

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1171

2007 HOUSE EDUCATION

HB 1171

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1171

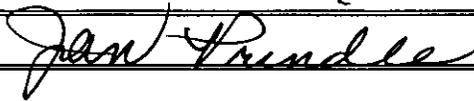
House Education Committee

Check here for Conference Committee

Hearing Date: 15 January 2007

Recorder Job Number: 1084 (0 – 33.0)

Committee Clerk Signature



Minutes:

Representative James Kerzman, District 31, introduced the bill. **(Testimony Attached.)**

Terry Traynor, assistant director, ND Association of Counties, testified on behalf of the bill. (Testimony attached.)

Representative Mueller: Terry, can we assume from the numbers you put together here is the 5% and it equals 3 mils. That would be money that would not be in the schools trust fund.

Trayner: There is a small amount for administration, but the lion's share would be from the trust fund.

Kayla Pulvermacher, representing the ND Farmers Union, testified in favor of the bill. (Testimony attached.)

Sandy Clark, representing the ND Farm Bureau, stated that they stand in favor of the bill.

Gary Preszler, secretary for the Board of University and School Lands and commissioner for the State Land Department, testified in Opposition to the bill.

(Testimony Attached.) His testimony included a proposed amendment to change dates and replace "must be at least ten" with "may not be an amount greater than if such property had been subject to property tax levies." In some townships it's hard to separate what is paid for roads and bridges, maintenance, etc. in the mil levy. We have some differences in numbers from what was presented; for instance, the \$81.0 for Grant County. I think the presentation

was based on all property taxes. We need to separate the mills for roads and bridges. If we did that, we don't believe that we would even be paying the \$10.0. We need to work through some of these numbers. I think we have some misunderstanding as to just what they apply to. I think we are trying to fix what was done in 1999 and I'm not opposed to that, but I think this bill compounds it. The amendment says we would not pay any amount greater than if the property were subjected to local tax levies. This is similar to what we pay for rural fire protection. The fiscal note (prepared by Traynor) essentially reduces the payment to the common schools trust fund by \$336.0. If the budgeted distribution amounts are not adjusted downward, then in order to meet the distribution numbers rental rates for grazing leases would have to be similarly increased.

Representative Haas: I need to understand exactly how the finances work. The \$358.0 in the fiscal note; is that money that comes from the interest earnings of the school trust funds or is it a percentage of the lease fees that are paid by those who lease the land.

Traynor: The \$358.0 is charged as an expense to the various trusts and that will be charged against income that these trusts earn. The grazing lease rental would be income that is distributed. The higher the expenses, the less we have to distribute. In 1999 there was an assumption that it was coming from the corpus, but we are taking about 10%. It's a tax.

Representative Solberg: In past years there were a number of school land parcels that were brought up for sale to interested parties to bidders. Apparently, very little of those parcels are brought up for sale now. What's the reason for that?

Traynor: At the time of statehood there were over 3 million acres that were granted to support the schools. As the state was homesteaded off, those lands were nominated and sold off. Since the mid-70s however, there have been very limited sales but there have been sales. For example we have land in Ward County that we have for sale. That's not grant land, its

land we acquired as foreclosure on loans and we're not interested in maintaining those. We also have a land sale policy that requires we sell tracts of land where there are management issues and some small tracts that are isolated or separated by roads or by sold parcels. We don't have whole sections anymore. In lot of cases we have a quarter, two quarters, or sometimes three quarters that were sold off and that we shapes of different sizes because of rivers, etc. There are some of these that we are looking at selling as they just don't provide any benefit for the trust because the expenses to manage is greater than the income they provide. There is tract near Bismarck where the city trees are on. The board made a motion to offer the south half of that for sale. What is driving that is the fact that there is commercial development all around that tract. What we have remaining of the trust is about 700,000 acres. The land has provided the trust with a steady, predictable stream of income for the schools.

Representative Mueller: Your amendment talks about monies transferred not being any more than property taxes levied for the category of bridges and roads. Do you have any idea what kind of money that would generate?

Traynor: We've taken a sampling and believe it's less than 5%. We believe we've been overpaying. From the standpoint of Grant County I would like to find out where the \$81.0 comes from. I believe that would be all property taxes for all types of services.

Representative Mueller: If that language amendment was adopted, you would be happy with the bill?

Traynor: I believe in 1999, the standpoint was that the roads and bridges provided a benefit to the trust and we need to maintain that. Some of the other services provided do not provide a benefit to the trust. Yes, if we paid what a private landowner pays for roads and bridges, we would not have a problem with those reasonable expenses.

Representative Haas: In order to make that determination as to how much that section or quarter section of school land would yield if you apply the property tax for roads and bridges, you would have to know something about the assessed value. Do you have assessed value for all of the state owned lands? Or would that be something that you have to determine.

Traynor: We don't have assessed value for those lands. We would have to determine those. We have what we believe to be fair market values, but those are not validated by any type of appraisals to determine if they are correct. We could look at neighboring lands and work with the county in trying to determine the assessable value.

Doug Johnson, executive director, ND Council of Education Leaders, testified neutral to the bill. I just have some questions I would like the committee to mull over. Whenever it comes to investing the dollars of the common schools trust fund, we have some concerns about that. The question I would ask is the amount of money that is put into that and what we will not get. In my quick calculations it comes to \$32 per student it would take out of the common schools budget. It's not a big amount of money but I do ask that you carefully ask that question as it goes forward. I do like the proposal put forward by Mr. Preszler.

Chairman Kelsch closed the hearing of HB 1171. She appointed a subcommittee to review the bill and amendments and bring forth recommendations to the full committee. Serving on the subcommittee are: Representative Haas, chair and Representatives Karls and Solberg.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **HB 1171**

House Education Committee

Check here for Conference Committee

Hearing Date: **24 January 07**

Recorder Job Number: **1763 and 1819**

Committee Clerk Signature

Jane Prindle

Minutes:

Representative Haas distributed a proposed amendment and some supporting documents.

The documents provide the basis for the amendment. The first document was Section 18-10-10 of code that outlines how state land is given a taxable value, the mill rate assessment will be applied, and if it is state land, that money would be forwarded from the state land department to the rural fire district. It does say that "... in no event may such fee be an amount greater than if such property had been subject to property tax." By this amendment we change the language consistent with the code.

The next sheet lists all the counties and the estimated Road and Bridge mills. You will notice that there are a fair number of counties that don't have a levy in that column. That does not mean they don't receive payment for state land that are in their county. In visiting with Terry Traynor on this he said there are some counties that don't separate the road and bridge levy from their general levy. If this bill passes, it will become necessary for the counties to separate that out. Terry said that should not be a problem as they know how much they are spending on roads and bridges now and they can take that amount and divide it by their taxable value and come up with their levy. The amendment says "if that county has requested payment under this section and included certification of the number of mills levied for county roads and bridge purposes." If there are still school lands in Stark County, the commissioners

are first going to have to verify to the state land department what their road and bridge levy is.

Then the state land department will do some calculations and determine what approximately would be the taxable value of that land, apply that levy to it, and that would be given to Stark County.

Representative Mueller: That assessment process you just referenced, is it going to be that simple?

Representative Haas: According to the counties, yes. The county assessors and the county auditors receive average values for different types of land. Traynor told me they could easily apply an average value to those lands for land of similar use. The thing I like about this amendment is that it has a very logical basis for determining what the state land department should pay either to the fire district or to the county. The reason for that is the counties came and said to us that if that land would be on the tax roll we would be receiving x number of dollars for roads and bridges. Essentially, we are now putting it on the tax rolls for determining that calculation and applying the mil rate to it. I think it's a sound way of doing it.

Representative Mueller: In this chart, perhaps you can explain the second two columns: county bridges and farm to market roads. Are those the mil levies in Adams County: .25 and 15.69?

Representative Haas: It will be on the "county road and bridges" column. This bill will have a new fiscal note. There will be more going to the counties.

Representative Mueller: The current law has 5%. This bill makes it 10%. Are you suggesting it will be somewhere between those amounts. Are you saying the farm to market roads are not in the mix?

Representative Haas: Yes, it will be someplace in between 5 and 10%. I believe the farm to market roads are not in that mix. Farm to market roads are financed mainly by federal monies.

Representative Haas: I move the amendment

Representative Solberg: I second.

Representative Hanson: In previous years if you rented state land and if it was farm land, the person renting it paid the taxes. If it was pasture land, the state paid the taxes. Is it that way now or has it been changed?

Representative Haas: In our discussions with every body, there are no taxes paid on state land and that's why it is necessary to come up with this procedure to give the equivalent as if the taxes were paid. That's the basis of this bill—to have some remittance to the county as if the property were on the tax rolls.

A voice vote was taken: Yea: 13, Nay: 0, Absent: 0 The amendment was accepted.

Representative Mueller: I move Do Pass.

Representative Karls: Second.

A roll call vote was taken: Yea: 13, Nay: 0, Absent: 0

The bill as amended was passed.

At a later time discussion was opened on the bill. (1763)

Representative Mueller: I move we reconsider this bill.

Representative Herbel: Second

A voice vote was taken and the bill was reconsidered.

Representative Haas: I move Do Pass as Amended and Rerefer to Appropriations.

Representative Solberg: Second.

A roll call vote was taken: Yea: 13, Nay: 0, Absent: 0.

The reconsidered bill as amended was rereferred to Appropriations.

FISCAL NOTE
 Requested by Legislative Council
 01/26/2007

Amendment to: HB 1171

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	(\$700)	\$0	(\$700)
Expenditures	\$0	\$0	\$0	\$7,000	\$0	\$7,300
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$7,000	\$0	(\$6,300)	\$7,300	\$0	(\$6,600)

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Engrossed HB 1171 changes the current 5% service fee to actual mills as similarly paid by private landowners as a fee assessed against the Trust Funds managed by the Board of University and School Lands to be paid to Townships and Counties for maintenance and repairs of roads and bridges.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Revenues to Counties are increased by the amount of the fee increase paid. Distributions received by the school districts are reduced by the amount applicable to the Common Schools Trust Fund grant lands, approximately 90% of the total fee, and the remaining 10% comes from the various university and institution Trust Funds.

The engrossed bill numbers were based on actual mills as provided by Grant County applied statewide. Adjustments were made to land values for valuations based on 25% soils classified as cropland.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Currently, the 5% service fee is expensed against the applicable Trust Fund. As a result, the amount of money available to distribute to Trust Fund beneficiaries is reduced by a like amount.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

For the 2007-09 biennium, distributions of \$66.8 million are included in the budget forecasts for the schools (K-12), and another \$4.4 million in distributions are budgeted for the universities and institutions. No adjustments to distributed amounts are necessary as the impact is not material.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Gary D. Preszler	Agency:	Land Department
Phone Number:	328 2800	Date Prepared:	01/29/2007

FISCAL NOTE

Requested by Legislative Council

01/16/2007

REVISION

Bill/Resolution No.: HB 1171

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	(\$36,000)	\$0	(\$37,000)
Expenditures	\$0	\$0	\$0	\$358,000	\$0	\$373,000
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$358,000	\$0	(\$322,000)	\$373,000	\$0	(\$336,000)

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1171 increases from 5 to 10% the service fee assessed against the Trust Funds managed by the Board of University and School Lands to be paid to Townships and Counties for maintenance and repairs of roads and bridges. The fee is based on the net revenues generated from grazing leases.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Revenues to Counties are increased by the amount of the fee increase paid. Distributions received by the school districts are reduced by the amount applicable to the Common Schools Trust Fund grant lands, approximately 90% of the total fee, and the remaining 10% comes from the various university and institution Trust Funds.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Currently, the 5% service fee is expensed against the applicable Trust Fund. As a result, the amount of money available to distribute to Trust Fund beneficiaries is reduced by a like amount.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

For the 2007-09 biennium, distributions of \$66.8 million are included in the budget forecasts for the schools (K-12), and another \$4.4 million in distributions are budgeted for the universities and institutions. Distributions budgeted to the schools needs to be reduced by \$322,000 and by \$36,000 to the other Trust beneficiaries in HB1013, section 7. If the budgeted distribution amounts are not adjusted downward, then in order to meet the distribution numbers rental rates for grazing leases would have to be similarly increased.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Gary D. Preszler	Agency:	Land Department
Phone Number:	328-2800	Date Prepared:	01/17/2007

FISCAL NOTE
Requested by Legislative Council
01/10/2007

Bill/Resolution No.: HB 1171

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	(\$36,000)	\$0	(\$37,000)	\$0
Expenditures	\$0	\$0	\$0	\$358,000	\$0	\$373,000
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$358,000	\$0	(\$322,000)	\$373,000	\$0	(\$336,000)

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1171 increases from 5 to 10% the service fee assessed against the Trust Funds managed by the Board of University and School Lands to be paid to Townships and Counties for maintenance and repairs of roads and bridges. The fee is based on the net revenues generated from grazing leases.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Revenues to Counties are increased by the amount of the fee increase paid. Distributions received by the school districts are reduced by the amount applicable to the Common Schools Trust Fund grant lands, approximately 90% of the total fee, and the remaining 10% comes from the various university and institution Trust Funds.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Currently, the 5% service fee is expensed against the applicable Trust Fund. As a result, the amount of money available to distribute to Trust Fund beneficiaries is reduced by a like amount.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

For the 2007-09 biennium, distributions of \$66.8 million are included in the budget forecasts for the schools (K-12), and another \$4.4 million in distributions are budgeted for the universities and institutions. Distributions budgeted to the schools needs to be reduced by \$322,000 and by \$36,000 to the other Trust beneficiaries in HB1013, section 7. If the budgeted distribution amounts are not adjusted downward, then in order to meet the distribution numbers rental rates for grazing leases would have to be similarly increased.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Gary D. Preszler	Agency:	Land Department
Phone Number:	328-2800	Date Prepared:	01/12/2007

House Amendments to HB 1171 (70210.0101) - Education Committee 01/24/2007

Page 1, line 9, after "lands" insert "if that county has requested payment under this section and included certification of the number of mills levied for county road and bridge purposes"

Page 1, line 14, remove "must be at least ten" and overstrike "percent of the net revenue generated from the"

Page 1, overstrike lines 15 through 17

Page 1, line 18, overstrike "deposited in a permanent trust fund" and insert immediately thereafter "may not be in an amount greater than the amount of property taxes that would have been payable if the original grant lands in the county had been subject to property tax levies"

Renumber accordingly

Date: 24 Jan 07
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1171

House Education Committee

Check here for Conference Committee

Legislative Council Amendment Number 70210.0101

Action Taken Accept Amendment 70210.0101

Motion Made By Haas Seconded By Solberg

Representatives	Yes	No	Representatives	Yes	No
Chairman Kelsch			Rep Hanson		
V Chairman Meier			Rep Hunskor		
Rep Haas			Rep Mueller		
Rep Herbel			Rep Myxter		
Rep Johnson			Rep Solberg		
Rep Karls					
Rep Sukat					
Rep Wall					

Total Yes 13 No 0

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Attached

Date: 24 Jan 07
Roll Call Vote #: 2

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1171

House Education Committee

Check here for Conference Committee

Legislative Council Amendment Number 70210.0101

Action Taken Do Pass as Amended

Motion Made By Mueller Seconded By Karls

Representatives	Yes	No	Representatives	Yes	No
Chairman Kelsch	✓		Rep Hanson	✓	
V Chairman Meier	✓		Rep Hunskor	✓	
Rep Haas	✓		Rep Mueller	✓	
Rep Herbel	✓		Rep Myxter	✓	
Rep Johnson	✓		Rep Solberg	✓	
Rep Karls	✓				
Rep Sukat	✓				
Rep Wall	✓				

Total Yes 13 No 0

Absent 0

Floor Assignment Haas

If the vote is on an amendment, briefly indicate intent:

Date: _____

Roll Call Vote #: 3

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1171

House Education Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Reconsider

Motion Made By Mueller Seconded By Herbel

Representatives	Yes	No	Representatives	Yes	No
Chairman Kelsch			Rep Hanson		
V Chairman Meier			Rep Hunsakor		
Rep Haas			Rep Mueller		
Rep Herbel			Rep Myxter		
Rep Johnson			Rep Solberg		
Rep Karls					
Rep Sukat					
Rep Wall					

Total Yes 13 No 0

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 24 Jan 07
Roll Call Vote #: 2

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1171

House Education Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

as amended
do pass and he refers to Appropriations

Motion Made By

Haas

Seconded By

Solberg

Representatives	Yes	No	Representatives	Yes	No
Chairman Kelsch	✓		Rep Hanson	✓	
V Chairman Meier	✓		Rep Hunskor	✓	
Rep Haas	✓		Rep Mueller	✓	
Rep Herbel	✓		Rep Myxter	✓	
Rep Johnson	✓		Rep Solberg	✓	
Rep Karls	✓				
Rep Sukat	✓				
Rep Wall	✓				

Total Yes 13 No 0

Absent 0

Floor Assignment Haas

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1171: Education Committee (Rep. R. Kelsch, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1171 was placed on the Sixth order on the calendar.

Page 1, line 9, after "lands" insert "if that county has requested payment under this section and included certification of the number of mills levied for county road and bridge purposes"

Page 1, line 14, remove "must be at least ten" and overstrike "percent of the net revenue generated from the"

Page 1, overstrike lines 15 through 17

Page 1, line 18, overstrike "deposited in a permanent trust fund" and insert immediately thereafter "may not be in an amount greater than the amount of property taxes that would have been payable if the original grant lands in the county had been subject to property tax levies"

Renumber accordingly

2007 HOUSE APPROPRIATIONS

HB 1171

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1171

House Appropriations Committee

Check here for Conference Committee

Hearing Date: February 6, 2007

Recorder Job Number: 2973

Committee Clerk Signature

Shirley Branning

Minutes:

Chm. Svedjen called the meeting to order to take up HB 1171, a bill relating to service fee payments to counties by the board of university and school lands by calling on **Rep. Raeann Kelsch**, District 34 to explain the bill.

Rep. Kelsch stated that the education committee did not have the most recent fiscal note when it was voted out. The bill, with the amendment, applied language allowing state owned land that is in a fire district to levy against the state owned land and then an assessed value is the amount that they would pay. It basically assigns a value to the state land. This helps out in counties where a lot of state land produces no revenue.

Rep. Weiland moved a **Do Pass** the Engrossed House Bill 1171. **Rep. Metcalf** seconded the motion. The **Do Pass** motion carried by a roll call vote of 23 yeas, 0 nays, 1 absent and not voting. **Rep. Haas** will be the carrier of the bill.

Date: 2/6/07
 Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1171

House Appropriations Full Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as introduced

Motion Made By Weiland Seconded By Metcalf

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Representative Wald	✓		Representative Aarsvold	✓	
Representative Monson	✓		Representative Gulletson		
Representative Hawken	✓				
Representative Klein	✓				
Representative Martinson	✓				
Representative Carlson	✓		Representative Glassheim	✓	
Representative Carlisle	✓		Representative Kroeber	✓	
Representative Skarphol	✓		Representative Williams	✓	
Representative Thoreson	✓				
Representative Pollert	✓		Representative Ekstrom	✓	
Representative Bellew	✓		Representative Kerzman	✓	
Representative Kreidt	✓		Representative Metcalf	✓	
Representative Nelson	✓				
Representative Wieland	✓				

Total (Yes) 23 No 0

Absent 1

Floor Assignment None

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 10, 2007 7:28 p.m.

Module No: HR-25-2801
Carrier: Haas
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1171, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman)
recommends DO PASS (23 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
Engrossed HB 1171 was placed on the Eleventh order on the calendar.

2007 SENATE POLITICAL SUBDIVISIONS

HB 1171

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **HB 1171**

Senate Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: **March 9, 2007**

Recorder Job Number: **4806**

Committee Clerk Signature

Shirley Borg

Minutes:

Chairman Cook called the Senate Political Subdivision to order. Four members present and one absent.

Chairman Cook opened the hearing on HB 1171 relating to service fee payments to counties by the board of university and school lands.

Representative Jim Kersman, District 31 introduced and testified in support of HB 1171.

(Attachment #1)

Gary Preszler, Commissioner for the ND State Land Department and Secretary for the Board of University and School Lands, testified in support of HB 1171. We agree we should be paying our fair share but there is a point that we disagree on and that is what is the fair share? The five percent service fee came into place in 1999. It says that we would pay five percent of the revenue that we generate from rents of the counties for service for roads and bridges.

(Attachment #2)

Chairman Cook: If you are going to pay what a normal land owner would pay for a bridge. It's a mill levy for roads and bridges times what. What will the property be assessed at. Will the grant county assessor have to go out there and say this is tillable or this is pasture land.

Gary Preszler: When we have taken our numbers into consideration we know that in these counties they make adjustments for the soils and what we have done is include that twenty five percent of our grass lands that would be considered the higher percentage.

Terry Traynor, Association of Counties appeared neutral on HB 1171. I am conflicted on this bill. The problem is we have a constitutional problem and we really can't solve it with state law. What the counties would like is the true and full taxes to be paid on this land but constitutionally that is a problem. What was hoped when the bill was introduced was to increase the revenue to all counties that have these lands and from the testimony that we heard that is not a possibility because of the constitutional provisions on that. It appears that with their interpretation they weren't able to implement this sort of revenue assessment process whether this bill passes or not. Our dilemma is that some of the counties are going to lose all their revenue.

Chairman Cook: I think that is where the discussion has to go and that is where the debate has to be and that is to what degree does the state own the land.

No further testimony on HB 1171.

Chairman Cook closed the hearing on HB 1171.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1171

Senate Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: **March 22, 2007**

Recorder Job Number: **5478**

Committee Clerk Signature

Shirley Borg

Minutes:

Chairman Cook called the Senate Political Subdivisions Committee to order. All members (5) present.

Chairman Cook asked the committee to go to HB 1171 and their wishes

Senator Warner moved a Do Pass on HB 1171

Senator Olafson seconded the motion.

Discussion

Roll call vote: Yes 5 No 0 Absent 0

Carrier: **Senator Olafson**

Date: 3-22-07
Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1171

Senate Political Subdivisions Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Senator Warner Seconded By Senator Olafson

Senators	Yes	No	Senators	Yes	No
Senator Dwight Cook, Chairman	X		Senator Arden G. Anderson	X	
Senator Curtis Olafson, ViceChair	X		Senator John M. Warner	X	
Senator Nicholas P. Hacker	X				

Total Yes 5 No 0

Absent 0

Floor Assignment Senator Olafson

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 22, 2007 4:22 p.m.

Module No: SR-54-5989
Carrier: Olafson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1171, as engrossed: Political Subdivisions Committee (Sen. Cook, Chairman)
recommends **DO PASS** (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed HB 1171 was placed on the Fourteenth order on the calendar.

2007 TESTIMONY

HB 1171

HB 1171
15 Jan 07

Madam Chair, Rep. Kelsch

Members of House Education Committee

Rep. James Kerzman, District 31

HB 1171 is being brought forward on behalf of counties with school land that produces limited revenue for these respected counties. It is my understanding that these fees have not been adjusted for awhile and are low compared to land held in private hands. County funds in our area are stretched to the maxim and citizens demand infrastructure, including roads, to be maintained and improved.

There has been a philosophical change within the state regarding the sale of school lands. A number of years ago school land was allowed to be brought up for sale if parties showed interest, now very little land under State control is allowed for sale to private parties.

The handout I have enclosed shows that Grant county receives only a little over \$12,000 dollars from about 33,775 acres of State land. Muriel Ulrich, Grant County Tax Director, relayed to me that if this land was owned by local ranchers/ farmers the taxes collected(using 2006 mill rates) would have been about \$81,100.00. She stated; " The \$68,815.00 difference in revenue for our county is a tremendous amount of lost income that we could definitely use, as our county has no other means of revenue except for real estate property tax, We do not have any oil, coal, pipelines, etc to help our local farmers/ ranchers with the tax burden."

I realize this bill will not bring the State revenue up to the full amount that Grant County feels they are short, but I think this is a step in the right direction.

Thank You for your consideration.

Rep. James Kerzman

County	5% Service Fee	In Lieu Payment	Total
Adams	\$5,455.85	\$0.00	\$5,455.85
Barnes	\$673.44	\$1,482.06	\$2,155.50
Benson	\$2,339.45	\$10,523.21	\$12,862.66
Billings	\$3,566.64	\$74.54	\$3,641.18
Bottineau	\$633.15	\$4,710.24	\$5,343.39
Bowman	\$5,090.89	\$265.18	\$5,356.07
Burke	\$3,405.47	\$503.48	\$3,908.95
Burleigh	\$8,210.62	\$4,167.03	\$12,377.65
Cass *	\$0.00	\$0.00	\$0.00
Cavalier	\$28.72	\$741.16	\$769.88
Dickey	\$1,374.72	\$3,874.21	\$5,248.93
Divide	\$4,110.20	\$854.71	\$4,964.91
Dunn	\$7,289.75	\$0.00	\$7,289.75
Eddy	\$2,640.30	\$2,307.39	\$4,947.69
Emmons	\$4,229.77	\$4,529.94	\$8,759.71
Foster	\$937.75	\$916.66	\$1,854.41
Grand Forks	\$409.84	\$0.00	\$409.84
Golden Valley	\$2,934.73	\$0.00	\$2,934.73
Grant	\$10,143.12	\$1,864.65	\$12,007.77
Griggs	\$279.92	\$2,185.45	\$2,465.37
Hettinger	\$4,322.39	\$0.00	\$4,322.39
Kidder	\$8,959.44	\$585.16	\$9,544.60
LaMoure	\$407.70	\$1,468.65	\$1,876.35
Logan	\$3,546.63	\$1,191.55	\$4,738.18
McHenry	\$6,470.51	\$3,507.83	\$9,978.34
McIntosh	\$2,259.62	\$538.41	\$2,798.03
McKenzie	\$9,722.29	\$0.00	\$9,722.29
McLean	\$5,945.61	\$2,317.82	\$8,263.43
Mercer	\$4,503.96	\$1,163.26	\$5,667.22
Morton	\$4,629.79	\$1,589.69	\$6,219.48
Mountrail	\$6,485.04	\$2,232.42	\$8,717.46
Nelson	\$342.43	\$3,643.34	\$3,985.77
Oliver	\$2,341.52	\$406.04	\$2,747.56
Pembina *	\$0.00	\$0.00	\$0.00
Pierce	\$4,232.86	\$3,489.42	\$7,722.28
Ramsey	\$38.71	\$3,516.53	\$3,555.24
Ransom	\$143.49	\$559.34	\$702.83
Renville	\$850.53	\$106.99	\$957.52
Richland	\$130.16	\$316.72	\$446.88
Rolette	\$1,276.01	\$0.00	\$1,276.01
Sargent	\$468.19	\$1,514.80	\$1,982.99
Sheridan	\$6,936.59	\$3,931.15	\$10,867.74
Sioux	\$4,550.73	\$302.52	\$4,853.25
Slope	\$3,585.81	\$336.38	\$3,922.19
Stark	\$2,181.60	\$180.06	\$2,361.66
Steele *	\$0.00	\$0.00	\$0.00
Stutsman	\$5,483.90	\$6,114.28	\$11,598.18
Towner	\$1,919.25	\$5,365.05	\$7,284.30
Trail *	\$0.00	\$0.00	\$0.00
Walsh	\$59.96	\$0.00	\$59.96
Ward	\$4,207.21	\$661.65	\$4,868.86

5% service fee and in-lieu payments pa
2006.

Counties marked with an * do not have
trust lands.

For more information contact
Mike Brand, Director
Surface Management
ND State Land Department
701-328-1918

HB 1171
15-Jan-07

271

**TESTIMONY TO THE
HOUSE EDUCATION COMMITTEE**
Prepared January 15, 2007 by the
North Dakota Association of Counties
Terry Traynor, Assistant Director

REGARDING HOUSE BILL # 1171

Chairman Kelsch and members of the House Education Committee, I am here on behalf of North Dakota's counties to express our support for HB1171, and the increased equity it provides to those the counties and townships that contain large tracts of state grant lands.

Political subdivisions provide services for the benefit of those owning, leasing and living on all land of the state. Currently, taxes or "payments-in-lieu" of taxes calculated on the value of the land, are paid on land owned or leased by the State Game and Fish Department; land owned by the North Dakota National Guard; and land acquired by the State Land Board after January 1, 1980. Federal Grassland; Fish and Wildlife Land; and other Federal property also contribute directly to these local jurisdictions. State grant land, until 1999 was the single largest category of government owned property that did not contribute directly to the support of those local governments that service those lands.

The 1999 Legislature determined that it was appropriate for the State Land Board to begin to contribute to the maintenance of the roads that serve these lands. At that time, it was testified that approximately \$2.2 million in revenue was generated by these exempt lands. By our calculation, this has grown to over \$3 million per year. Currently, 5% of this revenue is paid to the counties and then transferred to the townships for road maintenance – or used for the maintenance of unorganized township roads directly by the counties. A table of the 2005 distribution is attached to my testimony.

Almost all of the balance of this revenue is placed in the Common Schools Trust Fund, which is distributed to all public schools throughout the state based on enrollment figures. While (as the table suggests) much of the remaining grant land exists in the western part of North Dakota, 95% of the revenue is used for schools, predominantly in school districts that no longer contain much (if any) grant lands. These school districts also get the benefit of the real property taxes on the grant lands previously sold into private ownership.

What the counties really desire, is the sale of these lands into private ownership in all counties, so that real ad valorem taxes will be paid. This desire has been repeatedly denied.

HB1171, provides, to a small degree, increased equity to those taxpayers living in counties with higher percentages of untaxed state lands. As the table suggests, even doubling the revenue share to 10% would not come close to the actual taxes that could be collected if the land was in private ownership – but it would help.

In 1999, the Constitutionality of this revenue sharing was raised and it was pointed out that an October 8, 1990 Attorney General's opinion stated that if the in-lieu of tax funds are used for services beneficial to grant lands, it is indeed Constitutional.

This is not an issue of gainers and losers of revenue, but of equity and investing in the long-term protection of these lands. Local governments are providing services to those leasing state land, basically by taxing other landowners to a greater degree. This bill increases the fairness of the distribution of this revenue and provides property tax relief to landowners in these grant land areas. On behalf of all 53 counties, I strongly urge you to return a "Do Pass" recommendation on HB1171.

Analysis of State Grant Land Service Fee

County	Approx. Acres Grant Land	2005 5% Service Fee	Effective "Tax" Rate	Countywide Average * of Real Ag Land Taxes Paid
Adams	17,115.78	5,455.85	\$ 51.00 per Quarter	\$ 486.40 per Quarter
Barnes	2,323.32	673.44	\$ 46.38 per Quarter	\$ 940.80 per Quarter
Benson	9,828.05	2,339.45	\$ 38.09 per Quarter	\$ 651.20 per Quarter
Billings	30,913.72	3,566.64	\$ 18.46 per Quarter	\$ 120.00 per Quarter
Bottineau	2,240.00	633.15	\$ 45.23 per Quarter	\$ 635.20 per Quarter
Bowman	28,879.12	5,090.89	\$ 28.21 per Quarter	\$ 248.00 per Quarter
Burke	15,806.45	3,405.47	\$ 34.47 per Quarter	\$ 464.00 per Quarter
Burleigh	24,647.82	8,210.62	\$ 53.30 per Quarter	\$ 411.20 per Quarter
Cass	45.47	-	\$ - per Quarter	\$ 1,342.40 per Quarter
Cavalier	356.06	28.72	\$ 12.91 per Quarter	\$ 795.20 per Quarter
Dickey	2,864.35	1,374.72	\$ 76.79 per Quarter	\$ 889.60 per Quarter
Divide	20,407.12	4,110.20	\$ 32.23 per Quarter	\$ 480.00 per Quarter
Dunn	26,122.70	7,289.75	\$ 44.65 per Quarter	\$ 328.00 per Quarter
Eddy	9,034.58	2,640.30	\$ 46.76 per Quarter	\$ 718.40 per Quarter
Emmons	13,121.29	4,229.77	\$ 51.58 per Quarter	\$ 465.60 per Quarter
Foster	2,656.16	937.75	\$ 56.49 per Quarter	\$ 707.20 per Quarter
Golden Valley	28,983.55	2,934.73	\$ 16.20 per Quarter	\$ 328.00 per Quarter
Grand Forks	2,073.77	409.84	\$ 31.62 per Quarter	\$ 1,270.40 per Quarter
Grant	31,896.74	10,143.12	\$ 50.88 per Quarter	\$ 372.80 per Quarter
Griggs	280.00	279.92	\$ 159.95 per Quarter	\$ 897.60 per Quarter
Hettinger	9,879.60	4,322.39	\$ 70.00 per Quarter	\$ 550.40 per Quarter
Kidder	27,651.66	8,959.44	\$ 51.84 per Quarter	\$ 443.20 per Quarter
LaMoure	795.72	407.70	\$ 81.98 per Quarter	\$ 862.40 per Quarter
Logan	8,264.42	3,546.63	\$ 68.66 per Quarter	\$ 419.20 per Quarter
McHenry	22,864.42	6,470.51	\$ 45.28 per Quarter	\$ 425.60 per Quarter
McIntosh	5,861.91	2,259.62	\$ 61.68 per Quarter	\$ 460.80 per Quarter
McKenzie	64,714.78	9,722.29	\$ 24.04 per Quarter	\$ 262.40 per Quarter
McLean	20,038.82	5,945.61	\$ 47.47 per Quarter	\$ 534.40 per Quarter
Mercer	14,734.38	4,503.96	\$ 48.91 per Quarter	\$ 432.00 per Quarter
Morton	16,910.02	4,629.79	\$ 43.81 per Quarter	\$ 414.40 per Quarter
Mountrail	30,846.09	6,485.04	\$ 33.64 per Quarter	\$ 505.60 per Quarter
Nelson	1,714.95	342.43	\$ 31.95 per Quarter	\$ 860.80 per Quarter
Oliver	7,109.75	2,341.52	\$ 52.69 per Quarter	\$ 384.00 per Quarter
Pembina	-	-	per Quarter	\$ 1,488.00 per Quarter
Pierce	12,798.14	4,232.86	\$ 52.92 per Quarter	\$ 595.20 per Quarter
Ramsey	411.13	38.71	\$ 15.06 per Quarter	\$ 811.20 per Quarter
Ransom	960.00	143.49	\$ 23.92 per Quarter	\$ 1,024.00 per Quarter
Renville	1,750.12	850.53	\$ 77.76 per Quarter	\$ 681.60 per Quarter
Richland	353.68	130.16	\$ 58.88 per Quarter	\$ 1,550.40 per Quarter
Rolette	6,835.92	1,276.01	\$ 29.87 per Quarter	\$ 728.00 per Quarter
Sargent	727.79	468.19	\$ 102.93 per Quarter	\$ 1,206.40 per Quarter
Sheridan	23,429.20	6,936.59	\$ 47.37 per Quarter	\$ 489.60 per Quarter
Sioux	23,251.56	4,550.73	\$ 31.31 per Quarter	\$ 264.00 per Quarter
Slope	23,605.98	3,585.81	\$ 24.30 per Quarter	\$ 284.80 per Quarter
Stark	5,982.64	2,181.60	\$ 58.34 per Quarter	\$ 500.80 per Quarter
Steele	-	-	per Quarter	\$ 1,152.00 per Quarter
Stutsman	13,328.98	5,483.90	\$ 65.83 per Quarter	\$ 686.40 per Quarter
Towner	5,350.29	1,919.25	\$ 57.40 per Quarter	\$ 745.60 per Quarter
Traill	-	-	per Quarter	\$ 1,558.40 per Quarter
Walsh	201.02	59.96	\$ 47.72 per Quarter	\$ 1,516.80 per Quarter
Ward	10,878.98	4,207.21	\$ 61.88 per Quarter	\$ 617.60 per Quarter
Wells	4,793.76	1,747.59	\$ 58.33 per Quarter	\$ 721.60 per Quarter
Williams	38,242.83	8,454.90	\$ 35.37 per Quarter	\$ 427.20 per Quarter
Total	673,884.59	165,786.54	\$ 39.36 per Quarter	\$ 673.60 per Quarter

* Countywide Average from State Tax Dept - 2005 Property Tax Statistical Report

North Dakota Farmers Union

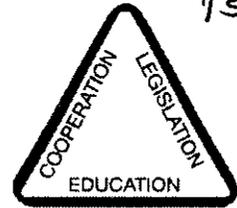
PO Box 2136 • 1415 12th Ave SE • Jamestown ND 58401

701-252-2340 • 800-366-NDFU

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E-MAIL: ndfu@ndfu.org



HB 1171
Education Committee

Chairman Kelsch and Members of the Education committee,

My name is Kayla Pulvermacher; I am here representing the members of North Dakota Farmers Union. I am here to testify in support HB 1171.

North Dakota Farmers Union believes it is important to maintain our county government and the services they provide. Counties in which the state retains original grant lands should receive the increase of funds because costs of providing such services has risen and the present 5% will not continue to cover the cost of upkeep.

NDFU believes it is also a fairness issue; the state owns the land, and raising the percentage will make it more equitable for the counties.

We strongly urge a do pass on the HB 1171.

Thank you Chairman Kelsch and members of the committee. I will answer any questions at this time.

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Bismarck, ND 58506-5523
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www.land.state.nd.us
www.nd.gov



Gary D. Preszler, Commissioner

**TESTIMONY OF GARY D. PREZLER
STATE LAND COMMISSIONER
North Dakota State Land Department
HOUSE BILL NO. 1171
Testimony in Opposition**

**HOUSE EDUCATION COMMITTEE
January 15, 2007**

Chairman Kelsch, members of the House Education Committee, I am Gary D. Preszler, Secretary for the Board of University and School Lands and Commissioner for the State Land Department.

With any land there are inherent costs associated with ownership. The Board as part of its constitutionally mandated fiduciary responsibility recognizes that just as there is a cost to spray weeds there are other justifiable and appropriate expenses such as for maintaining infrastructure. As long as those costs are justified and reasonable fiduciary duties under the Constitution can be met.

The most important element of HB1171 is to understand, where does the money come from to pay the service fee?

Senate Bill No. 2088: The 1999 Legislative Assembly enacted SB No. 2088 thereby establishing the 5% service fee. The Fiscal Note and Department testimony indicated that distributions to the beneficiaries would only be reduced by the amount of lost investment income opportunity. In reality each total annual payment is charged as an expense against the applicable trust thereby reducing the amount available to distribute by the full amount of the annual payment.

Furthermore, in the 1999 testimony on this bill it is clear that the trust funds would not be asked to pay more than private landowners for the maintenance of roads and bridges.

Expenses: For 2006 the trusts paid \$170,000 to the counties for the 5% service fee. A companion statute for fire protection (N.D.C.C. 18-10-10) allows the trusts to pay for rural fire protection by contract and limits the amount to, "but in no event may such fee be an amount greater than if such property had been subject to property levies".

Proposed Amendments: The proposed amendment sets the fee for the roads and bridges the same as for private landowners and for rural fire protection.

Fiscal Note: The fiscal note calculates the service fee at the 10% floor in the bill based on the current 5% percent fee adjusted for modest rental increases.

I respectfully request a "do not pass" to HB1171 as written.

HB 1171
15 JAN 07

State Land Department
January 15, 2007

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1171

Page 1, line 7, after "**appropriation.**" insert "If requested by a county" and overstrike "on or before March first of each year," and after "lands" insert ", on or before March first of each year."

Page 1, line 8, overstrike "of each county in which" and insert immediately thereafter "in those counties where"

Page 1, line 14 after "section" replace "must be at least ten" with "may not be an amount greater than if such property had been subject to property tax levies" and overstrike "percent of the net revenue generated from the"

Page 1, overstrike lines 15 through 17

Page 1, line 18, overstrike "deposited in a permanent trust fund."

Renumber accordingly

HB 1171
24 Jan 07

18-10-10. Rural fire department may enter into contract — Power of state and local government agencies to make contract — Reimbursement.

Any rural fire protection district may elect to enter into a contract with another rural fire protection district to consolidate or cooperate for mutual fire protection and prevention purposes, including ambulance or emergency vehicle services. Any rural fire protection district, or two or more districts operating in conjunction pursuant to this section, may enter into a contract with any federal, state, or local government agency for fire protection service or fire protection cooperation, including ambulance or emergency vehicle services. State and local government agencies have the power to contract for fire protection service or fire protection cooperation. Federal, state, and local government agencies shall reimburse rural fire protection districts for fire protection services provided on real property owned by such agencies. Reimbursement must be on a reasonable annual fee based on the agency's acreage [hectarage] within the rural fire protection district, ~~but in no event may such fee be an amount greater than if such property had been subject to property tax levies.~~

Source. S.L. 1957, ch. 165, § 10; R.C. 1943, 1957 Supp., §18-1010; S.L. 1969, ch. 227, § 1; 1971, ch. 232, § 2; 1979, ch. 283, § 1.

STATE LAND MANAGEMENT
ESTIMATED ROADS AND BRIDGES MILLS

7-07

H B 1171
J 4 Jan 07

County	Original Grant Land	Co. Roads & Bridges	Farms to Member	Co. Road Unorganized	Twp. *	Total	Non-Crop Land Value**	Based on		Estimated Service Fee for Roads	Estimated Service Fee With Add-Ons	Actual Service Fee Paid in 2006	Oasis	Co. Loan	Insurance Reserve	Weed Control	Comp. Health Insurance	Total of Add-Ons With Terry's Adjustments	Crop/Non-Crop Value**	Based on \$\$/Acre	NDSU Ave	MDSU Ave	Estimated Service Fee With Add-Ons		
								Land	Non-Crop																
Adams	16,760.62	0.25	15.89	0.00	22.43	38.37	\$ 84.11	\$ 0.16	\$ 2,710.39	\$ 3,455.85	\$ 5,455.85	21.34	0.00	0.00	3.00	5.46	10.95	222.69	0.29	0.29	0.29	0.29	\$ 4,943.21	\$ 6,353.96	
Barnes	2,803.32	0.50	18.83	0.00	20.27	39.40	\$ 116.85	\$ 0.23	\$ 645.31	\$ 733.88	\$ 733.88	6.05	0.00	0.00	3.00	3.08	5.41	477.83	0.58	0.58	0.58	0.58	\$ 1,642.07	\$ 1,887.44	
Benson	9,950.82	5.00	20.76	0.00	9.60	35.36	\$ 103.45	\$ 0.18	\$ 1,820.02	\$ 2,131.93	\$ 2,131.93	4.78	0.00	0.00	3.59	5.10	6.06	332.17	0.39	0.39	0.39	0.39	\$ 3,831.98	\$ 4,468.71	
Billings	28,744.35	0.00	0.00	0.00	31.29	31.29	\$ 78.73	\$ 0.12	\$ 3,540.53	\$ 4,498.67	\$ 4,498.67	16.24	0.00	0.00	0.00	4.39	8.45	193.37	0.21	0.21	0.21	0.21	\$ 6,118.24	\$ 7,770.50	
Bottineau	2,560.00	3.00	10.00	0.00	0.00	18.00	\$ 69.48	\$ 0.09	\$ 230.85	\$ 331.02	\$ 331.02	8.11	0.00	0.00	1.51	3.75	7.83	325.24	0.19	0.19	0.19	0.19	\$ 490.00	\$ 703.22	
Bowman	27,676.44	0.25	0.00	0.00	13.02	13.02	\$ 103.88	\$ 0.28	\$ 1,275.88	\$ 1,680.48	\$ 1,680.48	4.00	0.00	0.00	0.00	0.00	4.00	227.05	0.26	0.26	0.26	0.26	\$ 2,722.84	\$ 3,543.33	
Burke	16,113.27	0.25	11.75	0.00	18.01	30.01	\$ 82.06	\$ 0.14	\$ 2,225.96	\$ 2,907.86	\$ 2,907.86	11.83	0.00	0.00	0.00	0.00	4.00	253.19	0.28	0.28	0.28	0.28	\$ 4,173.80	\$ 5,452.04	
Burleigh	22,133.24	0.25	0.00	0.00	18.37	18.37	\$ 62.34	\$ 0.09	\$ 1,902.76	\$ 2,352.91	\$ 2,352.91	2.78	0.00	0.00	0.00	2.34	4.41	268.41	0.17	0.17	0.17	0.17	\$ 3,718.82	\$ 4,986.12	
Cass	40.00	10.75	0.00	0.00	20.27	31.02	\$ 118.80	\$ 0.18	\$ 7.37	\$ 7.93	\$ 7.93	0.00	0.00	0.00	0.00	0.00	2.35	611.37	0.57	0.57	0.57	0.57	\$ 22.65	\$ 24.37	
Chandler	966.47	7.02	13.01	0.00	20.27	40.30	\$ 101.53	\$ 0.20	\$ 122.03	\$ 160.55	\$ 160.55	15.16	4.21	0.00	0.00	0.00	4.91	12.72	447.64	0.65	0.65	0.65	0.65	\$ 330.02	\$ 434.21
Dickey	3,183.16	8.53	14.92	0.00	20.27	43.72	\$ 118.56	\$ 0.25	\$ 811.07	\$ 1,041.20	\$ 1,041.20	12.74	0.00	0.00	0.00	6.12	12.41	471.81	0.64	0.64	0.64	0.64	\$ 2,047.05	\$ 2,827.86	
Dwight	19,756.71	11.75	10.21	0.00	20.27	42.23	\$ 83.69	\$ 0.17	\$ 3,818.29	\$ 4,983.85	\$ 4,983.85	9.28	0.00	0.00	0.00	3.82	6.26	252.56	0.36	0.36	0.36	0.36	\$ 7,177.06	\$ 8,240.13	
Dunn	25,653.18	2.26	10.00	0.00	28.12	40.26	\$ 83.68	\$ 0.17	\$ 4,344.98	\$ 5,248.96	\$ 5,248.96	12.19	0.00	0.00	0.00	1.26	8.38	230.33	0.32	0.32	0.32	0.32	\$ 6,137.32	\$ 6,826.55	
Eddy	9,446.39	5.00	25.00	0.00	20.27	50.27	\$ 103.88	\$ 0.28	\$ 2,466.71	\$ 3,363.45	\$ 3,363.45	26.55	2.91	0.00	0.00	6.71	18.28	310.08	0.38	0.38	0.38	0.38	\$ 4,914.55	\$ 6,701.17	
Emmons	11,884.44	0.00	9.30	0.18	27.20	38.68	\$ 91.45	\$ 0.17	\$ 1,993.25	\$ 2,690.32	\$ 2,690.32	7.80	3.00	0.00	0.00	3.51	12.83	321.61	0.38	0.38	0.38	0.38	\$ 4,501.54	\$ 6,075.79	
Foster	2,500.88	0.00	20.00	0.00	20.27	42.93	\$ 100.00	\$ 0.21	\$ 2,796.90	\$ 3,733.41	\$ 3,733.41	3.00	0.00	0.00	0.00	0.00	8.00	397.53	0.52	0.52	0.52	0.52	\$ 1,308.62	\$ 1,833.43	
Golden Valley	29,983.55	0.49	0.00	0.00	27.21	27.70	\$ 118.82	\$ 0.17	\$ 214.60	\$ 284.49	\$ 284.49	11.32	0.00	0.00	0.00	0.81	9.40	276.74	0.47	0.47	0.47	0.47	\$ 593.22	\$ 807.99	
Grant	29,744.13	0.25	8.35	0.00	23.17	39.34	\$ 84.32	\$ 0.16	\$ 4,933.29	\$ 6,653.48	\$ 6,653.48	16.60	2.92	0.00	0.00	2.89	13.72	224.43	0.30	0.30	0.30	0.30	\$ 9,031.97	\$ 12,181.34	
Griggs	1,581.24	7.83	15.78	0.00	2.00	30.71	\$ 101.91	\$ 0.16	\$ 247.44	\$ 337.25	\$ 337.25	21.72	3.00	0.00	0.00	2.87	11.15	413.48	0.40	0.40	0.40	0.40	\$ 625.68	\$ 852.80	
Hettinger	9,883.69	0.32	12.50	0.00	20.27	28.50	\$ 83.26	\$ 0.14	\$ 1,368.38	\$ 1,759.17	\$ 1,759.17	14.42	0.00	0.00	0.00	3.66	9.45	308.68	0.32	0.32	0.32	0.32	\$ 3,191.89	\$ 4,103.19	
Kidder	25,146.14	0.00	6.50	0.00	18.00	24.50	\$ 83.26	\$ 0.14	\$ 3,439.07	\$ 4,868.14	\$ 4,868.14	13.00	3.00	0.00	0.00	4.93	12.00	281.32	0.28	0.28	0.28	0.28	\$ 6,946.69	\$ 9,772.46	
Lakota	1,275.72	5.97	16.81	0.00	20.27	42.85	\$ 120.54	\$ 0.28	\$ 329.46	\$ 496.54	\$ 496.54	6.23	0.00	0.00	0.00	1.54	4.00	471.90	0.63	0.63	0.63	0.63	\$ 809.04	\$ 940.15	
Logan	7,848.85	0.00	9.00	0.00	19.46	28.46	\$ 92.02	\$ 0.13	\$ 1,040.87	\$ 1,412.00	\$ 1,412.00	13.50	0.00	0.00	0.00	0.00	7.86	265.39	0.28	0.28	0.28	0.28	\$ 2,191.07	\$ 2,972.30	
McHenry	20,801.06	2.80	14.56	0.00	18.00	33.67	\$ 99.45	\$ 0.16	\$ 998.90	\$ 1,398.77	\$ 1,398.77	8.83	0.00	0.00	0.00	0.00	8.21	283.12	0.32	0.32	0.32	0.32	\$ 6,324.13	\$ 8,251.29	
McIntosh	6,209.87	0.00	2.14	0.00	17.24	33.67	\$ 99.45	\$ 0.16	\$ 3,449.12	\$ 4,288.88	\$ 4,288.88	21.80	2.95	0.00	0.00	4.66	14.11	298.85	0.34	0.34	0.34	0.34	\$ 2,130.72	\$ 2,985.79	
McKenzie	63,114.78	0.00	0.00	0.00	13.45	13.45	\$ 84.24	\$ 0.08	\$ 3,575.54	\$ 4,968.90	\$ 4,968.90	4.48	0.00	0.00	0.00	0.00	5.61	272.66	0.12	0.12	0.12	0.12	\$ 7,574.25	\$ 10,733.48	
McLain	18,590.82	0.25	10.00	0.00	13.77	24.02	\$ 91.75	\$ 0.11	\$ 2,048.55	\$ 2,768.25	\$ 2,768.25	11.02	0.00	0.00	0.00	0.00	1.38	335.33	0.26	0.26	0.26	0.26	\$ 4,767.83	\$ 6,041.75	
Mercer	14,578.27	0.00	14.01	0.00	18.00	32.01	\$ 83.85	\$ 0.13	\$ 1,986.43	\$ 2,491.53	\$ 2,491.53	23.61	0.00	0.00	0.00	0.00	8.78	253.83	0.27	0.27	0.27	0.27	\$ 3,939.48	\$ 5,016.94	
Morton	16,014.26	0.25	10.00	0.00	31.48	41.73	\$ 84.05	\$ 0.18	\$ 2,868.43	\$ 3,542.16	\$ 3,542.16	25.35	0.00	0.00	0.00	0.00	10.90	282.00	0.36	0.36	0.36	0.36	\$ 5,761.41	\$ 7,291.88	
Mountrail	30,089.11	0.00	0.00	0.00	20.22	30.47	\$ 91.41	\$ 0.14	\$ 4,187.52	\$ 5,745.64	\$ 5,745.64	18.57	3.00	0.00	0.00	1.82	14.35	284.22	0.29	0.29	0.29	0.29	\$ 8,603.88	\$ 11,805.25	
Nelson	2,540.89	7.33	9.76	7.73	20.27	45.09	\$ 101.35	\$ 0.23	\$ 580.80	\$ 765.34	\$ 765.34	11.93	0.00	0.00	0.00	0.00	8.00	353.61	0.51	0.51	0.51	0.51	\$ 1,303.15	\$ 1,717.82	
Ober	5,512.86	0.25	10.00	0.00	18.00	28.25	\$ 84.30	\$ 0.12	\$ 775.51	\$ 1,001.51	\$ 1,001.51	7.20	0.00	0.00	0.00	0.42	6.09	298.56	0.33	0.33	0.33	0.33	\$ 4,024.38	\$ 4,708.48	
Pembina	12,258.16	2.24	10.40	0.00	20.27	32.91	\$ 99.47	\$ 0.16	\$ 2,006.39	\$ 2,377.37	\$ 2,377.37	5.03	0.00	0.00	0.00	0.00	5.28	348.82	0.51	0.51	0.51	0.51	\$ 971.28	\$ 1,084.92	
Pierce	1,896.50	2.78	22.06	0.00	20.27	45.11	\$ 104.21	\$ 0.24	\$ 445.76	\$ 607.91	\$ 607.91	14.73	0.00	0.00	0.00	2.02	13.48	515.89	0.56	0.56	0.56	0.56	\$ 3,817.47	\$ 4,879.29	
Ransom	640.00	5.55	10.00	0.00	20.27	35.82	\$ 114.81	\$ 0.21	\$ 131.60	\$ 181.05	\$ 181.05	11.70	0.00	0.00	0.00	0.00	4.93	341.38	0.41	0.41	0.41	0.41	\$ 774.59	\$ 978.24	
Richland	513.68	8.00	17.89	0.00	20.27	38.77	\$ 99.76	\$ 0.18	\$ 330.33	\$ 397.26	\$ 397.26	0.00	0.00	0.00	0.00	0.00	4.70	868.02	0.90	0.90	0.90	0.90	\$ 464.25	\$ 511.73	
Rockets	9,988.06	0.32	18.79	0.00	19.50	38.81	\$ 117.96	\$ 0.27	\$ 139.24	\$ 153.48	\$ 153.48	13.96	0.00	0.00	0.00	0.00	8.69	312.80	0.40	0.40	0.40	0.40	\$ 2,423.97	\$ 2,988.38	
Sargent	888.51	7.90	15.00	0.00	20.27	43.17	\$ 117.73	\$ 0.25	\$ 225.78	\$ 274.08	\$ 274.08	11.76	0.00	0.00	0.00	0.00	9.23	526.71	0.70	0.70	0.70	0.70	\$ 620.85	\$ 753.02	
Sheldon	22,648.99	3.00	12.00	0.00	18.76	33.78	\$ 91.48	\$ 0.15	\$ 3,497.90	\$ 4,692.78	\$ 4,692.78	17.10	0.00	0.00	0.00	3.62	10.67	284.15	0.33	0.33	0.33	0.33	\$ 7,371.80	\$ 9,700.50	
Sioux	23,091.56	0.00	8.00	0.00	38.00	44.00	\$ 84.12	\$ 0.19	\$ 4,273.42	\$ 5,393.73	\$ 5,393.73	12.08	0.00	0.00	0.00	0.05	11.54	210.06	0.32	0.32	0.32	0.32	\$ 7,472.38	\$ 9,431.34	
Slope	22,975.20	0.00	0.00	0.00	18.00	18.00	\$ 78.65	\$ 0.07	\$ 1,584.94	\$ 2,288.92	\$ 2,288.92	8.79	0.00	0.00	0.00	1.23	8.00	270.93	0.16	0.16	0.16	0.			

Mr. Chairman, Sen. Cook

Members of Political Subdivisions

Rep. James Kerzman, District 31

HB 1171 is being brought forward on behalf of counties with school land that produces limited revenue for these respected counties. It is my understanding that these fees have not been adjusted for awhile and are low compared to land held in private hands. County funds in our area are stretched to the maxim and citizens demand infrastructure, including roads, to be maintained and improved.

There has been a philosophical change within the state regarding the sale of school lands. A number of years ago school land was allowed to be brought up for sale if parties showed interest, now very little land under State control is allowed for sale to private parties.

The handout I have enclosed shows that Grant county receives only a little over \$12,000 dollars from about 33,775 acres of State land. Muriel Ulrich, Grant County Tax Director, relayed to me that if this land was owned by local ranchers/ farmers the taxes collected(using 2006 mill rates) would have been about \$81,100.00. She stated; " The \$68,815.00 difference in revenue for our county is a tremendous amount of lost income that we could definitely use, as our county has no other means of revenue except for real estate property tax, We do not have any oil, coal, pipelines, etc to help our local farmers/ ranchers with the tax burden."

I realize this bill will not bring the State revenue up to the full amount that Grant County feels they are short, but I think this is a step in the right direction.

Thank You for your consideration.

Rep. James Kerzman

**TESTIMONY OF GARY D. PRESZLER
STATE LAND COMMISSIONER
North Dakota State Land Department
ENGROSSED HOUSE BILL NO. 1171
Testimony in Support**

**SENATE POLITICAL SUBDIVISIONS COMMITTEE
MARCH 9, 2007**

Chairman Cook, members of the Senate Political Subdivisions Committee, I am Gary D. Preszler, Secretary for the Board of University and School Lands and Commissioner for the State Land Department.

With any land there are inherent costs associated with ownership. The Board as part of its constitutionally mandated fiduciary responsibility recognizes that just as there is a cost to spray weeds there are other justifiable and appropriate expenses such as for maintaining infrastructure. As long as those costs are justified and reasonable fiduciary duties under the Constitution can be met.

The most important element of HB1171 is to understand, where does the money come from to pay the service fee? For 2006 the trusts paid \$170,000 to the counties for the 5% service fee.

Senate Bill No. 2088

The 1999 Legislative Assembly enacted SB No. 2088 thereby establishing the 5% service fee. The Fiscal Note and Department testimony at that time indicated that distributions to the beneficiaries would only be reduced by the amount of lost investment income opportunity. In reality each total annual payment is charged as an expense against the applicable trust thereby reducing the amount available to distribute by the full amount of the annual payment.

Furthermore, in the 1999 testimony on this bill it is clear that the trust funds would not be asked to pay more than private landowners for the maintenance of roads and bridges.

House Proposed Amendments

The House adopted amendments were similar to what I had submitted with my testimony. The bill originally merely changed the fee from 5% to 10%. The amendments eliminated any limit and established the fee as the same paid by private landowners for mill levies to pay for roads and bridges. The amendments are crafted similar to a companion statute for fire protection (N.D.C.C. 18-10-10) that allows the trusts to pay for rural fire protection by contract and limits the amount to, "but in no event may such fee be an amount greater than if such property had been subject to property levies".

Fiscal Note

The fiscal note for the Engrossed bill calculates the service fee at the estimated costs to be only about \$7000 per biennium more than paid under the current 5% percent fee, adjusted for modest rental increases. It is also important to note that the statute only applies to the benefit provided by roads and bridges and should not be compared to the total mill rate levy for all services or an average per quarter rate that includes cropland. The grant lands are exclusively grass lands.

I respectfully request a "do pass" for Engrossed HB1171 .