For its report, the North Dakota Department of Human Services (Department) states:

1. The proposed amendments to N.D. Admin. Code chapter 75-02-01.2 are related, in part, to statutory changes made by the Legislative Assembly in 2013 House Bill No. 1176.

2. These rules are related, in part, to changes in federal statutes and regulations.

3. The Department uses direct and electronic mail as the preferred ways of notifying interested persons of proposed rulemaking. The Department uses a basic mailing list for each rulemaking project that includes the county social service board directors, the regional human service centers, Legal Services of North Dakota, all persons who have asked to be on the basic list, and internal circulation within the Department. Additionally, the Department constructs relevant mailing lists for specific rulemaking. The Department also places public announcements in all county newspapers advising generally of the content of the rulemaking, of over 50 locations throughout the state where the proposed rulemaking documents
may be reviewed, and stating the location, date, and time of the public hearing.

The Department conducts public hearings on all substantive rule-making. Oral comments are recorded. Oral comments, as well as any written comments that have been received, are summarized and presented to the Department's executive director, together with any response to the comments that may seem appropriate and a re-drafted rule incorporating any changes occasioned by the comments.

4. A public hearing on the proposed rules was held in Bismarck on September 20, 2013. The record was held open until 5:00 p.m. on September 30, 2013, to allow written comments to be submitted. No comments were received. The "Summary of Comments" is attached to this report.

5. The cost of giving public notice, holding a hearing, and the cost (not including staff time) of developing and adopting the rules was $2,177.78.

6. The proposed rules amend chapter 75-02-01.2. The following specific changes were made:

   Section 75-02-01.2-01. Section 75-02-01.2-01 is amended to remove unnecessary definitions and to correct a defined term.

   Section 75-02-01.2-18. Section 75-02-01.2-18 is amended to clarify the expectations for when an incapacitated parent returns to work.

   Section 75-02-01.2-22. Section 75-02-01.2-22 is amended to reflect federal law requirements for when federal income tax credits and earned income tax
credits are exempt.

**Section 75-02-01.2-34.** Section 75-02-01.2-34 is amended to clarify language and to create consistency.

**Section 75-02-01.2-50.** Section 75-02-01.2-50 is amended to change how self-employment income is determined to more accurately reflect a household's countable income.

**Section 75-02-01.2-68.** Section 75-02-01.2-68 is amended to create efficiency in administering special item of need payments.

**Section 75-02-01.2-68.1.** Section 75-02-01.2-68.1 is amended to create efficiency in administering special item of need payments.

**Section 75-02-01.2-72.** Section 75-02-01.2-72 is amended to update the requirements for intentional program violations to reflect changes in federal law and to clarify how an intentional program violation disqualification period is determined when it is not otherwise specifically addressed.

**Section 75-02-01.2-72.1.** Section 75-02-01.2-72.1 is amended to address changes to drug felony disqualifications made in 2013 House Bill No. 1176.

**Section 75-02-01.2-73.** Section 75-02-01.2-73 is amended to create efficiency in administering special item of need payments.

7. No written requests for regulatory analysis have been filed by the Governor or by any agency. The proposed amendments are not expected to have an impact on the regulated community in excess
of $50,000. A regulatory analysis was prepared and is attached to this report.

8. A small entity regulatory analysis and small entity economic impact statement were prepared and are attached to this report.

9. The expected fiscal impact of these rules is $11,136 in state general fund dollars. This is as reported in the fiscal note to 2013 House Bill No. 1176.

10. A constitutional takings assessment was prepared and is attached to this report.

11. These rules were not adopted as emergency (interim final) rules.

Prepared by:

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December 12, 2013