NDACo Legislative Wrap Up Report

May 2023
68th Legislative Session

- 75 Days
- 583 Bills & Resolutions Approved (60%)
- 986 Introduced
- NDACo Tracked 540 bills
- Governor Vetoed 7 bills (Legislature Overrode 2)
- $19.6 Billion Budget
- Big Issues: Pension, Tax Relief & Workforce, Book Bans, Gender Identity
- State Employee Raises: 6% / 4%
Single Biggest Policy Change:
Public Employee Retirement System

EXPLAINED:

DEFINED BENEFIT (DB)

vs

DEFINED CONTRIBUTION (DC)

• DB is **fixed income** for you (and spouse’s life)
• DC is a **pool of $** available at retirement (and your estate if any is left)
• DB the **EMPLOYER** bears the risk
• DC the **EMPLOYEE** bears the risk
• Current ND PERS Retirement Plan is a DB Plan
Single Biggest Policy Change: Public Employee Retirement System

**HB 1040 PASSED**

- Closes PERS plan to NEW State & Political Subdivision Employees
- Jan. 1, 2025 or Jan. 1, 2024 if PERS agrees
- Does NOT change Judges DB plan or public safety plans for law enforcement
- Initially Injects $219 Million
- Estimated Cost: $5 Billion / 30 years
- PERS Board restructured w/ additional Legislators

**NEW Employees get a Defined Contribution Plan:**

**Contributions:**

- 4.12% Employer + 3% Match
- 4% Employee + 3% Match

- Vested Employees promised benefits
- Employees with less than 5 years will have incentive to leave DB plan

**SB 2239 – FAILED**

- Kept PERS plan open & invest $250M
TAX RELIEF PACKAGE - $515 Million

**TAX RELIEF FOR ALL**

Simplified 3-Tier Income Tax Rate Structure:
- 1.10%
- 2.04-2.27%
- 2.64-2.90%
- 0%
- 1.95%
- 2.5%

**MEANINGFUL TAX RELIEF**

$515M

Total income and property tax savings for North Dakota taxpayers:
- $358M Individual Income Tax Relief
- $54M Expanded Homestead Tax Credit
- $103M Primary Residence Credit

$500 One-time Primary Residence Homeowner Credit

Increases Homestead Tax Credit eligibility and amount to maximum of $9,000

**HB 1158:**
Income & Property Tax Relief

**Income Tax - $358M**
- Compresses income tax brackets from 5 to 3
- Zero bottom bracket

**Property Tax - $103M**
- $500 tax credit on property taxes paid on primary residence
- Residents required to apply to State Tax Dept for credit
- Starts in tax year 2024 for 2 years
TAX RELIEF PACKAGE - $515 Million

HB 1158: Income & Property Tax Relief

Homestead Tax Credit-$53.5M

- Expands eligibility requirements and maximum reduction
- Compresses 6 brackets to 2
- Increases income threshold
- Property owners 65 & older:
  - Income less than $40k:
    - 100% reduction of taxable valuation up to $9,000
  - Income between $40k-$70k:
    - 50% reduction of taxable valuation up to $4,500
Numerous Tax Relief Proposals

Philosophies different between House and Senate on best delivery method

**INCOME vs PROPERTY TAX RELIEF**

**SB 2066 SCHOOL MILL BUY DOWN - FAILED**

- State funds an additional 20 mills
- $203 Million State Cost
**SB 2162**
- Repeals 10-mill road levy requirement to receive Gross Production Tax

**SB 2121**
- Requires estimated tax notice to include last year’s special assessments
- August 1, 2023

**HB 1267**
- Addresses property tax foreclosures for multiple parcels per owner

**HB 1245**
- Proposed major revamp to tax statement
- Amended to **STUDY** tax statement changes, chart of accounts and implementing statewide property tax information system
- **Express levies in dollars vs mills**
- Report ending fund balances for General Fund & Road and Bridge funds by Feb 1
PROPERTY TAX RELATED

EXEMPTIONS

**SB 2279**
- Exempts farm buildings in city used for storage of agricultural commodities

**HB 1247**
- Study on impact of exemption for farm structures in cities

**HB 1365**
- Property is exempt in ambulance district if district does not provide services

**HB 1438**
- Expands public charity exemption to include up to 50 acres of undeveloped land and land under construction for hospital or nursing home for 10 years

RESOLUTIONS

**HCR 3024 - Failed**
Proposes Constitutional Measure to Abolish Property Taxes

**HCR 4019 - Failed**
Proposes Constitutional Measure to Remove 1 Mill for Medical Center
PROPERTY TAX

SUCCESS IN DEFEATING CONCERNING PROPERTY TAX RELATED BILLS

• 4 bills to Cap or Freeze Values and/or Budgets
• 2 bills to Expand Vote Required for Referral for Bonds and/or Budgets
• Expansion of PLOTS Land Exemption Program
• Property Tax Credit for Nonpublic and Home School Parents
Bucket Bill Discussions

SB 2367

$175 M Increase into State Buckets ahead of Prairie Dog Buckets

Increases to: General Fund ($60M), Social Services Fund – formally Property Tax Relief Fund ($50M)

New bucket added: Public Employees Retirement Fund ($65M)

SB 2275 – Remove $400 SIIF Bucket
Permanent Road & Bridge Funding

**HB 1012:** Part of NDDOT budget, 25% of motor vehicle excise tax go to ‘non-oil’ counties/townships $42.8M

**SB 2113:** Flexible Transportation Fund can be used for local road/bridge projects, including matching federal grants.

**HB 1379:** $100M to new Legacy Earnings Highway Distribution Fund with $18.2M allocated to counties and $10M to townships.
SB 2183 - SNOW REMOVAL GRANTS

- $20 million for snow removal for 150% of average of 4 lowest years
- 60% of costs covered
- $5 million added in SB 2015 on last day of session

- 2 Time Frames
  - October-December
  - October-May

- Specifically for cities, counties, townships & tribal govts

- Emergency Clause
HB 1127 – Update Bid Requirements

• Increase bid threshold for Road/Bridge to $200,000

• Emergency clause for roads (same as bridges)

• Bid advertisement timeline for bridge projects same as road projects-2 weeks

SB 2370 Cooperative Purchasing

• Counties may participate in cooperative purchasing with county commission approval

• This includes large equipment purchases for County Highway Departments
SB 2292
- Penalty for disrupting polling location
- Protects election workers
- Clarification for allowing citizen observers

HB 1431
- Proof of Citizenship to Vote

HB 1192
- SOS Cleanup Bill

HB 1167 - Prohibits Gov from suspending min. polling location requirement (opposed)

HB 1273 – Prohibit Rank Choice Voting
(Governor Vetoed – Leg. Sustained)
SUCCESS IN DEFEATING BILLS OF CONCERN

• Prohibited Use of Ballot Drop Boxes
• Prohibited Electronic Poll Books on Election Day
• Eliminated Mail Ballots
• Manual Counts on Election Day
• Printing full Constitutional Measures on Ballot
LOCAL PUBLIC HEALTH

HB 1004
Provides $8,000,000 in state aid funding to the local public health units
  • Increase of $2,750,000 from the last biennium
  • General fund = $4,725,000
  • Community Health Trust Fund = $3,275,000

SB 2153
Defines minimum core functions required by local public health units
  • Coordinated collaborative effort by then-NDDoH, ND State Health Council and local public health units to codify required basic public health functions
SB 2012 – DHHS and Zone Budget

- SB 2012 – DHHS budget bill
  - Includes Human Service Zone Budgets
  - Zone and DHHS payroll and benefit costs
  - Program and service delivery related costs
  - Zone budgets are funded by the 457 Fund (SIIF Bucket #2)

- Zone team member annual performance increases are legislatively set
  - Year 1: up to 6% depending on performance
  - Year 2: up to 4% depending on performance
Zone Budget & Board Changes

- Zone Team Member annual salary increases
  - Provided effective July 1, 2023 (vs. January)
  - Will occur July 1 annually thereafter
  - Aligns with budget hearing process for the funding budget = legislative process

- Zone Board Composition
  - Each zone must have at least one legislator appointed to their zone board
  - Allows for legislative engagement and shared learning
  - Does not reduce or change existing zone board appointments unless maximum size (15 members) is exceeded
This failed amendment was introduced without public hearing
Required state employment for zone personnel
Required counties to still pay for indirect costs, house, and provide all existing services to zones (legal, fiscal, etc.)
Approximately 25% of all county personnel to state employment at one time and without full analysis of impact
ND Human Service Zone Directors Association spoke out against this amendment

+ $3.75 M provided to address zone salary equity needs
Need identified when human service zones formed in 2020
Awaiting implementation timeline and guidance
New definition for indirect costs. Provides better alignment with generally accepted accounting principals.

Allows for a county to vacate a zone and enter a new zone or change host county.

Provides for a grievance process if DHHS takes formal action against a zone.

60-day prior notice for the annual reporting of CWCA information. Penalty if county fails to respond.
HB 1091 - Certified Foster Care Homes and Kinship Providers

- Allows for more nimble process for becoming a foster parent
- Supports foster care payments for approved placements
- Supports payments/innovation for relatives to take care of their family in foster care
- *Zone Advocacy Example – These were in result of Zone suggestions to the ND Children’s Cabinet.
SB 2139 - Indigent Burials

- ~300 indigent burials statewide annually
- Historically - county responsibility to fund and negotiate rates with funeral providers. Changed with formation of zones.
- Provides uniform rate ($3500) for all general assistance burials. Approval/denial decision is still made at the zone-level.
- Cremation is default unless attestation of religious objection.
GUARDIANSHIP

SB 2015 – OMB BUDGET
Includes funding for Guardianship

- $7.1 Million
- Previously $2.4 Million
- Study guardianship programs
County Clerk to State Employees

SB 2277
Transfer County Clerks to State Employment
$14 Million Appropriation
Failed 19-28
Agriculture

HB 1020 – NDSU Research & Extension Budget
  • Continued Support for UGPTI Study
  • $80K for 4-H

HB 1371 – Ends Corporate Farming Ban

HB 1423 – Reduces Zoning Authority Limits
LAW ENFORCEMENT

HB 1307 – “Back the Blue” Grants
- $3.5 Million direct distribution to local LE & Corrections officers for recruitment & retention bonuses
  - One-Time
  - $750,000 of $3.5M dedicated to agencies with 10 or fewer employees

HB 1279 – LE Workers Comp Presumption
- No longer requires 5 years of service

SB 2147 – LE retirement income tax exempt
LAW ENFORCEMENT

SB 2131 – Move Crime Lab to AG/BCI

SB 2003 – Attorney General Budget
- Provides 13 new FTE’s – mostly in State Crime Lab
- $400k for law enforcement for officer wellness

HB 1015 – DOCR Budget
- Includes $160 M for new Women’s Prison in Mandan

HB 2012 – DHHS Budget
- Includes $2.65M for LE telehealth
• **SB 2362** – Primary Seatbelt

• **HB 1378** – Enhanced Penalty for Trespassing during Riot

• **SB 2248** – “A Felony” for delivering drugs leading to death

• **SB 2189** – Road Closed if Announced Publicly

• **HB 1061** – “Right of Way” change + Signal to exit roundabout

• **HB 1459** – Increases penalty for drug offenses near parks

• **HB 1341** – Study of Firearm carry locations

• **HB 1242** – SIRN Funding for ongoing maintenance

• **SB 2107** – Attorney General Enhanced Penalty Bill for crimes involving guns & crimes against LE

• **HB 1164** – Allow for Edible Mj

• **SB 2385** – Prohibited LE from Seizing Property w/o due process

• **HB 1483** – Allow for guns in public buildings including county buildings except courtrooms

• **HB 1295** – One License Plate

• **No 80 mph on I-94** - 2 attempts failed
FOCUS ON STATE AUDITS

HB 1508 – STATE AUDITOR ACCOUNTABILITY
Bill brought attention to Audit Fees charged by State Auditor for local government Audits
Requires State Auditor to provide quarterly reports to Legislature
Seeks transparency in billing practices

SB 2004 – STATE AUDITOR BUDGET
Includes study of local government audit services & challenges associated
What’s Next?

- Most Bills Take Effect August 1\textsuperscript{st}
- Emergency Clause = Right Away
- Legislative Management to Select Studies for Interim in Summer
- Interim Session
- Watch Legislative Blog for Updates! ndcounties.blog
Thank You for Your Involvement!

QUESTIONS?