

Report of the
NORTH DAKOTA LEGISLATIVE COUNCIL

Submitted to the
North Dakota Secretary of State
Under North Dakota Century Code Section 16.1-01-17
Thursday, September 25, 2014

BACKGROUND

In 2004 the electorate of this state approved a constitutional amendment to Article III, Section 2, of the Constitution of North Dakota, which authorized the Legislative Assembly to provide by law, a procedure through which the Legislative Council may establish an appropriate method for determining the fiscal impact of an initiated measure and for making the information regarding the fiscal impact of the measure available to the public.

The 2005 Legislative Assembly enacted North Dakota Century Code Section 16.1-01-17, which requires the Legislative Management to hold hearings, receive public testimony, and gather information from agencies, institutions, or departments on the estimated fiscal impact of an initiated measure. At least 30 days before the public vote on the measure, the Legislative Council is to submit a statement of the estimated fiscal impact of the measure to the Secretary of State. Within 30 days of the close of the first complete fiscal year after the effective date of an initiated measure approved by the voters, the agencies, institutions, or departments that provided the estimates of the fiscal impact of the measure to the Legislative Management are to submit a report to the Legislative Council on the actual fiscal impact for the first complete fiscal year resulting from the provisions of the initiated measure and a comparison to the estimates provided to the Legislative Management, and the Legislative Council is to issue a report of the actual fiscal impact of the initiated measure.

Four initiated measures qualify for the ballot for the general election on Tuesday, November 4, 2014. Measures qualifying for the ballot include:

- A constitutional initiated measure to provide funding from the state's share of oil extraction taxes for a clean water, wildlife, and parks fund and a clean water, wildlife, and parks trust;
- A statutory initiated measure relating to parental rights and responsibilities;
- A statutory initiated measure to remove the requirement that an applicant for a permit to operate a pharmacy must be a licensed pharmacist, a business controlled by licensed pharmacists, or a hospital pharmacy or postgraduate medical residency training program; and
- A statutory initiated measure to require school classes to begin after Labor Day.

The Legislative Council followed the procedure required by statute, which is similar to the procedure for obtaining fiscal impact information which the Legislative Assembly follows during legislative sessions--those state agencies determined to have either the best information on the impact of a measure or the primary responsibility for compiling and maintaining the information that is needed were invited to prepare fiscal notes and present their findings at a meeting held by the Legislative Management on Wednesday, September 24, 2014.

**INITIATED CONSTITUTIONAL MEASURE NO. 5 -
CLEAN WATER, WILDLIFE, AND PARKS TRUST AND FUND**

This initiated constitutional measure would create a new section to Article X of the Constitution of North Dakota. The section would create a clean water, wildlife, and parks trust and clean water, wildlife, and parks fund for providing grants to state agencies, political subdivisions, tribal governments, and nonprofit organizations for water quality, natural flood control, wildlife and fish habitat, natural and recreation area acquisition, and youth nature and outdoor education projects. Under the measure, funding would be provided through 5 percent of the state's share of the oil extraction tax. Ten percent of this amount would be placed in the trust and 90 percent in the fund. The fund would be administered by a commission consisting of the Governor, the Attorney General, and the Agriculture Commissioner. The commission would be advised by a 13-member citizen accountability board. The commission would be required to allocate at least 75 percent and no more than 90 percent of the revenue deposited in the fund annually. The funds in the trust would be invested by the State Investment Board and earnings from the trust would be transferred to the fund. The measure would prohibit the spending of the earnings and principal of the trust until after January 1, 2019, and the expenditure of principal of the trust would require at least a two-thirds vote of each house of the Legislative Assembly. The measure would require that the financing through the oil extraction tax would be voted on by the electors of the state every 25 years.

The Office of Management and Budget (OMB) presented information on the estimated fiscal impact of this measure. A copy of the fiscal note submitted by OMB is attached as [Appendix A](#).

**Statement of Estimated
Fiscal Impact of the Measure**

The fiscal note prepared by OMB states the constitutional measure will become effective for oil produced on or after January 1, 2015. The fiscal impact for this constitutional measure is estimated to be \$49 million for the remainder of the 2013-15 biennium and \$259 million for the 2015-17 biennium, for a total of \$308 million through June 30, 2017.

**INITIATED STATUTORY MEASURE NO. 6 -
EQUAL PARENTAL RIGHTS AND RESPONSIBILITIES**

This initiated statutory measure would amend Section 14-09-06.2 to create a presumption that each parent is a fit parent and that the awarding of equal parental rights and responsibilities is in the best interest of the child. The measure would provide that the presumption is rebuttable only by clear and convincing evidence to the contrary. The measure also provides a definition of equal parenting time.

The Office of Management and Budget presented information on the estimated fiscal impact of this measure. A copy of the fiscal note submitted by OMB is attached as [Appendix B](#).

**Statement of Estimated
Fiscal Impact of the Measure**

The fiscal note prepared by OMB states the statutory measure does not have a fiscal impact.

**INITIATED STATUTORY MEASURE NO. 7 -
PHARMACY OPERATION**

This initiated statutory measure would remove the existing requirement that to qualify to receive a permit to operate a pharmacy, the applicant must be a licensed pharmacist or must be a business entity with majority ownership by one or more licensed pharmacists.

The Office of Management and Budget presented information on the estimated fiscal impact of this measure. A copy of the fiscal note submitted by OMB is attached as [Appendix C](#).

**Statement of Estimated
Fiscal Impact of the Measure**

The fiscal note prepared by OMB states the fiscal impact of the statutory measure would be an estimated reduction in Medicaid spending of \$82,961 for the 2015-17, biennium of which half would be from the general fund and half from federal funds.

**INITIATED STATUTORY MEASURE NO. 8 -
CLASSES TO BEGIN AFTER LABOR DAY**

This initiated statutory measure would require elementary and high school classes to begin after Labor Day.

The Department of Public Instruction (DPI) presented information on the estimated fiscal impact of this measure. A copy of the fiscal note submitted by DPI is attached as [Appendix D](#).

**Statement of Estimated
Fiscal Impact of the Measure**

The fiscal note prepared by DPI states Section 15.1-06-04 requires a school district to provide for a school calendar of at least 182 days, of which 175 days must be used for instruction. Because the statutory measure does not change this requirement, the measure does not have a fiscal impact.

ATTACH:4

STATE OF NORTH DAKOTA
OFFICE OF MANAGEMENT AND BUDGET

600 East Boulevard Ave., Dept. 110 • Bismarck, North Dakota 58505-0400
FAX - (701) 328-3230

August 29, 2014

Sheila Sandness
Legislative Council
State Capitol
Bismarck, ND 58505

Dear Sheila,

This is in response to your letter dated July 31, 2014, requesting OMB to determine the estimated fiscal impact of an initiated measure that provides funding from the state's share of oil extraction taxes for a clean water, wildlife, and parks fund and a clean water, wildlife, and parks trust fund.

If approved by the voters in the November 2014 general election, the measure will become effective for oil produced on or after January 1, 2015. The fiscal impact for this initiated measure is estimated to be \$49 million for the remainder of the 2013-15 biennium and \$259 million for the 2015-17 biennium for a total of \$308 million through June 30, 2017.

If you have any questions, please contact me.

Sincerely,



Pam Sharp
Director

State of North Dakota
OFFICE OF MANAGEMENT AND BUDGET

600 East Boulevard Avenue, Dept. 110 • Bismarck, North Dakota 58505-0400
FAX – 701.328.3230

September 10, 2014

Sheila Sandness
Legislative Council
State Capitol
Bismarck, ND 58505

Dear Sheila,

This is in response to your letter dated July 31, 2014, requesting OMB to determine the estimated fiscal impact of a statutory initiated measure relating to parental rights and responsibilities. We have determined this measure does not have a fiscal impact.

If you have any questions, please contact me.

Sincerely,



Pam Sharp
Director

State of North Dakota
OFFICE OF MANAGEMENT AND BUDGET

600 East Boulevard Avenue, Dept. 110 • Bismarck, North Dakota 58505-0400
FAX – 701.328.3230

September 10, 2014

SEP 11 2014

Sheila Sandness
Legislative Council
State Capitol
Bismarck, ND 58505

Dear Sheila,

This is in response to your letter dated July 31, 2014, requesting OMB to determine the estimated fiscal impact of a statutory initiated measure to remove the requirement that an applicant for a permit to operate a pharmacy must be a licensed pharmacist, a business controlled by licensed pharmacists or a hospital pharmacy or postgraduate medical residency training program.

The estimated fiscal impact would be a reduction in Medicaid spending of \$82,961 of which half would be from the general fund and half from federal funds.

If you have any questions, please contact me.

Sincerely,



Pam Sharp
Director



Department of Public Instruction
 600 E Boulevard Ave., Dept. 201, Bismarck, ND 58505-0440
 (701) 328-2260 Fax - (701) 328-2461
<http://www.dpi.state.nd.us>

Kirsten Baesler
State Superintendent
Robert J. Christman
Deputy Superintendent

To: Sheila Sandness
 North Dakota Legislative Council

From: Jerry Coleman
 Director - School Finance

Date: September 22, 2014

Re: Initiated Measure 8 – Fiscal Impact

This memorandum is in response to your letter dated July 31, 2014 requesting our assistance in determining the fiscal impact, if any, of the initiated statutory measure to amend section 15.1-06-03 of the North Dakota Century Code to require school classes to begin after Labor Day.

NDCC 15.1-06-04 requires a school district to provide for a school calendar of at least one hundred eighty two days. One hundred seventy-five days must be used for instruction. The measure does not change this requirement.

If approved the measure is estimated to have no fiscal impact.

Contact me at (701) 328-4051 if you have questions.