The state health officer appointed under section 23-01-05 or the state health officer's~~  
16          ~~designee is a member of the board.~~
- 17          5.4. Three board members must be elected by and from among the active participating  
18          members, members of the retirement plan established under chapter 54-52.6,  
19          members of the retirement plan established under chapter 39-03.1, and members of  
20          the job service North Dakota retirement plan. Employees who have terminated their  
21          employment for whatever reason are not eligible to serve as elected members of the  
22          board under this subsection. Board members must be elected to a five-year term  
23          pursuant to an election called by the board. Notice of board elections must be given to  
24          all active participating members. The time spent in performing duties as a board  
25          member may not be charged against any employee's accumulated annual or any  
26          other type of leave.
- 27          6. ~~One board member must be elected by and from among those individuals who are~~  
28          ~~receiving retirement benefits under this chapter. The board shall call the election and~~  
29          ~~must give prior notice of the election to the individuals eligible to participate in the~~  
30          ~~election pursuant to this subsection. The board member shall serve a term of five~~  
31          ~~years.~~

1     ~~7.5.~~ The members of the board are entitled to receive one hundred forty-eight dollars per  
2           day compensation and necessary mileage and travel expenses as provided in  
3           sections 44-08-04 and 54-06-09. This is in addition to any other pay or allowance due  
4           the chairman or a member, plus an allowance for expenses they may incur through  
5           service on the board.

6     ~~8.6.~~ A board member shall serve ~~a five-year term~~ and until the board member's successor  
7           qualifies. Each board member is entitled to one vote, and ~~nine~~six of the ~~eleven~~six  
8           board members constitute a quorum. ~~Nine~~Six votes are necessary for resolution or  
9           action by the board at any meeting.

10        **SECTION 42. AMENDMENT.** Subsection 2 of section 54-52-06.4 of the North Dakota  
11 Century Code, as amended in section 1 of House Bill No. 1309, as approved by the sixty-eighth  
12 legislative assembly, is amended and reenacted as follows:

13        2. The employer of a peace officer employed by the ~~bureau of criminal investigation~~state  
14           or national guard security officer shall contribute an amount determined by the board  
15           to be actuarially required to support the level of benefits specified in section 54-52-17.  
16           The employer's contribution must be paid from funds appropriated for salary or from  
17           any other funds available for such purposes. If the peace officer's or security officer's  
18           assessment is paid by the employer under subsection 3 of section 54-52-05, the  
19           employer shall contribute, in addition, an amount equal to the required peace officer's  
20           or security officer's assessment.

21        **SECTION 43. AMENDMENT.** Subsection 4 of section 54-52-17 of the North Dakota  
22 Century Code, as amended in section 4 of House Bill No. 1183, as approved by the sixty-eighth  
23 legislative assembly, is amended and reenacted as follows:

24        4. The board shall calculate retirement benefits as follows:  
25           a. Normal retirement benefits for all retirees, except supreme and district court  
26               judges, peace officers employed by the bureau of criminal investigation, and  
27               other peace officers employed by the state, reaching normal retirement date  
28               equal an annual amount, payable monthly, comprised of a service benefit and a  
29               prior service benefit, as defined in this chapter, which is determined as follows:  
30               (1) ~~For members first enrolled:~~

- 1                   (a) ~~Before January 1, 2020, service benefit equals two percent of final-~~  
2                   ~~average salary multiplied by the number of years of service-~~  
3                   ~~employment.~~
- 4                   (b) ~~After December 31, 2019, service benefit equals one and seventy-five-~~  
5                   ~~hundredths percent of final average salary multiplied by the number of~~  
6                   ~~years of service employment~~The first twenty years of credited service  
7                   multiplied by three percent of final average salary.
- 8                   (2) ~~Prior service benefit equals two percent of final average salary multiplied by-~~  
9                   ~~the number of years of prior service employment~~For years in excess of  
10                   twenty years of credited service multiplied by one and seventy-five  
11                   hundredths percent of final average salary.
- 12                   b. Normal retirement benefits for all supreme and district court judges under the  
13                   public employees retirement system reaching normal retirement date equal an  
14                   annual amount, payable monthly, comprised of a benefit as defined in this  
15                   chapter, determined as follows:
- 16                   (1) Benefits must be calculated from the time of appointment or election to the  
17                   bench and must equal three and one-half percent of final average salary  
18                   multiplied by the first ten years of judicial service, two and eighty hundredths  
19                   percent of final average salary multiplied by the second ten years of judicial  
20                   service, and one and one-fourth percent of final average salary multiplied by  
21                   the number of years of judicial service exceeding twenty years.
- 22                   (2) Service benefits must include, in addition, an amount equal to the percent  
23                   specified in subdivision a of final average salary multiplied by the number of  
24                   years of nonjudicial employee service and employment.
- 25                   c. Normal retirement benefits for a peace officer employed by the bureau of criminal  
26                   investigation reaching the normal retirement date equals an annual amount,  
27                   payable monthly, comprised of a service benefit and a prior service benefit  
28                   determined as follows:
- 29                   (1) For members first enrolled:

- 1 (a) Before January 1, 2020, service benefit equals two percent of final  
2 average salary multiplied by the number of years of service  
3 employment.
- 4 (b) After December 31, 2019, service benefit equals one and seventy-five  
5 hundredths percent of final average salary multiplied by the number of  
6 years of service employment.
- 7 (2) Prior service benefit equals two percent of final average salary multiplied by  
8 the number of years of prior service employment.
- 9 d. Normal retirement benefits for a peace officer employed by the state, other than  
10 by the bureau of criminal investigation, reaching the normal retirement date  
11 equals an annual amount, payable monthly, comprised of a service benefit and a  
12 prior service benefit determined as follows:
- 13 (1) For members first enrolled:
- 14 (a) Before January 1, 2020, service benefit equals two percent of final  
15 average salary multiplied by the number of years of service  
16 employment.
- 17 (b) After December 31, 2019, service benefit equals one and seventy-five  
18 hundredths percent of final average salary multiplied by the number of  
19 years of service employment.
- 20 (2) Prior service benefit equals two percent of final average salary multiplied by  
21 the number of years of prior service employment.
- 22 e. Postponed retirement benefits are calculated as for single life benefits for those  
23 members who retired on or after July 1, 1977.
- 24 f. Early retirement benefits are calculated as for single life benefits accrued to the  
25 date of termination of employment, but must be actuarially reduced to account for  
26 benefit payments beginning before the normal retirement date, as determined  
27 under subsection 3. Except for a national guard security officer or firefighter, a  
28 firefighter, peace officer, or correctional officer employed by a political  
29 subdivision, a peace officer employed by the state, or a supreme court or district  
30 court judge, early retirement benefits for members first enrolled after December  
31 31, 2015, are calculated for single life benefits accrued to the date of termination

1 of employment, but must be reduced by fixed rate of eight percent per year to  
2 account for benefit payments beginning before the normal retirement date. A  
3 retiree, other than a supreme or district court judge, is eligible for early retirement  
4 benefits only after having completed three years of eligible employment. A  
5 supreme or district court judge retiree is eligible for early retirement benefits only  
6 after having completed five years of eligible employment.

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

13 **SECTION 44. AMENDMENT.** Section 54-52.2-09 of the North Dakota Century Code, as  
14 created in section 13 of House Bill No. 1040, as approved by the sixty-eighth legislative  
15 assembly, is amended and reenacted as follows:

16 **54-52.2-09. Employer match for members of defined contribution retirement plan.**

17 An employee who first participated in the defined contribution retirement plan under chapter  
18 54-52.6 after December 31, ~~2024~~2023, who elects to contribute less than the optional three  
19 percent of wages or salary under subdivision b of subsection 1 of section 54-52.6-09, who  
20 participates in the deferred compensation program under this chapter, qualifies for employer  
21 matching of contributions made under this section. The employee may elect to contribute an  
22 amount of wages or salary which does not exceed any remaining balance of the optional three  
23 percent contribution and the employer shall match this contribution. This section does not limit  
24 the ability of an employee to contribute unmatched wages or salary under this chapter, subject  
25 to federal contribution limitations.

26 **SECTION 45. AMENDMENT.** Subsection 3 of section 54-52.6-01 of the North Dakota  
27 Century Code, as amended in section 14 of House Bill No. 1040, as approved by the sixty-  
28 eighth legislative assembly, is amended and reenacted as follows:

- 29 3. "Eligible employee", for employees who become participating members after  
30 December 31, ~~2024~~2023, has the same meaning as provided under section  
31 54-52-02.15. For employees who elected to join the defined contribution retirement

1 plan under this chapter before January 1, ~~2025~~2024, the term includes a permanent  
2 state employee, except an employee of the judicial branch or an employee of the  
3 board of higher education and state institutions under the jurisdiction of the board of  
4 higher education, who is at least eighteen years of age and who is in a position not  
5 classified by the North Dakota human resource management services.

6 **SECTION 46. AMENDMENT.** Section 54-52.6-02 of the North Dakota Century Code, as  
7 amended in section 15 of House Bill No. 1040, as approved by the sixty-eighth legislative  
8 assembly, is amended and reenacted as follows:

9 **54-52.6-02. Election through December 31, ~~2024~~2023.**

10 1. The board shall provide an opportunity for each eligible employee who is a member of  
11 the public employees retirement system on September 30, 2001, and who has not  
12 made a written election under this section to transfer to the defined contribution  
13 retirement plan before October 1, 2001, to elect in writing to terminate membership in  
14 the public employees retirement system and elect to become a participating member  
15 under this chapter. Except as provided in section 54-52.6-03, an election made by an  
16 eligible employee under this section is irrevocable. The board shall accept written  
17 elections under this section from eligible employees during the period beginning on  
18 July 1, 1999, and ending 12:01 a.m. December 14, 2001. An eligible employee who  
19 does not make a written election or who does not file the election during the period  
20 specified in this section continues to be a member of the public employees retirement  
21 system. An eligible employee who makes and files a written election under this section  
22 ceases to be a member of the public employees retirement system effective twelve  
23 midnight December 31, 2001; becomes a participating member in the defined  
24 contribution retirement plan under this chapter effective 12:01 a.m. January 1, 2002;  
25 and waives all of that person's rights to a pension, annuity, retirement allowance,  
26 insurance benefit, or any other benefit under the public employees retirement system  
27 effective December 31, 2001. This section does not affect an individual's right to  
28 health benefits or retiree health benefits under chapter 54-52.1. An eligible employee  
29 who is first employed and entered upon the payroll of that person's employer after  
30 September 30, 2001, and before January 1, ~~2025~~2024, may make an election to  
31 participate in the defined contribution retirement plan established under this chapter at



1 any time during the first six months after the date of employment. If the board, in its  
2 sole discretion, determines that the employee was not adequately notified of the  
3 employee's option to participate in the defined contribution retirement plan, the board  
4 may provide the employee a reasonable time within which to make that election, which  
5 may extend beyond the original six-month decision window.

- 6 2. If an individual who is a deferred member of the public employees retirement system  
7 on September 30, 2001, is re-employed before January 1, ~~2025~~2024, and by virtue of  
8 that employment is again eligible for membership in the public employees retirement  
9 system under chapter 54-52, the individual may elect in writing to remain a member of  
10 the public employees retirement system or if eligible to participate in the defined  
11 contribution retirement plan established under this chapter to terminate membership in  
12 the public employees retirement system and become a participating member in the  
13 defined contribution retirement plan established under this chapter. An election made  
14 by a deferred member under this section is irrevocable. The board shall accept written  
15 elections under this section from a deferred member during the period beginning on  
16 the date of the individual's re-employment and ending upon the expiration of six  
17 months after the date of that re-employment. If the board, in its sole discretion,  
18 determines that the employee was not adequately notified of the employee's option to  
19 participate in the defined contribution retirement plan, the board may provide the  
20 employee a reasonable time within which to make that election, which may extend  
21 beyond the original six-month decision window. A deferred member who makes and  
22 files a written election to remain a member of the public employees retirement system  
23 retains all rights and is subject to all conditions as a member of that retirement system.  
24 A deferred member who does not make a written election or who does not file the  
25 election during the period specified in this section continues to be a member of the  
26 public employees retirement system. A deferred member who makes and files a  
27 written election to terminate membership in the public employees retirement system  
28 ceases to be a member of the public employees retirement system effective on the  
29 last day of the payroll period that includes the date of the election; becomes a  
30 participating member in the defined contribution retirement plan under this chapter  
31 effective the first day of the payroll immediately following the date of the election; and

1 waives all of that person's rights to a pension, an annuity, a retirement allowance,  
2 insurance benefit, or any other benefit under the public employees retirement system  
3 effective the last day of the payroll that includes the date of the election. This section  
4 does not affect any right to health benefits or retiree health benefits to which the  
5 deferred member may otherwise be entitled.

- 6 3. An eligible employee who elects under this section to participate in the retirement plan  
7 established under this chapter must remain a participant even if that employee returns  
8 to the classified service or becomes employed by a political subdivision that  
9 participates in the public employees retirement system. The contribution amount must  
10 be as provided in this chapter, regardless of the position in which the employee is  
11 employed. Notwithstanding the irrevocability provisions of this chapter, if a member  
12 who elects to participate in the retirement plan established under this chapter  
13 becomes a supreme or district court judge, becomes a member of the highway patrol,  
14 becomes employed in a position subject to teachers' fund for retirement membership,  
15 or becomes an employee of the board of higher education or state institution under the  
16 jurisdiction of the board of higher education who is eligible to participate in an  
17 alternative retirement program established under subsection 6 of section 15-10-17, the  
18 member's status as a member of the defined contribution retirement plan is  
19 suspended, and the member becomes a new member of the retirement plan for which  
20 that member's new position is eligible. The member's account balance remains in the  
21 defined contribution retirement plan, but no new contributions may be made to that  
22 account. The member's service credit and salary history that were forfeited as a result  
23 of the member's transfer to the defined contribution retirement plan remain forfeited,  
24 and service credit accumulation in the new retirement plan begins from the first day of  
25 employment in the new position. If the member later returns to employment that is  
26 eligible for the defined contribution retirement plan, the member's suspension must be  
27 terminated, the member again becomes a member of the defined contribution  
28 retirement plan, and the member's account resumes accepting contributions. At the  
29 member's option, and pursuant to rules adopted by the board, the member may  
30 transfer any available balance as determined by the provisions of the alternate  
31 retirement plan into the member's account under this chapter.

- 1       4. After consultation with its actuary, the board shall determine the method by which a  
2       participating member or deferred member may make a written election under this  
3       section. If the participating member or deferred member is married at the time of the  
4       election, the election is not effective unless the election is signed by the individual's  
5       spouse. However, the board may waive this requirement if the spouse's signature  
6       cannot be obtained because of extenuating circumstances.
- 7       5. If the board receives notification from the internal revenue service that this section or  
8       any portion of this section will cause the public employees retirement system or the  
9       retirement plan established under this chapter to be disqualified for tax purposes  
10      under the Internal Revenue Code, then the portion that will cause the disqualification  
11      does not apply.
- 12     6. A participating member under this section who becomes a temporary employee may  
13      still participate in the defined contribution retirement plan upon filing an election with  
14      the board within one hundred eighty days of transferring to temporary employee  
15      status. The participating member may not become a member of the defined benefit  
16      plan as a temporary employee.
  - 17      a. The temporary employee electing to participate in the defined contribution  
18      retirement plan shall pay into the plan as provided under section 54-52.6-09.6.
  - 19      b. An employer may not pay the temporary employee's contributions.
  - 20      c. A temporary employee may continue to participate as a temporary employee until  
21      termination of employment or reclassification of the temporary employee as a  
22      permanent employee.
- 23     7. A former participating member under this section who has accepted a retirement  
24      distribution pursuant to section 54-52.6-13 and who subsequently becomes employed  
25      by an entity different from the employer with which the member was employed at the  
26      time the member retired but which does participate in any state-sponsored retirement  
27      plan may, before re-enrolling in the defined contribution retirement plan, elect to  
28      permanently waive future participation in the defined contribution retirement plan,  
29      whatever plan in which the new employing entity participates, and the retiree health  
30      program and maintain that member's retirement status. Neither the member nor the

1 employer are required to make any future retirement contributions on behalf of that  
2 employee.

3 8. After December 31, ~~2024~~2023, an eligible employee is no longer allowed to elect  
4 participation under this section.

5 **SECTION 47. AMENDMENT.** Subsection 1 of section 54-52.6-02.1 of the North Dakota  
6 Century Code, as created by section 16 of House Bill No. 1040, as approved by the sixty-eighth  
7 legislative assembly, is amended and reenacted as follows:

8 1. Except as otherwise provided under section 54-52-02.5 or 54-52-02.15 or this chapter,  
9 effective January 1, ~~2025~~2024, an eligible employee who is first enrolled shall  
10 participate in the defined contribution retirement plan under this chapter.

11 **SECTION 48. AMENDMENT.** Section 54-52.6-02.2 of the North Dakota Century Code, as  
12 created by section 17 of House Bill No. 1040, as approved by the sixty-eighth legislative  
13 assembly, is amended and reenacted as follows:

14 **54-52.6-02.2. Election after December 31, ~~2024~~2023 - Additional employer**  
15 **contribution.**

16 1. As used in this section, "eligible employee" means a permanent state employee who  
17 on December 31, ~~2024~~2023, is a participating member of the public employees  
18 retirement system main system plan under chapter 54-42, who has been a  
19 participating member under chapter 54-52 for no more than five years, and who is at  
20 least eighteen years of age.

21 2. The board shall provide a three-month election period, from January 1, ~~2025~~2024,  
22 through March 31, ~~2025~~2024, for an eligible employee to transfer to the defined  
23 contribution plan under this chapter pursuant to the rules and policies adopted by the  
24 board.

25 a. An election under this section made by a member of the public employees  
26 retirement system under chapter 54-52 to transfer to the defined contribution  
27 retirement plan under this chapter is irrevocable.

28 b. For an eligible employee who elects to transfer from the public employees  
29 retirement system under chapter 54-52 to the defined contribution retirement plan  
30 under this chapter, the board shall transfer a lump sum amount from the public  
31 employees retirement system fund to the member's account in the defined

1 contribution retirement plan under this chapter. However, if the eligible employee  
2 terminates employment before receiving the lump sum transfer under this  
3 section, the election made is ineffective and the eligible employee remains a  
4 member of the public employees retirement system under chapter 54-52 and  
5 retains all the rights and privileges under that chapter.

6 c. The board shall calculate the lump sum amount to be transferred based on the  
7 actuarial present value of the eligible employee's accumulated benefit obligation  
8 under the public employees retirement system based on the assumption the  
9 eligible employee will retire under the earlier applicable normal retirement age,  
10 plus interest from January 1, ~~2025~~2024, to the date of transfer, at the rate of one-  
11 half of one percent less than the actuarial interest assumption at the time of the  
12 election.

13 d. This section does not affect an eligible individual's right to health benefits under  
14 chapter 54-52.1.

15 3. The state employer of an eligible employee who elects under this section to participate  
16 in the defined contribution retirement plan under this chapter shall pay an additional  
17 annual contribution of three thousand three hundred and thirty-three dollars for up to  
18 three years. Under this subsection, the employer shall pay the additional contribution  
19 each year the eligible employee continues permanent employment with the state,  
20 beginning January ~~2026~~2025, and extending no further than January ~~2028~~2027.

21 4. If the board receives notification from the internal revenue service that this section or  
22 any portion of this section will cause the public employees retirement system or the  
23 retirement plan established under this chapter to be disqualified for tax purposes  
24 under the Internal Revenue Code, that portion that will cause the disqualification does  
25 not apply.

26 **SECTION 49. AMENDMENT.** Subsection 2 of section 54-52.6-03 of the North Dakota  
27 Century Code, as amended by section 18 of House Bill No. 1040, as approved by the sixty-  
28 eighth legislative assembly, is amended and reenacted as follows:

29 2. The board shall calculate the amount to be transferred for persons employed after  
30 September 30, 2001, and before January 1, ~~2025~~2024, using only the formula  
31 contained in subdivision b of subsection 1.

1       **SECTION 50. AMENDMENT.** Section 54-52.6-09 of the North Dakota Century Code, as  
2 amended in section 22 of House Bill No. 1040, as approved by the sixty-eighth legislative  
3 assembly, is amended and reenacted as follows:

4       **54-52.6-09. Contributions - Penalty.**

- 5       1. a. A participating member who first joined the defined contribution retirement plan  
6           before January 1, ~~2025~~2024, and an employee who elects to participate in the  
7           defined contribution plan under section 54-52.6-02.2, shall contribute monthly  
8           seven percent of the monthly salary or wage paid to the participant.
- 9       b. A participating member who first joined the defined contribution retirement plan  
10          after December 31, ~~2024~~2023, except for an employee who elects to participate  
11          in the defined contribution plan under section 54-52.6-02.2, shall contribute  
12          monthly four percent of the monthly salary or wage paid to the participant. In  
13          addition, the participating member may elect to contribute monthly up to an  
14          additional three percent of the monthly salary or wage paid to the participant.
- 15       c. This assessment must be deducted from the participant's salary in equal monthly  
16          installments commencing with the first month of participation in the defined  
17          contribution retirement plan established under this chapter.
- 18       2. a. For a participating member who first joined the defined contribution retirement  
19          plan before January 1, ~~2025~~2024, and for an employee who elects to participate  
20          in the defined contribution plan under section 54-52.6-02.2, the employer shall  
21          contribute an amount equal to seven and twelve-hundredths percent of the  
22          monthly salary or wage of the participating member.
- 23       b. For a participating member who first joined the defined contribution retirement  
24          plan after December 31, ~~2024~~2023, except for an employee who elects to  
25          participate in the defined contribution plan under section 54-52.6-02.2, the  
26          employer shall contribute an amount equal to four and twelve-hundredths percent  
27          of the monthly salary or wage of a participating member, plus up to an additional  
28          three percent as an employer matching contribution calculated based on the  
29          participating member's election under subdivision b of subsection 1.

- 1           c. For a participating member first enrolled after December 31, 2019, the employer  
2           contribution includes an additional increase of one and fourteen-hundredths  
3           percent.
- 4           d. If the employee's contribution is paid by the employer under subsection 3, the  
5           employer shall contribute, in addition, an amount equal to the required  
6           employee's contribution. Monthly, the employer shall pay such contribution into  
7           the participating member's account from the employer's funds appropriated for  
8           payroll and salary or any other funds available for such purposes.
- 9           e. If the employer fails to pay the contributions monthly, or fails to otherwise comply  
10          with the board's established wage reporting or payroll reporting process  
11          requirements, the employer is subject to a civil penalty of fifty dollars and, as  
12          interest, one percent of the amount due for each month of delay or fraction of a  
13          month after the payment became due. In lieu of assessing a civil penalty or one  
14          percent per month, or both, interest at the actuarial rate of return may be  
15          assessed for each month the contributions are delinquent. If contributions are  
16          paid within ninety days of the date the contributions became due, penalty and  
17          interest to be paid on delinquent contributions may be waived.
- 18          3. Each employer, at its option, may pay the employee contributions required by this  
19          section for all compensation earned after December 31, 1999. The amount paid must  
20          be paid by the employer in lieu of contributions by the employee. If the employer  
21          decides not to pay the contributions, the amount that would have been paid will  
22          continue to be deducted from the employee's compensation. If contributions are paid  
23          by the employer, they must be treated as employer contributions in determining tax  
24          treatment under this code and the federal Internal Revenue Code. Contributions paid  
25          by the employer may not be included as gross income of the employee in determining  
26          tax treatment under this code and the federal Internal Revenue Code until they are  
27          distributed or made available. The employer shall pay these employee contributions  
28          from the same source of funds used in paying compensation to the employee. The  
29          employer shall pay these contributions by effecting an equal cash reduction in the  
30          gross salary of the employee or by an offset against future salary increases or by a  
31          combination of a reduction in gross salary and offset against future salary increases.

1 Employee contributions paid by the employer must be treated for the purposes of this  
2 chapter in the same manner and to the same extent as employee contributions made  
3 before the date on which employee contributions were assumed by the employer. An  
4 employer shall exercise its option under this subsection by reporting its choice to the  
5 board in writing.

6 **SECTION 51. AMENDMENT.** Section 54-63.1-04 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **54-63.1-04. Clean sustainable energy authority - Duties - Report.**

- 9 1. The authority shall make recommendations to the commission for program guidelines,  
10 including eligibility criteria for entities to receive funding under this chapter.
- 11 2. The nonvoting technical advisors shall develop a process to review and evaluate  
12 projects to determine the technical merits and feasibility of any application, including  
13 potential benefits of the development of low-emission technology, the expansion of the  
14 development of the state's natural resources or energy production, and the  
15 contribution to the economic diversity in the state.
- 16 3. The authority may develop a loan program or a loan guarantee program under the  
17 clean sustainable energy fund. The Bank of North Dakota shall administer the loan  
18 program or loan guarantee program. The interest rate of a loan under this program  
19 may not exceed two percent per year. The maximum term of a loan under this section  
20 must be approved by the commission based on a recommendation from the authority.  
21 The Bank shall review applications for loans or loan guarantees and shall consider the  
22 business plan, financial statements, and other information necessary to evaluate the  
23 application. To be eligible for a loan or loan guarantee, an entity shall agree to provide  
24 the Bank of North Dakota with information as requested. The Bank of North Dakota  
25 may develop policies for loan participation with local financial institutions.
- 26 4. The authority shall make recommendations to the commission for grant awards, loan  
27 approvals, or other financial assistance to provide funding to support research,  
28 development, and technological advancements for the large scale development and  
29 commercialization of projects, processes, activities, and technologies that reduce  
30 environmental impacts and increase sustainability of energy production and delivery in  
31 accordance with this chapter. Any projects, processes, activities, and technologies



1 selected by the commission for funding must have been recommended by the  
2 authority, must demonstrate feasibility based on a technical review conducted by the  
3 nonvoting technical advisors of the authority, must have other sources of financial  
4 support, and must achieve the priorities and purposes of the program. At the request  
5 of the authority, the Bank of North Dakota shall provide a recommendation regarding  
6 the economic feasibility of a project, process, activity, or technology under  
7 consideration by the authority. The Bank shall review the business plan, financial  
8 statements, and other information necessary to provide a recommendation.

9 5. The authority shall develop a fertilizer development incentive program, including  
10 guidelines to provide loan forgiveness. Funding for the fertilizer development incentive  
11 program under this subsection is limited to one hundred twenty-five million dollars.

12 a. To be eligible for the fertilizer development incentive program:

13 (1) The fertilizer production facility must be located within the state;

14 (2) The owner of the fertilizer production facility must be an entity domiciled in  
15 the United States or Canada;

16 (3) The owner must borrow money under a program administered by the Bank  
17 of North Dakota; and

18 (4) The fertilizer production facility must use hydrogen produced by the  
19 electrolysis of water.

20 b. Upon completion of the construction of the fertilizer production facility, the  
21 authority shall forgive the loan and shall use fertilizer development incentive  
22 funding to repay any outstanding amount borrowed, as certified by the Bank. The  
23 authority shall request an appropriation from the strategic investment and  
24 improvements fund or other funding sources to provide fertilizer development  
25 incentive funding to repay any outstanding amount borrowed.

26 6. The authority may consult with any other state agency necessary to carry out the  
27 purposes under this chapter.

28 ~~6.7.~~ Each biennium, the authority shall provide a written report to the legislative  
29 management regarding its activities and the program's financial impact on state  
30 revenues and the state's economy.

1       **SECTION 52. AMENDMENT.** The new subsection to section 61-16.1-11 of the North  
2 Dakota Century Code, as created by section 1 of Senate Bill No. 2372, as approved by the  
3 sixty-eighth legislative assembly, is amended and reenacted as follows:

4           All districts within the Red River, James River, Mouse River, Missouri River, and Devils  
5 Lake drainage basins shall, by agreement, form and remain a member of a joint water  
6 resource board relative to the district's respective drainage basin. All agreements and  
7 subsequent amendments must be filed with the department of water resources.

8           Notwithstanding other provisions of law, the board of county commissioners of the  
9 member districts in the Red River, James River, Mouse River, Missouri River, and  
10 Devils Lake drainage basins ~~shall~~may approve a levy of tax not to exceed two mills  
11 upon the taxable valuation of the real property within each joint board's respective  
12 drainage basin.

13       **SECTION 53. AMENDMENT.** Section 2 of House Bill No. 1438, as approved by the sixty-  
14 eighth legislative assembly, is amended and reenacted as follows:

15           **SECTION 2. RETROACTIVE EFFECTIVE DATE - APPLICATION.** This Act is  
16 retroactively effective and applies for taxable years beginning after December 31,  
17 2022~~2021~~. The limitation on time for filing an abatement claim under section 57-23-04  
18 does not apply to refunds of taxes paid or cancellation of taxes levied for taxable year  
19 2022 on property exempt from taxation under this Act. The board of county  
20 commissioners shall direct refund of taxes paid or cancellation of taxes levied on  
21 property exempt from taxation under this Act.

22       **SECTION 54. REPEAL.** Section 5 of Senate Bill No. 2020, as approved by the sixty-eighth  
23 legislative assembly, is repealed.

24       **SECTION 55. BANK OF NORTH DAKOTA LINE OF CREDIT - WATER**  
25 **INFRASTRUCTURE REVOLVING LOAN FUND - TRANSFER.** The Bank of North Dakota shall  
26 extend a line of credit not to exceed \$100,000,000 to the department of water resources to be  
27 transferred to the water infrastructure revolving loan fund as requested by the director of the  
28 department of water resources to provide local cost-share loans for projects approved by the  
29 state water commission pursuant to section 6-09-49.2. The interest rate associated with the line  
30 of credit must be the prevailing interest rate charged to North Dakota government entities. The

1 department of water resources shall request a deficiency appropriation from the sixty-ninth  
2 legislative assembly to repay the line of credit.

3 **SECTION 56. PUBLIC EMPLOYEES RETIREMENT SYSTEM - MAIN SYSTEM DEFINED**  
4 **BENEFIT PLAN INVESTMENTS.** During the 2023-25 biennium, the retirement board may not  
5 reduce the actuarial rate of return assumption for the public employees retirement system main  
6 system defined benefit plan below six and one-half percent.

7 **SECTION 57. PUBLIC EMPLOYEES RETIREMENT SYSTEM - RETIREMENT PLAN**  
8 **TRANSITION EDUCATION.** During the 2023-25 biennium, the public employees retirement  
9 system shall conduct an informational campaign to educate current and prospective state  
10 employees of the transition from the defined benefit retirement plan to the defined contribution  
11 retirement plan.

12 **SECTION 58. EXEMPTION - INFRASTRUCTURE REVOLVING LOAN FUND.**  
13 Notwithstanding any other provision of law, a park district may apply for a loan from the  
14 infrastructure revolving loan fund under section 6-09-49, during the biennium beginning July 1,  
15 2023, and ending June 30, 2025, to refinance an outstanding loan for a project completed after  
16 March 31, 2022, and to pay the outstanding balance of any special assessments associated  
17 with the project.

18 **SECTION 59. EXEMPTION - EMPLOYEE BENEFITS PROGRAMS COMMITTEE.**  
19 Sections 36 through 50 and sections 56 and 57 of this Act are exempt from the requirements of  
20 section 54-35-02.4.

21 **SECTION 60. EXEMPTION - FISCAL MANAGEMENT.** The amount appropriated for the  
22 fiscal management division, as contained in section 1 of chapter 15 of the 2021 Session Laws is  
23 not subject to the provisions of section 54-44.1-11. Any unexpended funds from this  
24 appropriation are available for continued development and operating costs of the statewide  
25 systems, including accounting, management, and payroll, during the biennium beginning July 1,  
26 2023, and ending June 30, 2025.

27 **SECTION 61. EXEMPTION - UNEXPENDED APPROPRIATIONS.** The following  
28 appropriations are not subject to the provisions of section 54-44.1-11 and may be continued into  
29 the biennium beginning July 1, 2023, and ending June 30, 2025:

30 1. The sum of \$500,000 appropriated from the strategic investment and improvements  
31 fund in section 1 and identified in section 2 of chapter 40 of the 2019 Session Laws

1 and continued into the 2021-23 biennium pursuant to section 42 of chapter 15 of the  
2 2021 Session Laws for an assessment of state lands and facilities.

3 2. The sum of \$350,000 appropriated from the capitol building fund in section 1 and  
4 identified in section 2 of chapter 15 of the 2021 Session Laws for a facility  
5 consolidation study.

6 **SECTION 62. LEGACY FUND EARNINGS - REPORT TO LEGISLATIVE MANAGEMENT.**

7 Each biennium, the state retirement and investment office shall provide a report including the  
8 amount of legacy fund earnings above the percent of market value that would have been  
9 transferred to the legacy earnings fund had Senate Bill No. 2330 not been passed by the  
10 sixty-eighth legislative assembly to the legislative management.

11 **SECTION 63. LEGISLATIVE MANAGEMENT STUDY - STATE FIRE AND TORNADO**

12 **FUND AND STATE BONDING FUND ADMINISTRATION.** During the 2023-24 interim, the  
13 legislative management shall consider studying, in collaboration with the insurance  
14 commissioner and the director of the office of management and budget, the feasibility and  
15 desirability of changing administration of the state fire and tornado fund and state bonding fund  
16 from the insurance commissioner to the director of the office of management and budget. The  
17 study must include an analysis of the statutory changes necessary to accomplish the change in  
18 administration and other statutory changes necessary to facilitate the office of management and  
19 budget's administration of these funds. The legislative management shall report its findings and  
20 recommendations, together with any legislation required to implement the recommendations, to  
21 the sixty-ninth legislative assembly.

22 **SECTION 64. LEGISLATIVE MANAGEMENT STUDY - MANAGEMENT AND**  
23 **MAINTENANCE OF STATE FACILITIES.**

24 1. During the 2023-24 interim, the legislative management shall consider studying the  
25 policies and procedures of state agencies, excluding institutions under the control of  
26 the state board of higher education, for managing, maintaining, and leasing state  
27 facilities.

28 2. The study must include consideration of:

29 a. The most efficient and cost-effective organizational structure for managing,  
30 maintaining, and leasing state facilities, including a comparison of allocating

- 1 funding and full-time equivalent positions to various agencies and centralizing  
2 funding and full-time equivalent positions under one agency.
- 3 b. The costs and benefits of leasing or owning state facilities.
- 4 c. The appropriate use of contracts for service and full-time equivalent positions for  
5 custodial services, mechanical services, snow removal, lawn care, and  
6 maintenance.
- 7 3. The legislative management shall report its findings and recommendations, together  
8 with any legislation required to implement the recommendations, to the sixty-ninth  
9 legislative assembly.

10 **SECTION 65. LEGISLATIVE MANAGEMENT STUDY - GUARDIANSHIP PROGRAMS.**

11 During the 2023-24 interim, the legislative management shall study the state's guardianship  
12 programs. The study must include consideration of the existing structure for the programs under  
13 the office of management and budget, judicial branch, and department of health and human  
14 services; the feasibility of consolidating the programs under one agency; and an appropriate  
15 level of funding for the programs. The legislative management shall report its findings and  
16 recommendations, together with any legislation required to implement the recommendations, to  
17 the sixty-ninth legislative assembly.

18 **SECTION 66. CONTINGENT EFFECTIVE DATE.** Sections 36 through 40 and sections 44  
19 through 50 of this Act become effective on January 1, 2024, if before that date the retirement  
20 board certifies to the legislative council that the public employees retirement system is prepared  
21 to close the main system defined benefit retirement plan on December 31, 2023, and to open  
22 the new defined contribution retirement plan on January 1, 2024.

23 **SECTION 67. EFFECTIVE DATE.** Section 41 of this Act becomes effective on June 1,  
24 2023. Section 27 of this Act becomes effective on July 1, 2024.

25 **SECTION 68. EMERGENCY.** The following are declared to be an emergency measure:

- 26 1. The targeted market equity pool line item in section 1 of this Act and section 20 of this  
27 Act;
- 28 2. The deferred maintenance funding pool line item in section 1 of this Act and section 15  
29 of this Act;
- 30 3. Sections 4, 5, 30, and 41 of this Act;

Sixty-eighth  
Legislative Assembly

- 1        4.    Section 4 of Senate Bill No. 2012, as approved by the sixty-eighth legislative
- 2            assembly; and
- 3        5.    Senate Bill No. 2024, as approved by the sixty-eighth legislative assembly.