

2011 SENATE APPROPRIATIONS

SB 2371

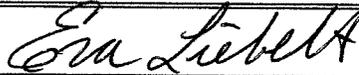
**2011 SPECIAL SESSION
SENATE STANDING COMMITTEE MINUTES**

Senate Appropriations Committee
Brynhild Haugland Room, State Capitol

SB 2371
November 7, 2011
Job # 16941

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

This bill relates to disaster relief providing money to help people and communities affected by flooding, communities dealing with the downside of oil development and money for the state to fight potential litigation over the regulation of hydraulic fracturing.

Minutes:

Testimony attached # 1-13.

Chairman Holmberg: Called the Joint House and Senate Appropriations Committee hearing to order on SB2371. Roll call was taken.

Chairman Holmberg: Handed out the Proposed Amendment Process (Attached # 1) Each house must first vote on amendments offered within their own body before it can be brought to the joint committee for a vote and all amendments must pass both House and Senate committees before they can be included in the final set of amendments.

Summary sheets of the disaster relief bill were handed out (13.9177.03000 – attached #2). Also passed out were SB 2371 (11.0826.04000).

Senator Wardner, Senate Majority Leader (District 37) addressed the joint committee. He said this is a bill that touches a lot of areas as far as disaster. First there is flooding disaster, there is money for infrastructure through the infrastructure fund, the disaster relief fund, there is money for low interest loans, we also have money to go back to the local subdivisions. Raising roads especially in the Devils Lake area, we have a local share match for federal relief in the future and we have some money for townships infrastructure fund. He said water is a big issue and they also have oil country. He said they have oil impact dollars and also for non-oil country there is money for roads. With the money they appropriated during the regular session they put sixty million dollars out to the non-oil counties for roads. He said thirty five million of it went out the last biennium and the next twenty five million will go out this spring. This will be another eighteen on top of that twenty five. He said they also added highway patrol FTE's to help take care of some of the issues in western North Dakota. He said they have some also for low cost housing. He said they will have someone that will go over this with them. He said he hopes they will support the bill and make it better.

Representative Carlson: (Testimony attached # 2) – Addressed the committee and read from the attached summary and went over each section.

.This bill impacts more people than any of the others bills. He went through a summary of the disaster relief bill and asked for them to follow along as he goes over the key components.

Section 1 – Establishes a rebuilder's loan program and loan fund from the Bank of North Dakota.

Section 2 – Deals with overweight permits and establishes a multi-trip permit.

Section 3 – Relates to tax credits available for multi-family housing.

Section 4 - Tax credit available for contributions to hosing incentive funds.

Section 5 - Relates to county & township road reconstruction programs.

Section 6 – Rebuilders loan program fund.

Section 7 – Appropriates 30M to the Adjutant General for providing for flood impacted housing rehabilitation.

Section 8 - Appropriates 30M to the commissioner of University and School lands for providing flood-impacted political subdivision infrastructure development grants.

Section 9 - Provides guidance for the flood-impacted political subdivision infrastructure development grants.

Section 10 – Provides legislative intent that the moneys appropriated to and distributed by the Energy Infrastructure and Impact Office for flood-impacted political subdivision grants.

Section 11- Appropriates 5 million from the general fund to the Adjutant General for providing financial stabilization grants to flood-impacted townships.

Section 12 – Provides guidance for the township financial stabilization grants.

Section 13 – Appropriates 235 million of federal funds to the Department of Commerce for providing loans or grants.

Section 14 – Appropriates 6 million from the state disaster relief fund to the AG fund grants to counties for road grade raising projects.

Section 15 – Appropriates 29.5 million from the state disaster relief fund to the AG for providing the required state shared.

Section 16 – Appropriation relating to grants to political subdivisions.

Section 17 – Transfers 68.7 million from the general fund to the state disaster relief fund.

Section 18 – Provides that the State Water Commission is to place a high priority on providing funding for floodway property acquisitions and construction.

Section 19 – Provides funds for State Water Commission.

Section 20 – Funds for the Highway Patrol for hiring additional patrol officers.

Section 21 – Provides that the Bank of North Dakota utilize the flex partnership.

Section 22 – Provides for a contingent transfer to the oil and gas impact grant fund.

Section 23 – Provides for a contingent appropriation for providing oil and gas impact grants.

Section 24 – Provides for providing transportation funding distributions to non-oil and gas counties, cities and townships.

Section 25 – Provides a contingent appropriation for expenses associated with possible litigation.

Section 26 – Provides for funds appropriated for flood-impacted subdivision infrastructure grants.

Section 27 – Provides that Section 5 of this Act applies retroactively to July 1, 2011.

Section 28 – Provides that this Act is effective November 14, 2011.

Section 29 – Provides that Section 2 of this Act is effective through December 31, 2013, and is thereafter ineffective. Sections 3 and 4 of this act are effective for the first two taxable years beginning after December 31, 2010, and are thereafter ineffective.

Ward Koeser – Mayor of Williston: Said that northwest North Dakota is undergoing huge changes and impacts. He said when the last session met in January there were approximately 160 drilling rigs in the Williston Basin now there are 200. He said that transfers into approximately 5,000 new workers. He said they appreciate the support given to the impacted area and have put the dollars invested to good use the city of Williston bonded for dollars they anticipate and have been constructing infrastructure at a rapid pace. He said they expect 1,000 new housing units to come on line in the next six to eight months but the demand for housing will outpace the supply significantly. He said Williston finance commissioner Brad Bekkedahl will present testimony on why they need additional help now with the flooded workers needed to keep this economic engine, our states oil industry running smoothly and effectively, we cannot wait until 2013.

Brad Bekkedahl, Finance Commissioner City of Williston: Testified in favor of the bill, Testimony attached # 3.

Representative Glassheim: Said he referenced a significant impact with your people with the increases in rents. He asked if there was anything in the bill to support or propose or think about. He said he was concerned on the impact for the people who are not in the oil industry in Williston and are being forced out of homes they lived in.

Brad: Said they have struggled with that, when an 80 year old woman comes to you crying and tells you, she was born and raised in Williston and is now moving to Fargo because she is being pushed out of her rental that went from \$300/month to \$2000/month. He said there is nothing as a city they could come up with to help her that would be equitable for everyone going through the same thing. He said it since has accelerated that pace and the new norm is everybody is inching to that \$2000/month rental structure. He said it is not affordable on Social Security and senior wages but the oil industry at present can pay that. He said he saw in the bill the housing finance changes that were made that they feel may have an impact if there could be more tax credits applied so they do support that as well as the changes in the flex pace program to allow that to be used for building. He said they see no other alternative in Williston, from a governmental standpoint other than to build their way out of this. He said it will result in displacement of people before they get to that point. He said they have a lot of great citizens in their community that our voluntarily leaving because they don't want to put up with the chaos anymore.

Representative Kempenich: Said that in section 21, it was brought to us last spring that a lot of contractors weren't bothering with the low income housing because they could build and rent it out. He asked if they have talked to contractors and if they are even willing to look at these.

Brad: He said that there are specialty construction firms that deal with that area specifically and they will come in and build on the tax credits. He said they have had several firms come in and do that in the last few years. He said that the low income side is one issue but what they term as moderate housing or affordable housing for the service sector employees, is a large issue as well. He said they need tax credit not only for the low income but also for the moderate or affordable level.

Pam Sharp: Said they are very supportive of the bill and that the governor has worked with legislative leadership, the Bank of North Dakota, DOT, the Adjutant General, Highway Patrol, housing finance, water commission and each one of them has looked through these programs and are very comfortable that they are do able and that they have been vetted. She said she wanted to assure them that there is a big price tag to this because of the strong ending balance that they had and because of the really strong revenues they have had the first months of the biennium, they are in a position to fund this 152 million easily. She said they had some concerns in the first section in the rebuilder's loan program, and said they might want to tighten up the loan criteria a little bit instead of leaving it wide open for the bank to deal with later. She said one suggestion is to tie the ceiling of the loan amount to the individual assistance someone received from FEMA, just as a method of figuring out what the cap might be. She said they would be happy to visit with them about it and would have some language as well. She asked for them to make the decision while you are here that it is okay for them to spend it rather than making the General come back next month to budget section to ask again if it is okay to start spending money on disasters.

Representative Glassheim: Said that the revenues have been strong as you said 150M is not stretching our capacity and if by some wizardry we felt that additional money was needed because the impacts were so great, what sort of amounts would be possible in addition to the 150 without straining our capabilities.

Pam: She said that's difficult question because it assumes she will know what will happen the rest of the biennium. She said that they ended the biennium very strong, the balance was 300M plus stronger than they thought it would be and in the first three months of the biennium the revenue is 92M. She said indications are that sale tax will continue to be strong. She said they are limited to the general fund to \$300M because of HB 1451 that passed. She said the growth has to come from sales tax and income taxes. She said she did a few spread sheets and they need to have a strong ending balance at the end of this biennium if they want to assume just a moderate or a low level growth in our ongoing appropriations and if they want to have something left over to when you left in April, if we want to assume a low level growth, please keep in mind that we will want a healthy ending balance to spend on one time, like more infrastructure need in the west.

Chairman Holmberg: Asked if they could look at the bottom line of what is in the bank right now and determine that we can spend everything. He said they have a handout that legislative council has prepared regarding the budget status summary.

Representative Jon Nelson: Said on the rebuilders' loan program and loan fund he sees that there is a provision in there to forgive up to 50% of that fund and I assuming that am not accounted for in the \$151 million. It does say that the Adjutant General or other funds would be used to do that, do you have any idea what the value of that bullet point is and where would that funding come from?

Pam: She said her understanding is there is \$30M out of the profits of the Bank of ND that will go into the rebuilders' loan fund, the bank would use that first for the loans. She said if there is demand beyond that \$30M they would go to the disaster loan fund of which there is \$30M available for the rebuilders' loan program. She said if the demand is up to \$60M than it would take all the money and for the principal forgiveness after that the Adjutant General would have to come to you for a deficiency appropriation to give that to the political subdivisions. Bank use that for loans. If more demands, they would go to disaster loan fund. If the demand is up to \$60 M, that would use up all the money.

Curt Zimbelman, Mayor of Minot: He showed a video of the Minot flood, this spring 2011. Read from attached testimony # 4.

V. Chair Bowman: He asked if they are putting anything in place to prevent this from happening again. He asked if they would require them to have flood insurance to build in the flood spots. He asked if there is any discussion so we don't spend a lot of money and then see this again in 2-3 years.

Curt: Said the state water commission has provided funding to look at an alternative to the solution they have now, solution of dikes and flood walls. He said they are working with Canada, working on how the manual reads for the two countries on how handle the Souris

Basin. He said they should be able to cut that down somewhat because if they can flow more water through earlier they shouldn't have to get to that level of 27,400 cubic feet.

Representative Delzer: He said the timing on hazard mitigation money and local plan on how you plan to do the flood protection. Do you have any time frame for finished plan?

Curt: He said they have two meetings coming up for the public for Minot and also for the Souris Valley patrons. He said they expect through the public hearings there will be some changes. He said they expect to have back from Barr Engineering on November 23, a more complete analysis of what they are going to do. He said on the third of January they are expected to have the final plan in place.

Senator Robinson: Asked what type of preparation is in place, he is where of the trailers that have come in for the people who have lost their homes, as you enter the winter season.

Curt: He certainly the trailers, FEMA has brought in 2000 trailers. He said some are on individual sites and some are on their trailer sites. He said that is the main solution. He said still people are living with friends and relatives that is how we all have survived. He said they all have concern on how those trailers will hold up to our climate.

Senator Robinson: He asked about the twelve hundred students that have been displaced and said he knows they have some portable classrooms and asked if that has been addressed other than short term.

Curt: Said right now they have middle school in the city auditorium, a grade school working out of church and it has worked well. He said the school system is now working on a system they have had several public hearings and are looking at whether they should build new with the middle school and where it should be.

Jerry Gemer, City Councilman for Lisbon: He testified in favor of SB 2371. He said he was aware that everyone had received information on their presentation earlier in the week. He said they have been emendated by flood waters for the last three years. He said they have been financially strapped because of the emendation of the water for the last three years and has forced them to put taxes on the people. He said their sales tax is presently at 7% and likely to go higher. He said five years ago they asked their engineering firm to present them with a four phase plan to bring their entire infrastructure current and they began that project in 2008 with the water and sewer improvement which is \$2.5M. He said they put a one percent sales tax into the community and twenty five percent came out of assessments. He said in 2009 they did the same, resulting in a \$1.5 M project and increased sales tax another half percent and another fifty percent came out of assessments. He said in 2009 the floods came and put a halt to their four phase plan. They are currently looking at putting phase three and four together. It will deal strictly with infiltration that has come from the high waters. He said the high water table is forcing them to bypass lift stations, dumping water into the river instead of the lagoons where it is suppose to go to. He said it is all EPA approved but they have been emendated with infiltration in their sewer systems. He said that is what this future three million dollar project holds for the city of Lisbon. He said at the end of 2008 the next worth of the city of Lisbon

was just over three million dollars at the end of last month their net worth was 1.1 million dollars because of the floods in the last three years has cost them. In 2009 the expense of the flood was just shy of two million dollars and the cost to the city was eight hundred and seventy thousand dollars, 2010 it was two hundred and seventy five thousand dollars at a net cost to the city of one hundred and eighteen thousand dollars and in 2011 the total cost of the flood was 2.469M dollars, which cost the city out of pocket 1.2M dollars and they can't take anymore expenses. He said they are here to ask the state of North Dakota for some permanent flood protection. He said they need erosion control and river clean up, the rivers have eroded away. He said he knows they have Devils Lake issues coming their way which they can handle with the help from the state of North Dakota.

Curt Halmrast, Emergency Medical Services: He requested \$3.5M. Testimony attached # 5. Testified in favor of SB 2371

Alan Hanson, Fire and EMS Chief in Williston: Testimony attached # 6.
He testified in favor of SB 2371.

Additional written testimony #7-10 from:

Jeri Warrenburg, NREMTP, Emergency Medical Service Director, Grenora Ambulance Service: Testimony attached #7

Myron Eide, Squad Leader, Ray Community Ambulance: Testimony attached # 8

Carolyn Folden, Parshall Ambulance Service, Inc.: Testimony attached # 9

Kari Enget, Co-squad leader, Powers Lake Ambulance: Testimony attached # 10.

Kerry Krikava, NREMT-Paramedic and Administrator of McKenzie County Ambulance Service, Watford City: Testified in favor of SB 2371. Written testimony #11

Representative Delzer: Said that he had a discussion with the health department about the staffing grants that the legislature put forward in the last biennium and they said that Watford City didn't even apply.

Kerry: Said that is incorrect and that they have used that grant ever since they offered it.

Representative Delzer: Said he would get with them again and see if there is a difference but that the list he had stated Watford City did not apply.

Kerry: We've used that – that's incorrect. We've been getting money.

Matt Peterson, City Commissioner, Valley City: Testified in favor of SB 2371. Testimony attached # 12 and #13 (pictures).

Joe Balfour, Devils Lake, Ramsey County: He said that the Sheyenne River is a very important tool for all of them to move water downstream. He said they need to use the Sheyenne River as well and they support Valley City, Lisbon, Fort Ransom. He said he

tries to get to visit with the officials every two months and see the needs. He also said they need the Sheyenne River to move the water out of Devils Lake. He said Devils Lake elevation for a spill is 1458 and if it does get to the 1458, it is not far from that now, many thousands of acres of farmland would be absorbed within the Devils Lake Basin. He said they have close to two hundred thousand acres under water. He said the six million dollars that was put into the bill for roads; they are really struggling up there and are about six million dollars short. He said Ramsey County has sold bonds for two million dollars in the last two months for their share but it doesn't cover what they need. He talked about a map that showed the changes in the area.

Senator Robinson: Asked about the \$2M loan he had referenced and if that is in addition to the million dollar loan that they put in place during the session or was that part of it.

Joe: This is in addition.

Senator Robinson: He asked if it could be closer to three million.

Joe: Said it could and with the taxation of this basin, these two hundred thousand acres of land, they are down to wasteland taxes which are thirty five dollars a quarter because they wanted to retain ownership. He said most of the farmers and the people living there are paying that. He said unfortunately they have to shift the burden over to other areas to maintain a base to operate their county.

Chairman Holmberg: Adjourned the meeting.

2011 SPECIAL SESSION
SENATE STANDING COMMITTEE MINUTES
Senate Appropriations Committee
Brynhild Haugland Room, State Capitol

SB 2371
November 8, 2011
Job # 16949

Conference Committee

Committee Clerk Signature 

Explanation or reason for introduction of bill/resolution:

This bill relates to disaster relief providing money to help people and communities affected by flooding, communities dealing with the downside of oil development and money for the state to fight potential litigation over the regulation of hydraulic fracturing.

Minutes:

See attached testimony # 1-24.

Chairman Holmberg called the Joint Committee to order on SB 2371. Roll Call was taken. **There is a Fiscal Note for SB 2371.** He asked for Legislative Council to walk them through the budget and go over the salmon colored information packet. (Written attachment #1) will be reviewed.

Allen H. Knudson, Legislative Council, Legislative Budget Analyst and Auditor. (Written Attachment #1)

Went over the General Fund Budget Summary starting from where they left and adjourned last April and shows the \$51M ending balance. There was a \$336M general fund beginning balance increase. The middle column is the current estimate of the General Fund status. This is the information that you heard at the last budget section meeting. The primary change to that is the additional \$336M that the general fund beginning balance increased. Legislative Council will be updating as you go through this week. This will be the starting point. We are reflecting the additional \$336M because that is an actual beginning balance. The governor mentioned that there is \$92M of additional revenues that have come in July, August and September that would affect the 2013 estimated revenues, at \$3,457,000,000. We are not reflecting those amounts as far as the Legislative budget status at this point. The only amount we are reflecting is the beginning balance actual amount because that has actually already occurred. The bottom of the middle column reflects an ending balance as of June 2013 of \$388M. That is your starting point as you start your work this week. The middle of the page is the status of the major special funds that we often get questions about. The Legacy Fund and Tax Relief fund are all the same as they were when you left the regular session. There is a slight change in the Disaster Relief Fund, being that there have been some additional expenditures out of that fund, that we anticipated during the end of the session. When you left the session we were anticipating \$2.7M as an ending balance and the Strategic Investment Improvements Fund?

is the same amount that you anticipated at the end of the session as well. On the Budget Stabilization Fund, if you do increase General Fund Appropriations during this Special Legislative Session that will increase the balance that can be in the budget stabilization fund and that is 91/2 of the General Fund Appropriations. So if you do appropriate additional money, such as \$150M of general fund spending, that balance could increase by \$13.5 M and that would occur just by the interest staying in that fund rather than being transferred to the General Fund. We will update this form as you take action in the next few days and as you go forward to keep that updated as to where you are at. Page 2 is budget status summary. It contains basically the same information as on the first page and that will be updated as you proceed this week. The rest of the information is basically the information on what the state has done in previous disaster situations. The single page sheet that was passed out is a compilation of the bills that are before you during this special session and what the potential fiscal impact is of those bills, both of revenues and appropriations. The bill that you are hearing now, the disaster bill, for revenues, as was discussed yesterday, there is those tax incentive provision in there that if approved would reduce General Fund revenues by potentially \$11M. We list on the Appropriations side the bills that are before you and the appropriations that are included in those. The total potential impact on the General Fund is \$165M in appropriations, other funds of \$479M, total of \$645M. There is also a potential of FTE positions of 55. Please note that these funds do not include the \$30M from the Bank of North Dakota that would be transferred into that rebuilders' loan program, since that is a continuing appropriation that doesn't get reflected as a specific appropriation.

Chairman Holmberg thanked him and stated you'll be with us in the next few days and will apprise of us changes as they occur. States Mr. Knudson will keep track of changes for us.

Chairman Holmberg ordered to call the roll.

MEMBERS PRESENT ARE AS FOLLOWS:

SENATORS: CHAIRMAN HOLMBERG, CO-VICE CHAIRMAN BILL BOWMAN, CO-VICE CHAIR GRINDBERG, SENATOR CHRISTMANN, SENATOR EBERLE, SENATOR FISCHER, SENATOR KILZER, SENATOR KREBSBACH, SENATOR WANZEK, SENATOR WARDNER, SENATOR O'CONNELL, SENATOR ROBINSON, SENATOR WARNER.

REPRESENTATIVES: CHAIRMAN DELZER, VICE CHAIRMAN KEMPERNICH, REPRESENTATIVE SKARPHOL, REPRESENTATIVE HAWKEN, REPRESENTATIVE DOSCH, REPRESENTATIVE MARTINSON, REPRESENTATIVE MONSON, REPRESENTATIVE WILLIAMS, REPRESENTATIVE THORESON, REPRESENTATIVE KLEIN, REPRESENTATIVE BRANDENBURG, REPRESENTATIVE DAHL, , REPRESENTATIVE POLLERT, REPRESENTATIVE BELLEW, REPRESENTATIVE KREIDT, REPRESENTATIVE NELSON, REPRESENTATIVE WIELAND, REPRESENTATIVE KALDOR, REPRESENTATIVE METCALF.

ERIC HARDEMEYER, President and CEO, Bank of North Dakota. Testified in favor of **SB 2371**. The intent of this is to clarify some of the issues around the Rebuilder's Loan Program. Program was designed after a program that was used in Grand Forks after the

1997 flood it was called the Grand Forks Housing Rehab Program which was basically a forgiveness program. There were four real principles that we were working with.

1) To keep as many people in their homes as possible 2) We didn't want to duplicate efforts and wanted to focus on unmet needs. 3) We knew that homeowners probably were going to be taking on a lot of debt and that they wanted to limit the amount of debt that they were going to be taking. 4) To keep it simple.

The Bank of North Dakota is providing \$30M of funding out of our capital. It is augmented by the State Disaster Relief Fund of another \$30M so there could be a total of \$60M.

A couple of concerns that we have on the way the bill is written today is that there are no real criteria on who qualifies, other than what is written on page 1. Subsection 3.

Senator Warner asks, is there a priority to these loans? Obviously there is a FEMA component that is required and that is the #1 priority. Do you have to have a SBA loan in order to qualify for the state program? The state program is very generous.

Eric Hardemeyer states there is no FEMA requirement match at this point. A lot of these homeowners are going to need all of these types of assistance. FEMA, SBA and Rebuilders. You could take on the Rebuilders debt without taking on SBA.

Representative Monson states on your testimony, page 1, "use of proceeds" you have that the homeowners existing property or for the purchase of a home in a disaster impacted community. Does that indicate that someone in Minot could rebuild in Bismarck because both communities were disaster impacted so if someone that in Minot and lost their home and said I would like to rebuild in Bismarck. Could they do that?

Eric Hardemeyer states that the statement would allow for that but that was not the intention. The intention was that they rebuild in the same community that the disaster occurred.

Representative Skarphol asks if damages to the home were \$150,000?

Eric Hardemeyer states that SBA has the ability to go up to \$220,000. They could use our program and max out SBA in that regard.

Representative Bellew asks if basically they could use this money to purchase another home in their community?

Eric Hardemeyer states that is correct.

Representative Kaldor states that Mr. Hardemeyer talked of a 20 year amortization and in your example you also used a 10 year amortization. What is the criteria for that and is that a negotiated choice between the borrower and lender?

Eric Hardemeyer states that he thinks so. If this program gets approved as it is presented most of these individuals will be out of debt in 6-7 years. The idea is that we think they want to pay this debt off. Reductions will be coming in years 2-5.

Senator O'Connell asks if I buy a home that was destroyed in the flood zone, can I qualify to fix up that home and stay there?

Eric Hardemeyer states no, you have to be the homeowner that was impacted.

Representative Monson asks if a person with a home value of \$150,000 and a mortgage of \$100,000 and then the damage for \$100,000 and then the FEMA, SBA and this Rebuilders loan program kick in for a total of \$100,000, what happens to the original mortgage, the original \$100,000? Is it replaced by FEMA, SBA and Rebuilders loan so the \$100,000 goes to pay off the bank who held that mortgage or what happens to that original mortgage?

Eric Hardemeyer states that it stays in tack. That is not addressed here. SBA does have the ability to refinance that as part of their package as well but in this example this is all new financing assistance in addition to their existing mortgage. That is why that if you go back to the issues we talked about that they don't want to incur all this new debt. They are still going to have their mortgage that they have to continue to pay on.

Senator Christmann states that the deadline for application is next September but how do you time the start of this so we don't reconstruction of a home right in the way of flood control or in the path of the flood control is going to send the water?

Eric Hardemeyer states that there is kind of a hesitation on borrowers to do anything until they know exactly where the flood lines and protection is. There is probably not going to be a lot of rebuilding until homeowners know if they are going to be taken out by hazard mitigation money. We don't anticipate a lot of those decisions are going to be made until there is further clarity on where those lines are going to be drawn. Some of those lines are starting to be drawn right now.

Senator Robinson states regarding the issues you touched upon and there might be others, do you have a set of proposed amendments that would address the concerns you have to maybe expedite the process here?

Eric Hardemeyer states that we do have some amendments that are drafted to do that. One is to specifically tie the loan to the FEMA grant.

Representative Delzer asks if someone has this situation such as they take a house, they fix it back up and 6 months later they decide they want to sell it, what is there that makes them want to pay this note back off?

Eric Hardemeyer states they are still liable for the debt. They would not get the forgiveness because they are not continuing to occupy the home. They are still liable for the debt they have incurred.

Representative Delzer states that they would still have a 1% loan for 20 years even if they made a profit of \$100,000 on that home?

Eric Hardemeyer states that is correct.

Senator O'Connell asks about apartments or rentals?

Eric Hardemeyer states this is not for multi-family homes.

Senator Wanzek asks if all these loans are going to be unsecured? Or will there be a second or third position?

Eric Hardemeyer states that we had quite a discussion if we should secure with a mortgage or not. At the end of the day, we decided that was not worth the headache because we think that there is probably a mortgage on it already, probably a second mortgage and then SBA is going to come in with a mortgage. We couldn't figure out what the value of that mortgage might be. The borrower is still liable personally for the debt. You can't walk away from it.

Representative Nelson states he asked OMB yesterday and I don't know if I got the answer correct. The loan reduction feature of this bill and the accounting of that it is not accounted for in the appropriation. Yesterday the talk was funding through the Adjutant General's Office. Would that have to be appropriated on a biennial basis to pay for the loan reduction feature? Or is it in these numbers?

Eric Hardemeyer states that in Section 7, Appropriations for Adjutant General Funding for Rebuilders Loan Program, that \$30M could be used for any spill over of loan needs that we have in addition to the \$30M plus it can be used for any way the city or county deems as the most effective to assist that community. Our thought was that that money for the forgiveness would have to come out of that portion of it.

Representative Delzer states if the money is not expended or given to the cities by the end of the biennium, it would have to be re-appropriated. The cities might use this money and then turn around and use tax dollars to do this in the future from the increased tax value that they get back when they do it. From what I see in the bill, it would have to be re-appropriated. On these home loans, a number of these are going to be originated out of local banks or are they going to be originated out of the Bank of North Dakota?

Eric Hardemeyer states that the intent was that we would work with the local community banks. We have been working with the banking associations and Minot Lender Task Force to ensure that we would be able to use their staffs to put this program out into the community. We anticipate we can see 1500-2000 loan applications so they can work with their local banks and the banks are use to working with them. The banks in Minot have agreed that this is something that they would do on behalf of their customers. The idea is to leverage off of the local bank and step forward and originate the loan and then they would sell 100% of the loan to the Bank of North Dakota.

Representative Delzer states that they would sell it 100% to the Bank of North Dakota so the repayment would all come to you.

Eric Hardemeyer states that the consumer would continue to make payments to the bank but they would get passed back to the bank of North Dakota like we do with all of our other loan programs.

Representative Delzer asks if the local community is doing their percentage share they make that payment to the local bank or to you?

Eric Hardemeyer states we need to work that out. I would guess that they would make it to us.

Representative Delzer states that a number of us here don't have a problem with the loan idea and if the locals want to do the forgiveness, we really don't have a problem with that. We are really concerned about the state starting a forgiveness program. If the locals do it that is fine but I am wondering if the bank is there if it isn't better if they make that forgiveness payment from the locals to the local banks. Keep the state as far away from this as they can.

Representative Dosch asks about the how to get around the regulatory requirements and you indicated these loans would be unsecured and there are certain regulatory requirements that a bank has in making unsecured loans, debt income ratio, net worth and even qualifications? Are they even going to be able to repay this loan? How do you get around this?

Eric Hardemeyer states we see no regulatory impairments to making this loan. The Bank of North Dakota buying 100% of the loan. We don't see any regulatory issues.

Representative Dosch asks if there is going to be any qualifications for the loans? If I am in one of these situations can I just go and get a loan even though I still have my first mortgage, I still have my SBA loan and I can't make these payments, is there any credit guidelines whatsoever on this?

Eric Hardemeyer states that our thought was to keep it simple but there are provisions within this legislation that allows the banks to put policies forward that might act as somewhat of a restrictor in that. We have not yet contemplated that issue. We haven't looked at credit scores or income. We thought it best to work with the borrower to get back into their home and rebuild it.

Representative Skarphol states that Eric used the Grand Forks model to do this. Can you comment on that program?

Eric Hardemeyer states that it was something that we looked at. It was fairly successful in Grand Forks.

Representative Nelson asks if credit unions able to take part of this as well?

Eric Hardemeyer states yes, all financial institutions.

Representative Delzer states that the GF loan situation is that North Dakota monies, Bank of North Dakota monies or was it CDG (Community Development Block Grant) federal dollars or what?

Eric Hardemeyer states it was CDBG money. We all realize those federal dollars don't appear to be available.

Rick Clayburgh, President and CEO of North Dakota Bankers Association. He is also speaking on behalf of the Independent Community Bankers as well. Both organizations support the Rebuilders Loan Program and we believe it is another tool to assist their customers to rebuild their communities and to bring their communities back.

Chairman Holmberg asks is there was any information that has been presented by Mr. Hardemeyer that caused some heartburn amongst the banking community or are you okay with the way the bill is drafted at this point?

Rick Clayburgh states it is pretty unanimous among the organizations that this program will be beneficial to help homeowners stay in their home or incentive to stay in their home and help rebuild their community. No, I am not aware of any significant heartburn.

Representative Skarphol asks if the actions that they may take might potentially inhibit the federal government from being more generous in consideration of this disaster?

Major General Sprynczynatyk, Adjutant General testified in favor of SB 2371.

(Written Testimony #4)

He states that is also the Director of Emergency Services. The federal government's involvement is specified in the Stafford Act and that was passed several years ago and that addresses all the federal government's involvement in disaster response and disaster recovery. Total flood cost is estimated at \$1.4B and that is what the flood is costing the Federal government and the State of North Dakota as we know it today. So far in the 9 counties that have been designated for individual assistance there have been approximately 14,500 registrants.

Senator O'Connell asks is there a plan that will protect these people who go through all these loans and rebuild and then find out they are being bought out, is there some kind of protection and plan that is going to be in place so this doesn't happen?

General Sprynczynatyk states that there isn't really a plan being put into place. People for example, in the area of the Mouse River, it was laid out what possibly the buy-out area may be to provide maximum protection at Minot so they know if they are in or out of the maximum protection area plan. They will have to make a decision because there will be refinement of that plan and may find they are in or out later. This is a difficult decision for the homeowner. We have encouraged people to clean out the debris. If they have put money back in to their house and rebuild that would not be a factor in utilization of federal funds under the Hazard Mitigation Program. In the HMP, two independent appraisals are made of the pre-flood value of the home and then are used to determine the basis of the offer for a voluntary buy-out of that homeowner. People are asking, if I invest money now will I be able to recover that? Under the FEMA program no, under any state program that may be possible but there is no plan in place for it. One question is on Section 14, that deals with the Road Grade Raising Grants, we support the provision for funding for that but the challenge is now is that there is no definition of what is eligible and what isn't for funding at the state level. In the last session, SB 2369 provided for a similar program and if that was the intent of this particular section we are willing to work with this committee or

joint committee to develop language that we believe would help determining how that money is best spent.

Chairman Holmberg states please work on that language and it will come to joint committee.

General Sprynczynatyk states that yesterday the director of OMB, Pam Sharpe, made mention after current law, after the money is appropriated through the Disaster Relief Fund, we have to go the Emergency Commission for Approval and go to the budget section for approval. She indicated and we are in approval and we would like the legislature reconsider that 3 step process. Conceivably, you could appropriate funds now and we could be back in 2 months before the Emergency Commission and the budget section and we think that once it is appropriated and authority is there and the definition of how to use the money is there, that is an adequate process.

Representative Delzer states nothing in this bill says anything about going through the Emergency Commission or budget section so I guess the question is if there is nothing that says that does the existing language take affect?

Allen Knudson states there is language and statute that relates to Disaster Fund that any monies appropriated out of Disaster Fund need (inaudible)....

Representative Delzer states that if we wanted to bypass it we would have to change it. I would like to trace all the money that goes through your department from all the sections? It appears we have \$30M in section 7 and (inaudible).....You see extra money on top of 2369?

General Sprynczynatyk states that is correct.

Representative Delzer states the way the bill is set up, that you would set up criteria of what townships, by what is laid out in Section 12 of the bill correct?

General Sprynczynatyk states that is correct. The language that is concluded in that section to appropriate the \$5M does talk about the eligibility requirements and I think what is in the bill now is fairly explicit in that it has to be levee(ing) at least 18 mils, they have to have experienced flood damages this year and have to have debt for what they have incurred in flood fighting and recovery that exceeds twice the annual revenue stream to the township. So I don't know if we would add much more to that.

Representative Delzer states that the \$29.5M and that is to cover cost incurred up to this point?

General Sprynczynatyk states that is correct. The \$29.5M is for costs incurred plus the additional cost that we have already identified for the cost and repair and recovery of the public infrastructure across the state. When we talk of states cost share, 7% of the total, the shortfall that we have identified now would require that \$29.5M of additional state funding. Everything what we incurred from May 23rd on is over and above and has the additional requirements and that is what is requires the \$29.4M.

Representative Delzer states that we have \$5M that is in Section 16 meant to be a contingent line if there is a disaster in 2012 of over \$50M to pay half of the local share. Why did you come up with \$50M? Doesn't the number split at \$100M to go to the 9010?

General Sprynczynatyk states that the discussion was essentially that if you look back at the last 3 years, 2009-2011, many political subdivisions in the state have incurred tremendous expense. The discussion was, what is a threshold whereby the state might be willing to provide additional assistance to the political subdivisions. This year, as the legislature was in session and the discussion took place we were looking at a \$50M flood. The legislature then provided funds for us to pick up half of that non federal share. At that point in time, for \$50M event the non federal cost share is 25% and the policy that is in place is that 60% of that or 15% of the total would be picked up by the political subdivisions and the remaining 10% of total would be picked up by the state. When the legislature made the decision this year we knew it was going to be a \$50M event. The legislature did provide funds for us to pick up half of that non federal, non state cost share and that was based on 75% federal and 25% non federal. The \$100M threshold is the threshold is where the federal government's participation increases from 75% to 90% and then that reduces the non federal share to 10%.

Representative Delzer states that the \$5M you have in there is enough to cover the 7½ that would be the local share for \$50M. What if it is \$75-80M? Would that take more than the \$5M or would there be enough there to cover up until it triggers at the 90-10?

General Sprynczynatyk states no, it would not. That would be enough to cover anything up to \$50M and then it starts to creep up to that \$100M mark then we go to the 90-10. We would probably be okay if it was over \$100M but if it's between \$50M and \$100M we might come up short. I assume what we would do is use our existing authority to be able to come to the emergency commission, seek borrowing to pick up the difference based 2012 events cost estimate.

Representative Delzer asks, with everything you have in here, if it is all expended, what will be the level of the Disaster Relief Fund? Would we have the money projected to go into it during the interim if we hit over the \$300M and the amount that goes into the Property Tax Relief Fund so that there would be some to go into that? Would it be there at the start the next session or would that also be spent?

General Sprynczynatyk states that right now the projection we are making is that asking for enough funding to take care of everything through the 2011 event. That includes the new programs. When we look at 2012, without the \$5M appropriation, we would be starting at zero and we would have to go through the process of going through the Emergency Commission to request borrowing authority from the Bank of North Dakota and then put that money in the Disaster Relief Fund that goes in the budget section and then we would pay it out. If we have the \$5M we would not have to borrow that \$5M, assuming there was a disaster next year. So right now the funding that is over and above that is required to get us through the 2011 event is the \$5M.

Senator Bowman asks if the townships, on page 7, the townships have to have a fund level of at least 18 mils, is this an example to help townships, that have had a tremendous

amount of flood damage on their roads? They are at 17 miles so they would not qualify. We should give them at least until their very first meeting a time to increase those miles so they can qualify so we will help all the townships that suffered damage and not the select few. We need to discuss that and get an amendment drafted that will cover that.

Representative Klemin-District 47, Bismarck (Written Testimony #5) I have a section of existing law from the North Dakota Disaster Act dealing with compensation for claims for the use or destruction of property during a disaster. The North Dakota Disaster Act does provide a procedure for the filing claims in the specific cases to compensate for property that was used for the management of a disaster. If there was a claim that was filed, how would that claim be paid? Is there funding available to pay those claims? This has been confirmed by Emergency Services that there is currently no funding to pay a valid claim filed under the North Dakota Disaster Act. It seems to me that there should be a provision that provides for the funding under a claims procedure that we already have for disaster we have under North Dakota existing law. We are also talking about the potential of a claim filed in 2012 for a disaster. This statute you are looking is consistent with these constitutional provisions. I don't see anything in SB 2371 that provides for how a claim filed under this existing law would be paid if a claim was made. So I don't have an amendment to bring to you but I think it would be unreasonable to expect a citizen of North Dakota, who has property taken or destroyed by the state, under this statute, during a disaster emergency, would have to wait until the next legislative session for the legislature to appropriate funds to pay those claims.

Senator Holmberg asks if he has looked at the history that the legislature because of a disaster gone in and appropriated money in order to cover that claim?

Senator Klemin states I don't have any history on it but I think you are in the process of providing an appropriation for disaster claims now. You are providing appropriations for a wide variety of areas related to disasters other than this one.

Senator Warner asks if Senator Klemin would be content that this is for physical damages only and not for loss of business?

Senator Klemin states that Section 4, "for loss of property."

Senator Tim Mathern, District 11, Fargo, testified in favor SB 2371.
(Written Testimony #6).
He has an amendment that relates to multifamily housing.

Chairman Holmberg states that we have 3 stacks of amendments. 1) Amendments that come from agencies which are of technical nature that has no House or Senate sponsor and we will deal with them as a full committee 2) measures that, as they are introduced and it is deemed fine, we will handle them in the joint committee 3) amendments that the members want to spend time on they will go to the Senate Appropriations Committee if it came from a member of the Senate and it will go to House Appropriations Committee if it came from the House. Then that will be the body will determine if they want the amendment to move forward and then flip them since they have to be voted on separately.

Representative Delzer asks if his amendment is to try to further restrict what that incentive fund can be used for?

Senator Mathern states that the essence of the amendment is to make sure that the lowest income persons also have housing that is built by the tax credits that would be available on the funding that we are putting into this.

Representative Todd Porter, District 34, Mandan. Testified in favor of SB 2371.
Explanation of Amendment. (Testimony #7)

Rep. Bellew asks if the amendment include if community had to rebuild schools with local share?

Allen Knudson states that was paid thru public assistance with FEMA.

Rep. Delzer: (inaudible).....

Rep. Porter states it starts with Barnes and end in Williams counties. (On Written Testimony #1) Those designate counties are part of that fiscal note.

Senator Bowman states this year ground level was terrible all over. Sump pumps needed. It should be open to anyone who suffered damage. What's your view on that?

Rep. Porter states right now it's tied to presidentially declared damage areas. This isn't intended to put in sump pumps but if they have \$40,000 damage and assessed value is lessened but probably but they would have to have real damage just not the need for a sump pump.

Senator Bowman states a lot have suffered damage because of water table.

Rep. Scott Louser, District 5, Minot (Written Testimony # 8) Proposed amendment.

Rep. Mike Nathe, District 30, Bismarck (Written Testimony and Amendment attached # 9 and #10)

Chairman Holmberg asks does Ward county number include city of Minot -----2 separate. Response is 2 separate.

Rep. Delzer states last 2 sessions, property tax relief thru school funding. Had discussion with tax dept., how would this work?

Rep. Nathe states the state would pay the county

Rep. Bellew asks do those estimated tax losses include schools?

Rep. Nathe states, personal property and business only.

Senator Wanzek asks is this a onetime deal?

Rep. Nathe states yes, it is only for taxable year 2011.

Representative Delzer states I think we need to know the issue with the schools, whether the property tax is considered part of this amendment?

*****15 Minute BREAK *****

Chairman Holmberg: Polled the audience for those wishing to propose amendments and testify.

Rep. Kempenich: Clarified process of amendments.

Rep. Martinson asks, no conference committees?

Chairman Holmberg states, No, this is it.

Rep. Skarphol asks do the chambers vote separately? Answer – Yes, then the whole committee?

Michael Anderson, Executive Director, ND Housing Finance Agency, Testified in favor of SB 2371 (Written Testimony attached # 11)
Read from testimony---- wants to address equity for affordable multifamily housing projects and he would like to present changes that would provide for tax credits as an offset for contributions to the Housing Incentive Fund (HIF). His proposed legislative changes will require changes to the current HIF Allocation Plan. Would like the provisions to be approved before the next debt funding round.

Senator Grindberg asks remind the committee who is eligible? And on 2nd page, would it be possible of current multi-family, would those qualify for funding the way it's set up?

Mike Anderson states any tax payer can purchase credits. It can be used for new construction, uninhabitable or re-existing structure.

Senator Warner asks what is deed restriction? What is definition of that?

Mike Anderson states the deed restriction stays with the property. Basically the deed has restriction and it follows the deed to a new buyer.

Rep. Monson states he is trying to find, section 5, and doesn't – meant section 4. On 2nd page, last sentence sounds like we're giving you a blank check and sole limitations. Does that say you can waive everything?

Mike Anderson states on waiving the project cap numbers, the allocation plan has to pass scrutiny with board. Some projects are viable, but just need a few more dollars to get work done. Yes.

Rep. Dennis Johnson, District 15, Devils Lake (No written testimony.)

Speaking on Section 14 (\$6M) and the fact that FEMA does not address roads. I was given \$6M to put into language. We can't identify area – Ramsey county has already borrowed \$2M. Fixing roads not contiguous to Devils Lake, Ramsey County.

Rep. Delzer states federal aid roads, feds are paying part and local match and it is road raises?

Rep. Johnson states yes.

Rep. Delzer states you dealt with prime sponsors. Not to deal with FEMA match.

Rep. Johnson states I have numbers that work off of roads. Have 5 counties in the mix – not just two I represent.

Rep. Delzer asks if he has to have money as match before you can start? Yes.

Rep. Pollert states you talk about \$2M for Towner and some for Ramsey and that doesn't recommend include the other 3 counties, correct?

Rep. Johnson states I'm looking for \$7.5M for the two counties.

Rep. Monson states Devil's Lake is so big that Stump Lake is now contiguous. Is Stump Lake in Nelson county, they could go all the way to Cavalier county.

Rep. Johnson states that is why 5 counties go put into this formula is because of how large that lake has become.

Chairman Holmberg states that Adjutant General is working on language to address part of bill.

Rep. Nelson asks I am curious, is there an estimate from DOT? In those 5 counties, what is anticipated level of need is? We need to understand how to address this. Has there been any accounting of the needs of the 5 counties?

Francis Ziegler, Director, ND Department of Transportation (Written Testimony # 12 and #12A)

Rep. Delzer asks what's the local match on the ER?

Francis Ziegler states we are looking now what all those counties have in the works for ER that is federal aid.

Rep. Delzer asks what is the local match on the ER?

Francis Ziegler states that the local match on the ER is typically 20%.

Senator Wanzek handed out Francis' amendment. Testimony attached # 12 and 12A).

Francis Ziegler: Distributed disaster estimate reports. Want to borrow some more money so the money will be available thru May.

The counties agree with us for a local match.

Rep. Delzer refers to section 2 of the bill – to make the permit different. Are you aware or is that all HP?

Francis Ziegler -HP is provider. We work that out with them. We worked out this language with trucking industry. There is already single trip permit. This is to help oil industry to keep moving with permitting until electronic permits come through. The money from the permits is a revenue source with the Dept. of Transportation to fix the roads.

Rep. Delzer asks if this is the highway fund or highway distribution fund? Response is Highway Distribution Fund.

Rep. Kempenich asks how far out are you on your GIS to get routes done?

Francis Ziegler states the colonel has been working with us on electronic software piece. It will be the end of 2013 until that is in place.

Rep. Skarphol asks the issue on GIS isn't recommend so much for the colonel but with DOT for computer system to work. Has to be a lot of maintenance.

Francis Ziegler states if you're talking about the GIS base map program. They are about 60% done and is on schedule. Should be done mid 2012.

Rep. Kempenich asks did you go east to west or east to west. Anyway the department can partially implement this?

Francis Ziegler states we need to get larger unit of counties before we can utilize the system.

Colonel Jim Prochniak, Superintendent of ND Highway Patrol, regarding a time line for that electronic permitting and routing component that is to be up and running by next legislative session.

Senator Tim Mathern, District 11, Fargo (Written Testimony #13)
Clear amendment removes the contingent appropriation of \$500,000 from the general fund and \$500,000 from a Bank of ND line of credit to the Industrial Commission for litigation and administrative.

Karen Van Fossan, seminarian student at United Theological Seminary in MN.
(Written Testimony # 14)

The chemicals used in fracturing are not regulated. Wants to the legislature to think twice about furthering fracturing. Says State of ND destroyed her family and farm. The State of

ND has no right to use our tax dollars to overrule our right to health protection. I urge you to remove section 25 from disaster bill.

Additional information:

Kris Kitko, Bakken Watch, in support of amendment
(Written Testimony #15)

Hannah Balaban, Bismarck
(Written Testimony #16)

Wayde Schafer, Mandan, Sierra Club spokesman, Supports Senator Matthersens amendment.
(No written testimony)

Lynn Helms, Director, ND State Industrial Commission
(Written Testimony # 17) – spoke from testimony
Presented facts about fracturing and statements from Ground Water Protection Council. There is a definition of diesel. ND needs to have a voice in the decision so they need to be at the table. May have to hire a law firm to serve ND interests and spend money at Attorney General's discretion.

Representative Kempenich states they really want to regulate oil. This is ridiculous and government run amok.

Lynn Helms states I cannot disagree. It's allowing something completely bizarre to define diesel fuel.

Senator O'Connell states everything that goes down that hole is listed on the website?

Lynn Helms states we are a member of Fracfocus website. They are requiring all chemicals be listed on Fracfocus.

Representative Skarphol states we had conversation with Robert Harms in regard to some types of issues. He referred to legal term.

Lynn Helms: EAJA (Equal Access to Justice Act) They can sue the federal government and then settle that lawsuit and then be reimbursed for all legal expenses Organizations are being reimbursed by the federal government for suing the federal government.

Representative Skarphol states we need to have some dollars set aside. A regulating agency may use these tactics and we need to have provisions in our laws to protect ourselves.

Representative Nelson states the history was important for that discussion. What has changed in the last 6 months? Mr. Schafer's point is better that it be addressed in full legislature. I would prefer that. What has happened in this calendar year – Dept. of Health is involved in.

Lynn Helms states if I thought we could wait I would. It's already been submitted to Office of Management & Budget. We have a congress that is neutralized. They push regulations out the door and congress can't halt it. Rather than go thru shortcut, they want to stuff it down the states. If they were going to sue a process that would take 2-3 years, we have to be ready if facing stops in this state. Our oil projection will be well below. There will not be money for emergency relief.

Rep. Mike Schatz, District 36, New England, ND

Written Testimony # 18 and #19 (amendment)

Need to plan for infrastructure for western counties. The amendment establishes truck reliever routes available.

Rep. RaeAnn Kelsch, District 34, Mandan (Written Testimony # 20) (amendment)

The amendment addresses the influx of students in the ND schools where the Bank of ND shall maintain a loan fund to make or participate in loans to ND school districts to fund school district capital projects. She addressed Williston's situation.

It offers up to school districts to get a 1% loan up to a \$25M project and capped at \$75M.

Rep. Monson asks do you recall how much money is in the loan fund now? This would be additional \$75 M.

Rep. Kelsch states we had the numbers during the Education - \$160M?

Rep. Monson states we could be looking at \$150 M. Representative Kelsch states the intention was that it was \$75M and the money would come from the general fund.

Chairman Holmberg states this is written saying \$75M. If there wasn't enough money there, is there really \$150M available.

Allen Knudson states I believe it is.

Rep. Kelsch asks if all money were utilized. Intent was \$150M

Representative Wieland asks does this bypass a vote of the people in the school district. Answers is no.

Rep. Kelsch states this was to make it easier and interest rate lower and being incentive to the school district. The difference is interest rate.

Rep. Kaldor states some legislation used oil loan fund.

Chairman Holmberg states House Appropriation will look at this when they get together.

Rep. Scott Louser, District 5, Minot

(Written Testimony attached # 21 (amendment)

The amendment puts a one year moratorium and appraisers to have full access. This allows appraisers to do their job. They would have a one year moratorium

Senator Wanzek asks is that for any deed filed or farm real estate. Drag in every deed.

Rep. Louser states only in the areas deemed in the presidential declarations.

Representative Ron Guggisberg, District 11, Fargo

(Written Testimony attached # 22) amendment

(Written Testimony attached #23) Insurance Premium Tax Distribution Fund Grants to Fire Districts.

Rep. Delzer asked was this a delayed bill or issue in last session?

Rep. Guggisberg states it was not an issue in last session. Didn't do delayed bill but instead had it drafted as an amendment.

CJ Craven, Minot City Fire Chief

(No written testimony)

He stated that there are many situations the fire dept. ire dept. did not have to address before, such as, fuel costs, personal protective gear, etc. One breathing apparatus machine is \$5000. Training is very much needed because without training, the equipment isn't much good.

Rep. Kaldor asks relative to your area, Minot and west. A lot of companies are using their own services for certain circumstances, explosive, etc. Are they at risk without this funding?

CJ Craven states the initial response will be from local fire dept. They need the training so they don't get hurt.

Rep. Pollert asks, I'm looking at schedule of taxes collected in 2011. Tax collected \$6.5M. Does the amendment try to do the \$8.6M get you caught up or not?

Rep. Guggisberg states the reason is it is above 100% is because it's more than projected. \$25M is going to general fund. I rounded it up and doubled it.

Rep. Ed Gruchalla, District 45, Fargo

(Written Testimony # 24) amendment

This is adds for traffic troopers andthis is in addition to the other bill. This funds the 7 FTEs (three motor carrier trooper position and four FTE traffic trooper positions.)

Chairman Holmberg asks to give Allen Knudson the numbers of the amendment if you have not been able to present them.

Chairman Holmberg adjourned the hearing on SB2371.

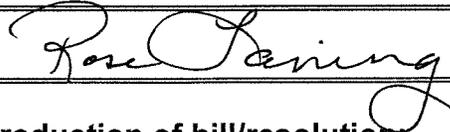
2011 SPECIAL SESSION
SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee
Brynhild Haugland Room, State Capitol

SB 2371
November 9, 2011 9 AM
Job # 16951

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

This bill relates to disaster relief providing money to help people and communities affected by flooding, communities dealing with the downside of oil development and money for the state to fight potential litigation over the regulation of hydraulic fracturing.

Minutes:

Testimony attached #1-19

Chairman Holmberg called the committee to order on SB 2371. Roll call was taken. All members were present.

Chairman Holmberg called the committee to order on SB 2371 and handed out:

- Proposed Amendments to be Considered by the Joint Appropriations Committee – attached #1
- Proposed Amendments to be Considered by Senate Appropriations – attached #2
- Proposed Amendments to be Considered by House Appropriations – attached #3

Rep. Carlson presented amendment 11.0826.04017 (attached # 4)

He addressed the amendment and stated it removes subsection 7 relating to principal reductions for the rebuilders loan program.

Rep. Glassheim: Will you have language permitting the localities to do this with their share of the money?

Rep. Carlson: The other sections dealt with the money to local communities, but it didn't specifically say that that is what they are going to be doing. The language dealt with maintaining residences within a community and assisting people so they don't move out of the community.

Rep. Glassheim: You wouldn't object if we specifically say that they are allowed to do it if they chose to.

Rep. Carlson: We have a gifting clause in the constitution, but this is a fine line. The gifting clause says if you get something in return, then it's not gifting. The something in return would have been them staying in their home for five years. It is a policy that we have never done before in terms of gifting from the state level to a selected group of people. It was a fine line, but thought the decisions could be made locally by the people involved in these communities.

Rep. Nelson: I think it's important for this committee to understand if there's a model that was followed in this regard that we have some history as to the success or lack of success of that program. Hopefully we can have that information before we vote on this amendment.

Chairman Holmberg: Karlene said we'll have the information.

Rep. Todd Porter, District 34, Mandan - amendment 11.0826.04028 (attached #5). This talks about restrictions, that if you had flood insurance, you wouldn't be qualified for the loan. You need to have documentation up to \$30,000 to get the maximum amount of the loan. If you only have \$5000 damage, then you're only eligible to get a \$5000 loan. It also talks about moving funds out of the contingent program into the loan program. It increases the pool of money available for loans and decreases the amount of money available to the cities and counties or to the political subdivisions for loan forgiveness in whatever program they would decide to do with that funding.

Chairman Holmberg gave an example of someone who went out and bought flood insurance. Under this, he wouldn't qualify because he's the guy who went out and actually prepared for that. He felt it was unfair.

Rep. Porter: The purpose of this program is to do for those who didn't have flood insurance. When the event happened, if you didn't have flood insurance 30 days prior to the start of the event, then you had nothing. Even though the Corps of Engineers knew, in the Bismarck/Mandan event, back in January that they had issues, they never told anybody. There was plenty of time for individuals to buy flood insurance but there was no information given to the public in order to do that. So the individuals that had ground water seepage and had overland flooding have coverage through their flood insurance so the up to \$30,000 would just be bonus money on top of what is covered on their repairs. It's almost a double dipping situation.

Rep. Monson: I agree with the concept that you shouldn't be able to double dip, but I also don't think that we should be rewarding those people who did nothing and did not pay a premium and buy flood insurance.

Rep. Porter: The vast majority of these individuals lived outside of a flood plain. They had no reason to have flood insurance, they had Garrison Dam. Their mortgage companies didn't require them to have flood insurance. There were few next to river that have always decided to or their placement of their house was still inside of the flood plain and they were required to have flood insurance.

Rep. Delzer: (amendment 11.0826.04035 - attached #6). The bill had two sections that dealt with county and township road money and this addresses the transportation funding distribution amounts provided to political subdivisions in non-oil-producing counties. This is trying to get some road money. Most townships are at 18 mills and some are even more than that and this gives them opportunity to work on roads.

Senator Warner: Would there be a requirement that they be at 18 mills?

Rep. Delzer said there are no requirements in this amendment. There is a requirement that this goes to both the organized townships and the unorganized townships. The counties would receive the unorganized money and there is stipulation in the amendment that the counties would have to use that money in those unorganized townships.

Rep. Kroeber: Would all of the dollars go out or are there restrictions where we would have a lot of dollars that won't be used?

Rep. Delzer: The idea is that all the money would go out. We don't have the exact numbers on the organized and unorganized townships, but the \$14M is about what it is if you take the oil counties out and the rest would go out through the formula. It raises the contingent number from \$48M to \$53M.

Rep. Monson: My amendment deals with one of the sections that Rep. Delzer's amendment would be removing. If that amendment passes, then mine is not needed. My amendment would replace 18 mills to 12 mills, so the townships that are not at 18 would only have to be at 12 to qualify. My amendment is irrelevant if Rep. Delzer's passes.

Rep. Kempenich (11.0826.04022) Amends the section to increase the oil and gas impact grant funds allocated for emergency medical services by \$3.5M, from \$3.5M to \$7M and expands the use of these funds to other emergency services providers, including fire departments, sheriff offices, and police departments.

Senator Wanzek asked if he was just increasing more of the \$30M to EMS.

Rep. Kempenich said it would be broadening out the definition for medical services. Right now it says at least \$3.5M goes to EMTs. The intent would be to prioritize emergency services and it would be up to \$7M that the Land Commissioner will put towards emergency services.

Rep. Delzer 11.0826.04018 (attached #7) deals with money for attorney general to deal with the lawsuit on the EPA. It's \$500,000 borrowing authority at the authority of the Attorney General. This can only be used for an impending law suit. If no lawsuit, then money has to be turned back.

Chairman Holmberg asked if there was any objection to handling this amendment in full committee because then it wouldn't have to go to the individual committees for approval first. This would still be a House vote and a Senate vote. (No objections)

Rep. Kaldor 11.0826.04009 (attached #8) This amendment relates to the unemployment insurance eligibility in the case of a lockout. There is an unfortunate exception in our law that is different from neighboring states, in particular MN, relating to unemployment and the eligibility for unemployment. In the neighboring 4 states, MN, SD and MT, North Dakota stands alone because all the others have an exception for a lock-out whereby the individuals affected may be eligible for unemployment or a casualty insurance policy in MT. Full time permanent workers are not eligible for this legislation. It was not accepted in the delayed bills committee. It's working in two counties as a real pressure on local social services.

Rep. Delzer: I have to question whether this is germane to this bill.

Rep. Kaldor said there is a common theme in this bill and that is helping people who have been hurt either by acts of God or acts of man. We have issues here affecting the entire state of ND. We have an economic impact in the eastern part of the state that is resulting from this.

Rep. Delzer: I disagree, but we'll let the committee decide.

Rep. Kaldor: The company has already paid the unemployment premiums, they just can't be collected.

Terry Holm, Hillsboro, ND - laid off worker from Crystal Sugar

Testified in favor of SB 2371

Testimony attached # 9

Mr. Holm asked for committee to support on Rep. Kaldor's amendment. He used to be a union representative and explained the impact to the area.

Rep. Bellew proposed amendment 11.0826.04013 (attachment #10). This would replace \$913,000 of anticipated of property tax revenue losses to the Minot School District.

Dr. David Looyesen, Minot Public Schools

Testimony attached # 11

Testified in favor of SB 2371

Rep. Monson: What's your interim balance in checkbook?

Dr. David Looyesen: Before the flood, we were at \$14M in our interim fund. Today I believe we've gone through about \$2.5M of the interim fund. We anticipate that much of that money will be coming back from FEMA. We got money to set up portable classrooms. The dike that went around Ramsted, the first portion of that dike ran \$103,000. We don't feel we can wait for federal reimbursement to reimburse local contractors who did that work.

Rep Skarphol: proposed amendment 11.0826.04021 – (attached # 12) would provide for the transfer of up to \$5M from the general fund to the oil and gas impact grant fund to allow for grants of \$1,250,000 for each new major oil-producing county after November 2011 to address the impact from new oil and gas development.

Senator Christmann proposed amendment 11.0826.04003 (see attached # 13)

This amendment (.04003) amends subsection 5 to provide that the principal and interest payments must be deferred for the first 60 months of the loan instead of the first 12 months and remove subsection 7 relating to principal reductions.

He said this amendment may look like **Rep. Carlson's** amendment. It's 1% unsecured loans and extends the time they have to make the first payment to 5 years instead of one

year as is in the bill. This will help people get on their feet. It requires them to pay it back, although he said he's not locked in on the 60 months.

Senator Christmann also proposed amendment 11.0826.04004 (attached # 14) Wants flood insurance required until the loan is repaid.

Senator Bowman proposed amendment 11.0826.04033 (attached #15)
This amendment relates to grants to flood-impacted townships, changing the definition of an eligible township as those having a general fund levy of 18 mills or to take action to increase the levy to 18 mills by June 30, 2013.

Senator Krebsbach proposed amendment 11.0826.04014 (attached # 16)
Sales tax rebate program - Adds a section to the bill to provide for a sales tax rebate for certain purchases of replacement property for property damaged or destroyed by 2011 flooding.

Senator O'Connell asked what our projected sales tax for the next biennium would be. Is it \$2.3B or roughly that amount?

Allen Knudson, Legislative Analyst: For the 2011-13 biennium, it's about \$1.4B.

Rep. Monson asked if only state sales tax would be refunded? What about city and local?

Senator Krebsbach said that was discussed by the committee and they knew that would affect the other political subdivisions, so it's only the state sales tax that is impacted by this bill.

Senator Taylor proposed amendment 11.0826.04026 (attached #17)
This amendment would appropriate \$235 M from general fund to Dept. of Commerce for loans and grants to flood-impacted individuals and communities and property acquisitions. The funding is available only to the extent federal funds received by the department and appropriated are less than \$235 M during the next biennium.

Rep. Monson: If we were to pass this, what incentive would congress have to give us anything? They would look at us and say they've already passed that, we don't have to give them anything. We can send it all to Mississippi.

Senator Taylor: They're going to look at ND regardless of whether we have this enacted. This is having a backup plan in place while we meet so the work can begin next year.

Senator Taylor: Presented amendment 11.0826.04025 (attached #18).
To increase the contingent transfer from the general fund to the oil and gas impact grant fund and the contingent appropriation from the oil and gas impact grant fund to the Land Department from \$30M to \$50 M and adds a legislative initiative for ND's lasting harvest.

Rep. Glassheim: Wouldn't you need some kind of appropriation for the planning process? \$50,000 or \$100,000 – I don't know.

Senator Taylor said the amendment doesn't have that right now, but last session, there was a fiscal note attached to it. At that time it was a governor's initiative. It was not met with favor on the floor, so this time it's a legislative management initiative. I don't know if that would have changed the fiscal nature of it. With the amendment process, they would attach a fiscal impact to it.

Chairman Holmberg asked if the amendment is put on the bill, would the Legislative Council be able to give us an estimate of any fiscal impact to the legislative management budget.

Allen Knudson: Yes. If there was a fiscal note request, we would do the estimate.

Senator Taylor said he may be able to look into the history of the fiscal note that was attached to it in the last session.

Chairman Holmberg asked if he could get that information to the Senate Appropriation members because they are meeting later in the morning.

Senator Warner proposed amendment 11.0826.04024 (attached #19)
This would direct the governor to coordinate a study of flood response measures and coordination of state, local, and federal resources to mitigate future flooding in the state.

Rep. Delzer: Allen, are you aware of any time that the legislative branch has told the executive branch to do a study?

Allen Knudson: There has been a study relating to human services. The last couple of interims, there have been a couple of those kind of things – with DD.

Rep. Delzer: That would be of departments – not the executive branch?
Allen Knudson: Yes.

Senator Warner: I think this is such a large issue and the responsibility covers so many types of agencies. We really need a multi-agency approach to the solution. We're dealing with financial, human services issues, and only the governor would have the ability to pull these all together.

Chairman Holmberg asked for any other amendments and asked everyone to listen to the floor session for future hearings.

The Senate Appropriations committee will be meeting in Harvest room 11:30.

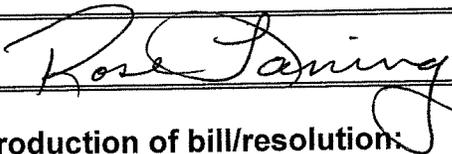
The House Appropriation members will meet in the Roughrider room 11:30 or after the floor session at 1:00.

2011 SPECIAL SESSION
SENATE STANDING COMMITTEE MINUTES
Senate Appropriations Committee
Harvest Room, State Capitol

SB 2371
November 9, 2011 11:00 AM
No audio available

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

This bill relates to disaster relief providing money to help people and communities affected by flooding, communities dealing with the downside of oil development and money for the state to fight potential litigation over the regulation of hydraulic fracturing.

Minutes:

See attached testimony - #1

Chairman Holmberg called the committee to order to go over the Proposed Amendments To Be Considered By Senate (13.9181.01000 – attachment #1)

- 1.) **Senator Mathern's** amendment 11.0826.04008 failed for lack of a motion.
- 2.) **Senator Warner's** amendment 11.0826.04024 asking for an executive branch study of the flood response measures.

Senator Warner moved the amendment 11.0826.04024

V. Chair Grindberg seconded.

Voice Vote - Motion carried.

Chairman Holmberg stated that **Senator Grindberg** will carry the bill on the floor and can parse out sections if he wishes but he will be coordinating the floor action.

- 3.) **Senator Mathern's** amendment 11.0826.04016

Senator Robinson: This amendment has the intention of giving a larger portion of these dollars to go to low income people. This would be the greatest need for the lowest income.

V. Chair Grindberg said he will resist adopting amendment. We'll be back in a little over a year and he recommended waiting to see how this transitions .

Senator Warner moved 11.0826.04016

Senator Robinson seconded.

Voice Vote - Motion failed.

4.) Senator Christmann moved amendment 11.0826.04003 and said the 60 months can be adjusted. The committee will wait to see House action.

Senator Fischer seconded.
Voice Vote - Motion carried.

5.) Senator Christmann proposed amendment 11.0826.04004. A homeowner who obtains a loan would be required to obtain and maintain adequate flood insurance coverage for the property until the loan is repaid. It's a 1% unsecured loan.

Senator Christmann moved the amendment .04004.
Senator Fischer seconded.
Voice Vote - Motion carried.

5. Senator Bowman moved amendment 11.0826.04033 - townships with a general fund levy must have at least 18 mills or take action to increase the levy to 18 mills.
Senator Wanzek seconded.
Voice Vote - Motion carried.

6. Senator Taylor's amendment 11.0826.04025 was to increase the contingent transfer from the oil and gas impact grant fund to the Land Dept. from \$30M to \$50M.
Senator Warner moved the amendment
Senator Robinson seconded.
Voice Vote - Motion failed

7. Senator Krebsbach moved amendment 11.0826.04014
Senator Erbele seconded.
Voice vote - Motion fails.

8. Senator Taylor's amendment 11.0826.04026
Senator Warner moved the amendment
Senator Krebsbach seconded.
Voice Vote - Motion failed.

Chairman Holmberg informed the committee that they will wait until the House has finished dealing with the House amendments and another hearing will be announced from the floor.

Meeting adjourned.

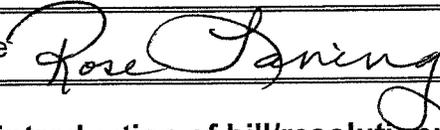
**2011 SPECIAL SESSION
SENATE STANDING COMMITTEE MINUTES**

Senate Appropriations Committee
Brynhild Haugland Room, State Capitol

SB 2371
November 9, 2011 3PM
Job # 16956
&
Job # 16957

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

This bill relates to disaster relief providing money to help people and communities affected by flooding, communities dealing with the downside of oil development and money for the state to fight potential litigation over the regulation of hydraulic fracturing.

Minutes:

See attached testimony #1-4.

Chairman Holmberg called the committee to order on SB 2371. He asked **Rep. Delzer** to identify the amendments that the House committee adopted. They were:

- 11.0826.04017 – principal reductions for the rebuilders loan program.
- 11.0826.04028 – relating to the rebuilders loan program & funds transfer
- 11.0826.04035 – transportation funding to oil and non-oil producing counties & townships
- 11.0826.04013 – Funds transfer to the Tax Commissioner to school districts
- 11.0826.04021 – General fund transfer to the oil and gas development impact grant fund
- 11.0826.04036 – This was a new amendment – The emergency road grade raising grants would be administered through the Dept. of Transportation rather than the Adjutant General.

Rep. Delzer also said that **Rep. Kempenich** had another amendment that dealt with emergency service money and how that money should be distributed. The language isn't available yet, but will be coming later this afternoon.

Chairman Holmberg went over Attachment #1 which contained the list of amendments adopted by the Senate Appropriations. They were:

- 11.0826.04003 – Principal and interest payments can be deferred for 60 months.
- 11.0826.04004 – Requires adequate flood insurance for those using the loan program.
- 11.0826.04033 – Requires a mill levy of at least 18 mills from eligible townships.
- 11.0826.04024 (with changes) – **Senator Warner's** amendment proposed asking the governor to coordinate and study flood response measures. Want it changed to emergency services rather than the governor's office.

- 1) 11.0826.04035 removes sections 11 and 12 and have \$23M available for road work in non-oil counties: \$14.5M would go out as grant if triggered at right time, possibly

March 2012; \$10,000 to the township. If the whole \$14.5 wasn't used, any leftover would be added to the \$8.5 and go out by the formula based on population and roads.

Senator Bowman asked if there was any requirement for the townships to get the money.

Rep. Delzer said since 18 mills was the cap for everything, after discussion, there were no caps placed.

Senator Bowman asked if a township with 14 mills could get the same amount of money as a township with 18 mills. Answer yes.

Senator Warner asked if there needed to be an obligation to make an effort – or could they use this to cut their own taxes?

Rep. Delzer: It would go for extraordinary road repair, not road maintenance or snow removal. It's meant to do things that were caused by the situation of this last summer and the summer before in places that needed the money to fix repairs. There were questions about the reporting. Reporting requirements were put in there so it is used for is what it is intended. At this time, there is no specific language.

Senator Wanzek said he was aware of the townships in his area and they are in great need. Rural areas, in a collective sense, it's not as glaring, but it's just as devastating. There are a number of people who haven't gotten their mail and school buses can't get in. Many roads are under water. This is for counties that are in declared disaster areas, but they don't have individual FEMA designation. Townships are very limited in their ability to raise money for their townships. Their cost estimates for construction, rebuilding or putting in new culvert to address the flooding are \$100,000 to \$200,000 and their maximum ability to raise funds is \$10,000 - \$15,000. I intend to support this.

Senator Wanzek moved to approve amendment 11.0826.04035.

Senator Christmann seconded.

A voice vote was taken. Motion Carried.

Chairman Holmberg: This vote takes amendment .04033 off the list because it changes the definition of an eligible township. We don't need the amendment now.

2.) 11.0826.04013 - **Bellew** amendment. This is added money for infrastructure grants for schools.

Senator Warner asked if this will tie the allocation to one specific project? Not giving them the discretion to use it where they feel they need it best.

Rep. Delzer: Yes we are, but the reason for that is that there were real concerns about setting precedence that we haven't followed with Northwood. Infrastructure is something that was done in the past. If infrastructure money was covered, then they would be freed up to use their money elsewhere.

Senator Krebsbach moved 11.0826.04013.

Senator Fischer seconded.

A voice vote was taken. Motion carried.

- 3) 11.0826.04021 – **Skarphol** amendment. This would set aside \$5 M of general fund money to the land department to be used to counties that have less than 100,000 barrels of oil production per month. If they have more than 4 active rigs in any month, it would trigger a payment to that county of \$1.25M. There may be three counties that hit that at the end of the biennium – Hettinger, Mercer and McLean. This is trying to be pro-active instead of waiting until their revenue shows up after the production side.

Senator O'Connell moved amendment 11.0826.04021

Senator Christmann seconded.

A voice vote was taken. Motion carried.

- 2) 11.0826.04017 **Rep. Carlson** amendment. Refers to the Rebuilders Loan program. This removes subsection 7 and is similar to the language **Senator Christmann** had which was concern about going down the path of gifting. The difference is that the House does not agree with changing non-repayment to five years.

Chairman Holmberg: We had a lot of discussion on that length of time. Both **Senator Christmann** and **Senator Grindberg** spoke on this subject.

Senator Christmann: I don't know if promises have been made, but there seems to be a sense from the folks I've talked to in Ward County because the Governor came out with this plan. Many people have come to count on it. I'm completely against the give-away part of it, but in order to do that, we need to be more accommodating rather than just pull this out and not do it. If we go with the version that the Senate passed – 60 months, in talking with **Eric Hardmeyer**, he would like a small change in it. This would require that, by law, those payments couldn't start being made until 5 years. He'd like it that if someone wanted to pay their loan off early, they could. It's essential. Those people have suffered a great deal and we want to do what's right and help them as much as we can, but I don't want to go the route of putting into law that we're going to forgive the debt before we even give it out.

Senator Grindberg: Perhaps this would provide a lucrative tool for those to get their feet on the ground. By giving 60 months, presumably these mortgages would be intact, so there would be 5 years of equity growth in that piece of property. The individual homeowners would have some options and breathing room of 5 years or 60 months to examine the best way to refinance, because at the end of the day, it's cash out every month. It's not about a 1% loan. There's still a \$100,000 note on that property. If the SBA stepped in, there's a re-payment there, and then with a grace period on a potential loan from the state that 5 years down the road, that family would be in a better position to determine whether to pay the \$30,000 off to the state, or re-finance. I'd like the transition to take place – one year is just not enough time.

Rep. Delzer: Some of the issues on the House side were that 5 years seems to be too long. These are unsecured loans and you might pass one or two ownerships. How can you receive anything on them at all. The other issue is that we'll be back in session and we will

have more information and we could look at changing then. If we put it in code at 5 years, then paying it sooner may be difficult. Many House members seemed to be uncomfortable about 5 years.

Chairman Holmberg: Rep. Delzer made a very important point. We are here, in part because of disasters, floods and impact. This session and what we do in this bill, I believe is more of a bridge to the next legislative session. We want to help the people as much as we can and then come back in a year from January with a lot more information and data. Then we can craft additional programs or changes that need to be made.

Rep. Delzer: We go into session at 4:00. Maybe we can take a look and explain the changes made to Rep. Porter's amendment .04028 (attached #8). In section 7 of the bill, \$20M of the \$30M would be directed to loans. That would leave \$10M to the Adjutant General for assistance grants to local political subdivisions. We also added language saying that if you received flood insurance, this was only supposed to cover things that were not paid for by flood insurance.

Allen Knudson, Legislative Council: If you look at the amendment, the first change on page 2, line 14 was removed. On page 2, line 19, it said the actual amount of documented damage whichever was less was changed to read "the actual amount of documented damage not paid by flood insurance" whichever is less.

Chairman Holmberg: Did the original bill say you couldn't receive anything if you didn't have flood insurance.

Rep. Delzer: I believe it was trying to make sure you didn't receive anything that flood insurance had already paid for.

The Committee recessed for House and Senate floor sessions.

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Break---

(Audio Job # 16957)

Chairman Holmberg called the committee back to order.

11.0826.04003 – Interest and principal payments can be deferred for 60 months. The difference is 60 months or 12 months before you start making your payments. The removal of the language is the same in the two bodies.

Senator O'Connell expressed that he intends to vote for the Senate version of 60 months because it gives people more time to get going again.

Senator Bowman asked if there was a possibility of a compromise on the time so it's favorable for both houses.

Rep. Skarphol said if they compromised to 36 months, there would be 1 or maybe 2 sessions before they'd have to make any payments on their loan.

Rep. Delzer: Going out two sessions, if we give 36 months, we can never take it away. If we compromise at 12 or 18 months, and then come back next session, it's possible to extend it. They are unsecured loans and if you go out too long, the house may have changed hands once or twice and no payments have been made. I don't know how you collect money on something that's not secured.

Rep. Skarphol asked if the loan transfers with the house if it happens to be sold within the five years. Is there anything in here that would require that loan to transfer with the home or does it require that the individual begin making payments at the time he sells the home?

Allen Knudson: In Rep. Porter's amendment, there is a provision in there that if the home sells, the entire balance becomes due at that time.

Chairman Holmberg said the only difference is number of months and wanted to look at the other section.

11.0826.04028 (**Rep. Porter** amendment) transfer of \$20M from the general fund to the rebuilders loan fund and makes changes regarding the state disaster relief fund.

Senator Fischer: It almost penalizes people that buy flood insurance by not allowing them to access other funds. There shouldn't be a double dip but we have enough trouble having people buy flood insurance the way it is.

Rep. Dosch said the House took out the provision that excludes people that have flood insurance. They would be able to collect those damages not paid by flood insurance, so if you have flood insurance, you can still have access to the \$30,000. You can't collect for the same damages. It's only those not covered by flood insurance.

Senator Wanzek: If the damage amount was 30,000 and you collected 30,000, you cannot get a loan if you've received just compensation.

Rep. Dosch: That was because of the concern for double dipping. If you had \$30,000 damage, you could collect \$30,000 from FEMA and also turn around and go to the state and collect another \$30,000 with a 1% loan. It was the double dipping that we got rid of. The purpose is to provide additional money for those people who had in excess of \$30,000 damage that they didn't collect on their flood insurance. This would give them the ability to get some additional dollars and to those who didn't have flood insurance, it would provide some assistance to those individuals as well. Many of the people in Minot and Bismarck weren't in the 100 year flood plain and weren't required to purchase flood insurance. This provision is to help those people who did have flood insurance and had excess damage and those that didn't have flood insurance. They could also benefit.

Discussion continued on flood insurance.

Senator Wanzek asked if the chair would be open for a motion.

Chairman Holmberg replied yes, but the motion would be to approve the amendment as explained to us.

Senator Wanzek said the changes would be limiting the loan to the actual damages less any insurance proceeds that would be collected.

**Senator Wanzek moved to accept amendment 11.0826.04028 as explained.
Senator Christmann seconded.
A voice vote was taken. Motion carried.**

Chairman Holmberg going to the rebuilders loan program and the length of time.

Senator Warner moved 24 months, but Chairman Holmberg explained that the legislature will never come back and make them pay but the legislature will have an opportunity to evaluate that.

Senator Krebsbach: If you could have forgiveness of the payment until a delayed date and we could come back in 12 -14 months from now and adjust that, if you were doing that, wouldn't you like to know the conditions you're making a loan on in advance? I would go along with 36 months so we can help these people.

Senator Warner: I withdraw my previous motion of 24 months and make it 36 months.
Senator Robinson seconded.

Chairman Holmberg: all in favor.

Senator Christmann: I'd like clarification before we move on. There's going to be origination and service fees. My opinion is that whether we add these months or not, there's going to be origination and service fees. Apparently some people don't think there are, but I think it's important here that it be stated and on the record that from this money that is in section 7 for emergency services, that would be the pool of money for those service fees. The banks have to get paid from somewhere. That is what was going to happen before and I just wanted to make sure that's clear.

**Chairman Holmberg: The Senate's position is 36 months.
A voice vote was taken. Motion carried.**

Rep. Delzer: I think the House is emphatic on 12 months. This isn't a whole lot of money. I also understand we're taking language out about the forgiveness, but that doesn't mean the local communities can't do the forgiveness. I don't think any of us have a problem if they do it. The option is still there for them to do that. For us to go beyond 24 months puts them in the box where the interest is built up and they have a big interest payment. In 24 months, they would pretty much know what they are doing. What we passed was 12 months. I don't know what we'd do with any other option. I guess it's up to a House member if they want to meet somewhere in the middle.

Rep. Skarphol: In response to **Senator Krebsbach** and her concern about a homeowner signing up for a loan and wanting to know the conditions in advance. I think there could be an assumption on the part of the people who receive this loan that, at the very least, this is the minimal standard. It could improve in future legislative sessions. We're trying to offset the immediate needs at this point in time. I don't think this is going to be a sufficient

package to cover everything that's required. The 24 month scenario would give us time to get past the next legislative session. Also, there's nothing to prevent the local communities from using the \$10M left in the adjutant general's budget that is to be available to cities and counties under this section. They could forgive with that money at the local community level.

Rep. Kempenich asked about the originating fees and would they start at the local level.

Eric Hardmeyer, President, Bank of ND: This program would be delivered and originated by a local bank working with their customer. They would originate the loan and sell it to Bank of ND. We are looking for some assistance from the local bank to sit down with the customer, originate, sign the promissory note, go out and ensure they are spending the money with the desired purposes. It's important to compensate the bank for their work. We anticipated perhaps up to \$250,000 originating a loan. Then we calculated that they would get up to ½ of the 1% interest rate to go back to the local bank to continue to service the loan for us. That is what we would anticipate for origination fees. The ½ percent on a \$30,000 loan would be about \$150 a year.

Rep. Brandenburg: If we go out 24, 36 or 60 months, who would pay that origination fee to the bank?

Eric Hardmeyer: The origination fee would be paid up front by, I would anticipate, the borrower. The ongoing service fee becomes a little more problematic because that's taken out of the interest that is paid by the borrower. If they are not paying for 60 months, there is no money to pay the servicing bank. Senator Christmann and I talked about this earlier and that might be an eligible source of money that we could use from the adjutant general's pool which is allowable because it's used to service the rebuilders program.

Rep. Pollert asked about tying the hands of future legislative sessions if they go 2 or 3 years with the loans.

Chairman Holmberg: My comments were if we granted 36 months in this bill, we, as a legislature, would never go and take that back.

Rep. Skarphol moved that the House accept a 24 months, no payment scenario.

Rep. Pollert seconded.

A voice vote was taken carried. Motion carried.

Rep. Carlson addressed the committees and reminded them that the whole purpose of the disaster relief bill was to see if they could provide help to the people that needed it. He said they need to make sure that there are some payments at some point in time for people to be engaged in the process. He was concerned people would walk from their loan.

Senator Krebsbach moved the House proposal of 24 months. (.04028)

Senator Erbele seconded.

A voice vote was taken. Motion carried.

Rep. Kempenich amendment .04038 (Attached # 2) He explained the amendment.

Rep. Hawkin said her concern was that the original piece in the bill was to get money to the EMS people. I know there was an attempt to add the different groups, fire, police, etc. The fire and police get money from political subs. The EMS people do not.

Rep. Delzer said it doesn't put a dollar figure in there. It gives the intent that emergency services are part of the priority list and they can do whatever they want. This says, that the Land Board, out of the \$30M, has the authority to do what they think is best when it comes to emergency services.

Chairman Holmberg: This does change the amendment that was put on by **Senator Wardner**.

Rep. Kempenich: It's a long drawn out process, but **Senator Wardner, Rep. Steiner** and myself. The EMTs had a meeting in Watford City and there were concerns there. All three entities (EMT, Fire and Police) show up at accidents. The EMTs are getting run ragged. The volunteers are running twice a day out of Watford. The whole intent was that the priorities be given - as grants. You don't know what kind of grants are going to show up.

Rep. Skarphol asked **State Land Commissioner Lance Gabe** to explain.

Lance Gabe, State Land Dept. said they were instructed by legislation to have quarterly distributions. In order to compare, the 1st round was infrastructure, neighborhood and housing development. The 2nd round was on townships. The 3rd round, which will be the January, February and March quarter, was to focus on emergency management type applications. It is a focus area of the Land Board and their determinations of the energy impact grants.

Rep. Skarphol: Do you need this amendment – or does this change anything significantly enough that it's even required?

Lance Gabe: I haven't seen the amendment. I've just heard it described. We've just been going by legislative intent.

Rep. Skarphol: When you think in terms of emergency services, do you think in terms of the police dept., the sheriff's dept., the fire dept., the EMS services? Do you think of all of those entities as being the emphasis for this upcoming quarter.

Lance Gabe: Yes they are all viewed as the same EMS system. So far they have only given the trainers grant. The funds be oriented towards fixed assets, like a foam truck, or like a chemical response, or training for the crews as opposed to hiring personnel. But to answer your question, we hadn't made any distinction between medical, fire or ambulance thinking they were all part of the emergency medical system.

Rep. Kempenich moved amendment .04038.

Rep. Pollert seconded the motion.

A voice vote was taken. Motion carried.

Senator Christmann moved to adopt .04038
Senator Wanzek seconded.
A voice vote was taken. Motion carried.

Rep. Johnson amendment .04036 (attached #3)

Rep. Delzer: The House committee already adopted it. It changes the money from \$6M in the bill – instead of going to the Adjutant General will now go to the Dept. of Transportation. It's the federal aid roads – for the local match.

Grindberg moved .04036
Senator Erbele seconded.
A voice vote was taken. Motion carried.

11.0826.04004 – **Senator Christmann's** amendment is requiring a homeowner who obtains a loan to have adequate insurance for the property.

Senator Christmann stated that this is a sweetheart of a loan. You're getting 1%, 2 years without making a payment, and not tying up your mortgage. It's not asking too much to provide flood insurance on their homes. This would be for the life of the loan.

Rep. Skarphol: I'm not going to vote to require anybody to buy insurance.

Rep. Delzer: I think they should buy flood insurance and I would hope they would buy insurance flood insurance. It's kind of like a seat belt. Some may disagree with the state telling us we have to wear seatbelts.

Senator Christmann: There is an important distinction here. The first person I brought this up to said 'I thought you didn't like the idea of the federal government requiring you to have health insurance.' I think this is a whole different category from that. This is more like an automobile. We have long ago decided that driving is a privilege, not a right and if you want to exercise that privilege, you're required to have liability insurance. It's also very similar to what farmers go through - if you want to be eligible for your farm crops, you're required to have crop insurance before you're eligible for disasters. If someone wants a sweetheart loan from the State of ND to rebuild their house, I think they could buy flood insurance without feeling like we have overly imposed on them.

Rep. Glassheim: Any bank that makes a loan requires flood insurance if you're in flood plain. We are, to some extent, a banker. We are loaning money to people. Most of these people will be borrowing from banks. It makes no sense to me not to require flood insurance on a piece of property that could flood. Why wouldn't we require them to have flood insurance to protect our interests.

Rep. Kempenich moved .04004
Rep. Dahl seconded the motion.

There was a request for a roll call vote.
A Roll Call vote was taken. Yea: 7 Nay: 14
Motion failed.

Both houses must approve the amendments, therefore this amendment failed with the House and is gone.

11.0826.04024 (with changes) – **Senator Warner's** amendment – The Senators changed it to say that the Dept. of Emergency Services would coordinate and study flood response measures.

Rep. Nelson moved amendment 11.0826.04024
Rep. Dahl seconded.
A voice vote was indistinguishable. A Roll Call vote was taken. Yea: 11 Nay: 10
Motion carried.

Chairman Holmberg handed out the Proposed Amendments to be Considered by the Joint Appropriations Committee (attached #4)

The first section is no longer needed.

The second one is the language regarding litigation involving the Environmental Protection Agency (11.0826.04018). The bill appropriated \$500,000 and then allowed them to go to the Bank of ND if they needed more.

Rep. Thoreson moved amendment 11.0826.04018
Rep Kempenich seconded.
A voice vote was taken. The House approved the amendment.

Senator Christmann moved amendment 11.0826.04018
Senator O'Connell seconded.
A voice vote was taken. The Senate approved the amendment.

Senator Wanzek moved 11.0826.04015 - the DOTs authorization to borrow from the Bank of ND.

Senator Robinson seconded.
A voice vote was taken. The Senate approved the amendment.

Rep Kempenich moved to adopt .04015.
Rep. Glassheim seconded.
A voice vote was taken. The House approved the amendment.

**Senator Wanzek moved Do Pass As Amended on SB 2371.
Senator Robinson seconded.
A Roll Call vote was taken. Yea: 12 Nay: 0
Motion carried in the Senate.**

**Rep. Dosch moved Do Pass as Amended on SB 2371.
Rep. Thoreson seconded.
A Roll Call vote was taken. Yea: 21 Nay: 0
Motion carried in the House.**

SB 2371 was approved Do Pass As Amended.

FISCAL NOTE
Requested by Legislative Council
11/10/2011

Amendment to: SB 2371

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.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$158,907,870	\$450,500,000		
Appropriations			\$158,881,870	\$450,500,000		

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

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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).*

SB2371 is a comprehensive disaster relief package that provides funding for various state agencies and political subdivisions to address needs associated with historic 2011 flooding and the impact of rapid oil and gas development.

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.*

Sections 1, 7 and 8 establish a \$50 million Rebuilders Loan Program Fund at the BND to provide loans to residents impacted by flood disasters. BND will transfer up to \$30 million to the Rebuilders Loan Fund during the 2011-2013 biennium. Depending upon demand for the Rebuilders Loan Program funds, there could be up to another \$20.0 million transferred from the General Fund to the Rebuilders Loan Fund.

Section 2 allows for issuance of multi-trip truck permits for nondivisible loads. The change will be either revenue neutral or slightly increase permit revenue collections. Implementation costs of \$26,000 will be incurred by the Highway Patrol for IT programming and receipt books. No appropriation is provided in the bill for this expenditure.

Sections 3 and 4 increase the tax credit available for contributions to the housing incentive fund from 20% to 100% per tax year for tax years 2011 and 2012. It also increases the total available credits from \$4 million to \$15 million per biennium.

Section 5 increases the Department of Transportation's borrowing authority from \$120 million to \$200 million for emergency relief projects on the state highway system.

Section 9 appropriates \$10.0 million from the Disaster Relief Fund for the BND rebuilders loan program and for flood-impacted housing rehabilitation grants to cities and counties. \$10.0 million will be transferred from the General Fund to the Disaster Relief Fund. BND may access the funds to the extent necessary to provide loans to qualified homeowners. Funds can also be used by the Adjutant General for grants to qualified cities and counties for approved housing rehabilitation or replacement projects. The revenue impact to cities and counties cannot be determined at this time.

Sections 10, 11 and 12 establish a \$30.0 million General Fund Flood-Impacted Political Subdivision Infrastructure Development Grant program at the Department of Trust Lands. Up to \$110,000 may be used by the department for

program administration costs. The allocation of revenue between various types of political subdivisions cannot be determined at this time.

Section 13 provides \$235.0 million special fund authority for flood disaster related federal funds potentially available to the Commerce Department. If received, funds would be used for loans or grants to flood-impacted individuals, property acquisitions, and infrastructure development grants to flood-impacted communities.

Section 14 appropriates \$6.0 million from the disaster relief fund to the Department of Transportation for road grade raising projects on federal aid eligible roads in counties in which Devil's Lake is located.

Section 15 appropriates \$29.5 million from the disaster relief fund for state's matching costs for the 2011 Flood disaster.

Section 16 contingently appropriates \$5.0 million grants to political subdivisions to cover a portion of the local share required to match federal emergency relief funding for disasters that may occur during calendar year 2012. The allocation of revenue between various types of political subdivisions cannot be determined at this time.

Section 17 transfers \$48.7 million from the general fund to the disaster relief fund to pay for the required state match for 2011 flood disasters, the Rebuilders Loan Program, road grade raising projects and the contingent 2012 disaster costs.

Section 19 appropriates \$50.0 million from the resources trust fund for water projects.

Section 20 appropriates \$500,000 to the Adjutant General for providing flood-damaged school infrastructure grants to eligible school districts.

Section 21 authorizes 4.0 new FTE and appropriates \$681,870 from the general fund for additional highway patrol officers.

Section 22 provides that the Flex PACE program can be used to finance affordable multifamily housing units in oil and gas development areas of the state. BND will use available funds from PACE and other interest buy down loan funds (Ag PACE, Biofuels PACE, and Beginning Farmer) to support affordable multifamily housing units. This process will draw down the cash balance in the Beginning Farmer Revolving Fund which may require an increased appropriation for the next biennium.

Sections 23 and 24 transfer \$30.0 million from the general fund to the oil and gas impact grant fund, and appropriate those fund for grants, only if oil and gas tax revenue collections exceed projections by at least \$48.0 million by February 29, 2012. The allocation of revenue between various types of political subdivisions cannot be determined at this time.

Section 25 transfers \$5.0 million from the general fund to the oil and gas impact grant fund. Section 26 appropriates \$5.0 million from the oil and gas impact grant fund for distributions to eligible counties experiencing new oil and gas development activities.

Section 27 appropriates \$23.0 million from the general fund to the State Treasurer for transportation funding distributions to non-oil-producing counties, cities, and townships, if oil and gas tax revenue collections exceed projections by at least \$48.0 million by February 29, 2012. \$10,000 will be distributed to each township in a non-oil producing county, for a maximum distribution of \$14.5 million. \$6.8 million is to be distributed to cities and counties and \$1.7 million to townships.

Section 28 provides an appropriation of \$1.0 million from the general fund to the Industrial Commission for possible litigation against the EPA's efforts to regulate hydraulic fracturing.

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.*

The bill increases from \$4 million to \$15 million the potential General Fund impact for the 2011-13 biennium; however, the actual decrease, if any, in State General Fund revenues cannot be determined because the extent to which taxpayers will contribute to the Housing Incentive Fund is not known.

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.*

See 2B.

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.*

See 2B.

Name:	Pam Sharp	Agency:	OMB
Phone Number:	701-328-4606	Date Prepared:	11/10/2011

FISCAL NOTE
 Requested by Legislative Council
 11/07/2011

Bill/Resolution No.: SB 2371

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.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$152,907,870	\$386,000,000		
Appropriations			\$152,881,870	\$386,000,000		

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

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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).*

SB2371 is a comprehensive disaster relief package that provides funding for various state agencies and political subdivisions to address needs associated with historic 2011 flooding and the impact of rapid oil and gas development.

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.*

Sections 1 and 6 establish a \$30 million Rebuilders Loan Program Fund at the BND to provide loans to residents impacted by flood disasters. BND will transfer up to \$30 million to the Rebuilders Loan Fund during the 2011-2013 biennium. Depending upon demand for the Rebuilders Loan Program funds, there could be up to another \$30.0 million transferred from the State Disaster Relief Fund to the Rebuilders Loan Fund. Future biennial appropriations may be necessary to provide adequate funds to the State Disaster Relief Fund for principal reductions as described in subsection 7 of section 1 of the bill. Up to \$6 million annually may be required for principal reductions starting in 2013 and continuing for the next 5 years.

Section 2 allows for issuance of multi-trip oversized and overweight truck permits for nondivisible loads. The change will be either revenue neutral or slightly increase permit revenue collections. Implementation costs of \$26,000 will be incurred by the Highway Patrol for IT programming and receipt books. No appropriation is provided in the bill for this expenditure.

Sections 3 and 4 increases the tax credit available for contributions to the housing incentive fund from 20% to 100% per tax year for tax years 2011 and 2012. It also increases the total available credits from \$4 million to \$15 million per biennium.

Section 7 appropriates \$30.0 million from the Disaster Relief Fund for the BND rebuilders loan program and for flood-impacted housing rehabilitation grants to cities and counties. \$30.0 million will be transferred from the General Fund to the Disaster Relief Fund. BND will access the funds to the extent necessary to provide loans to qualified homeowners. Funds can also be used by the Adjutant General for grants to qualified cities and counties for approved housing rehabilitation or replacement projects. The revenue impact to cities and counties cannot be determined at this time.

Sections 8, 9 and 10 establish a \$30.0 million General Fund Flood-Impacted Political Subdivision Infrastructure Development Grant program at the Department of Trust Lands. Up to \$110,000 may be used by the department for program administration costs. The allocation of revenue between various types of political subdivisions cannot be determined at this time.

Sections 11 and 12 establish a \$5.0 million General Fund Township Financial Stabilization Grant program. Up to \$50,000 may be used by the Adjutant General for program administration costs.

Section 13 provides \$235.0 million special fund authority for flood disaster related federal funds potentially available to the Commerce Department. If received, funds would be used for loans or grants to flood-impacted individuals, property acquisitions, and infrastructure development grants to flood-impacted communities.

Section 14 appropriates \$6.0 million from the disaster relief fund to the Adjutant General for road grade raising projects in counties in which Devil's Lake is located.

Section 15 appropriates \$29.5 million from the disaster relief fund for state's matching costs for the 2011 Flood disaster.

Section 16 contingently appropriates \$5.0 million grants to political subdivisions to cover a portion of the local share required to match federal emergency relief funding for disasters that may occur during calendar year 2012. The allocation of revenue between various types of political subdivisions cannot be determined at this time.

Section 17 transfers \$68.7 million from the general fund to the disaster relief fund to pay for the required state match for 2011 flood disasters, the Rebuilders Loan Program, road grade raising projects and the contingent 2012 disaster costs, as per sections 7, 14, 15 and 16 of this bill.

Section 19 appropriates \$50.0 million from the resources trust fund for water projects.

Section 20 authorizes 4.0 new FTE and appropriates \$681,870 from the general fund for additional highway patrol officers.

Section 21 provides that the Flex PACE program can be used to finance affordable multifamily housing units in oil and gas development areas of the state. BND will use available funds from PACE and other interest buy down loan funds (Ag PACE, Biofuels PACE, and Beginning Farmer) to support affordable multifamily housing units. This process will draw down the cash balance in the Beginning Farmer Revolving Fund which may require an increased appropriation for the next biennium.

Sections 22 and 23 transfer \$30.0 million from the general fund to the oil and gas impact grant fund, and appropriate those fund for grants, only if oil and gas tax revenue collections exceed projections by at least \$48.0 million by February 29, 2012. The allocation of revenue between various types of political subdivisions cannot be determined at this time.

Section 24 appropriates \$18.0 million from the general fund to the State Treasurer for transportation funding distributions to non-oil-producing counties, cities and townships, if oil and gas tax revenue collections exceed projections by at least \$48.0 million by February 29, 2012. The allocation of revenue between various types of political subdivisions cannot be determined at this time.

Section 25 provides a contingent appropriation of \$500,000 from the general fund to the Industrial Commission for possible litigation against the EPA's efforts to regulate hydraulic fracturing. The Industrial Commission may also borrow \$500,000 from the BND for the costs of related legal proceedings. The Industrial Commission will request a deficiency appropriation to repay any funds borrowed from the Bank.

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.*

The bill increases from \$4 million to \$15 million the potential General Fund impact for the 2011-13 biennium; however, the actual decrease, if any, in State General Fund revenues cannot be determined because the extent to which taxpayers will contribute to the Housing Incentive Fund is not known.

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.*

See 2B.

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.*

See 2B.

Name:	Pam Sharp	Agency:	OMB
Phone Number:	701-328-4606	Date Prepared:	11/08/2011

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 1, line 5, after "Code" insert ", section 4 of chapter 12 of the 2011 Session Laws, and"

Page 1, line 7, after "fund" insert ", department of transportation borrowing authority for emergency relief projects,"

Page 1, line 9, remove "township"

Page 1, line 10, remove "financial stabilization grant program,"

Page 1, line 13, after "intent" insert "; to provide for a study"

Page 2, line 19, after "dollars" insert "or the actual amount of documented damage not paid by flood insurance, whichever is less"

Page 2, line 25, replace "twelve" with "twenty-four"

Page 2, line 27, remove "In consideration of labors of residents to recover from disaster impacts, restore and"

Page 2, remove lines 28 through 31

Page 3, replace lines 1 through 4 with:

"If, subsequent to receiving a loan from the fund, the property for which the loan was made is purchased for flood mitigation purposes or otherwise sold, the balance of the loan and any interest accrued on the loan must be repaid to the fund upon the closing of the sale."

Page 4, after line 3, insert:

"SECTION 5. AMENDMENT. Section 4 of chapter 12 of the 2011 Session Laws is amended and reenacted as follows:

SECTION 4. APPROPRIATION - BORROWING AUTHORITY - ADDITIONAL EMERGENCY RELIEF PROGRAM. The department of transportation may borrow the sum of ~~\$120,000,000~~\$200,000,000, or so much of the sum as may be necessary, from the Bank of North Dakota for the purpose of providing funding for emergency relief projects on the state highway system, for the period beginning with the effective date of this Act and ending June 30, 2013. Any funding borrowed from the Bank of North Dakota under this section is appropriated to the department of transportation for emergency relief projects on the state highway system. Funding appropriated under this section is considered one-time funding and is not to be considered a part of the department's 2013-15 base budget request. Any federal funding received for projects receiving funding under this section must be used to repay the loan from the Bank of North Dakota."

Page 4, after line 18, insert:

"SECTION 8. CONTINGENT APPROPRIATION - TRANSFER - REBUILDERS LOAN PROGRAM FUND. In the event moneys transferred pursuant to section 7 of this

Act are fully obligated prior to June 30, 2013, there is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$20,000,000, or so much of the sum as may be necessary, which the office of management and budget shall transfer to the rebuilders loan program fund during the period beginning with the effective date of this Act and ending June 30, 2013."

Page 4, line 22, replace "\$30,000,000" with "\$10,000,000"

Page 6, remove lines 12 through 31

Page 7, remove lines 1 through 6

Page 7, line 13, remove "ADJUTANT"

Page 7, line 14, replace "GENERAL" with "DEPARTMENT OF TRANSPORTATION"

Page 7, line 14, replace "There" with "Notwithstanding section 37-17.1-27, there"

Page 7, line 16, replace "adjutant general" with "department of transportation"

Page 7, line 17, after the first "for" insert "federal aid-eligible"

Page 7, line 18, after the period insert "The director of the department of transportation shall distribute funds on a prorated basis based on the total federal aid-eligible roadway damage occurring in the eligible counties."

Page 8, line 7, replace "\$68,700,000" with "\$48,700,000"

Page 8, after line 27, insert:

"SECTION 20. APPROPRIATION - ADJUTANT GENERAL - FLOOD-DAMAGED SCHOOL INFRASTRUCTURE GRANTS. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the adjutant general for the purpose of providing flood-damaged school infrastructure grants to eligible school districts in the state to defray expenses relating to school buildings or other infrastructure damage due to flooding, for the period beginning with the effective date of this Act and ending June 30, 2013. For the purposes of this section, an eligible school district is a school district that experienced a flood event during the summer of 2011 which resulted in multiple school facilities being damaged and determined to be unusable."

Page 9, line 20, replace "22" with "23"

Page 9, line 25, replace "At least \$3,500,000 of the amount" with "The commissioner of university and school lands shall request appropriation authority for the 2013-15 biennium for any grants approved but not distributed by the end of the 2011-13 biennium. In determining grant awards with the funds"

Page 9, line 26, replace "must be made available for" with ", the commissioner shall give priority to"

Page 9, line 26, replace "licensed emergency medical services operations" with "emergency services, including licensed emergency medical services operations, fire districts and departments, sheriff offices, and police departments"

Page 9, line 27, after the period insert "Any amounts made available for emergency services grants under this section are not to be considered in making grant recommendations under section 57-62-05."

SECTION 25. APPROPRIATION - TRANSFER - OIL AND GAS IMPACT GRANT FUND. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, which the office of management and budget shall transfer to the oil and gas impact grant fund only as necessary to provide funding for grants distributed under section 26 of this Act during the period beginning with the effective date of this Act and ending June 30, 2013.

SECTION 26. APPROPRIATION - LAND DEPARTMENT - OIL AND GAS IMPACT GRANT FUND. There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, to the commissioner of university and school lands for the purpose of providing distributions to eligible counties experiencing new oil and gas development activities, for the period beginning with the effective date of this Act and ending June 30, 2013. As determined by the director of the department of mineral resources, a county is eligible for a distribution under this section if the county produced fewer than one hundred thousand barrels of oil for the month of November 2011 and after November 2011 the number of active oil rigs operating in the county in any one month exceeds four rigs. Upon the determination by the director of the department of mineral resources that a county is eligible for a distribution under this section, the commissioner of university and school lands shall provide \$1,250,000 to the county for defraying expenses associated with oil and gas development impacts in the county. The county, in determining the use of the funds received, shall consider, and to the extent possible, address the needs of other political subdivisions in the county resulting from the impact of oil and gas development."

Page 10, line 4, replace "\$18,000,000" with "\$23,000,000"

Page 10, line 9, replace "Eighty percent" with "Six million eight hundred thousand dollars"

Page 10, line 11, replace "Twenty percent" with "One million seven hundred thousand dollars"

Page 10, after line 13, insert:

"3. Fourteen million five hundred thousand dollars to counties and townships in non-oil-producing counties through a distribution of \$10,000 to each organized township and a distribution of \$10,000 for each unorganized township to the county in which the unorganized township is located. If any funds remain after the distributions provided under this subsection, the state treasurer shall distribute eighty percent of the remaining funds to counties and cities pursuant to the method provided in subsection 1 of this section and shall distribute twenty percent of the remaining funds to counties and townships pursuant to the method provided in subsection 2 of this section."

Page 10, line 16, after the period insert "Any funds received by a county under this section for an unorganized township distribution must be used for roadway purposes in those unorganized townships located in the county. All funds distributed under this section must be used for extraordinary roadway maintenance purposes."

Page 10, line 17, remove "CONTINGENT"

Page 10, line 17, remove "AND BANK OF NORTH DAKOTA LINE"

Page 10, line 18, remove "OF CREDIT"

Page 10, line 20, replace "\$500,000" with "\$1,000,000"

Page 10, line 24, remove "In addition, the industrial"

Page 10, remove lines 25 through 31

Page 11, line 1, replace "approval by the attorney general." with "The industrial commission may spend the general fund moneys appropriated in this section only for expenses relating to possible litigation and other administrative proceedings involving the United States environmental protection agency's efforts to regulate hydraulic fracturing and any moneys not spent must be canceled pursuant to section 54-44.1-11."

Page 11, line 3, remove "The industrial commission will request a deficiency appropriation to repay any"

Page 11, line 4, remove "funds borrowed from the Bank."

Page 11, after line 4, insert:

"SECTION 29. FLOOD RESPONSE AND COORDINATION STUDY - REPORT TO SIXTY-THIRD LEGISLATIVE ASSEMBLY. The department of emergency services shall coordinate an executive branch study of flood response measures and coordination of state, local, and federal resources to mitigate future flooding in the state. The department of emergency services shall utilize all relevant executive branch resources in conducting the study. The study must include potential flood plain building restrictions, establishment of permanent levees and diversion works, financial institution lending policies, Bank of North Dakota and housing finance agency acquisition of secondary market loans regarding flood insurance requirements for housing, and any other flood insurance issues affecting property owners in the state. The department of emergency services shall report the findings and recommendations of the study to committees designated by the chairman of the legislative management and to the sixty-third legislative assembly."

Page 11, line 5, replace "amounts" with "amount"

Page 11, line 6, remove "and the office of the adjutant general"

Page 11, line 6, replace "sections 8 and 11" with "section 10"

Page 11, line 7, replace "are" with "is"

Page 11, line 7, remove "these"

Page 11, line 8, replace "appropriations" with "this appropriation"

Page 11, line 8, replace "programs" with "program"

Page 11, line 10, replace "5" with "6"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

FUNDING SUMMARY

Agency - Description	Bill As Introduced	Changes	First Engrossment
Appropriations, Transfers, and Loan Programs			
110 - Office of Management and Budget			
Transfer to state disaster relief fund (general fund)	\$68,700,000	(\$20,000,000)	\$48,700,000

Contingent transfer to oil and gas impact grant fund (general fund)	30,000,000		30,000,000
Transfer to oil and gas impact grant fund - New oil and gas development activity grants (general fund)		5,000,000	5,000,000
Contingent transfer to rebuilders loan program (general fund)		20,000,000	20,000,000
Total - 110 - Office of Management and Budget	\$98,700,000	\$5,000,000	\$103,700,000
120 - State Treasurer			
Contingent transportation funding distributions (general fund)	\$18,000,000	\$5,000,000	\$23,000,000
226 - Land Department			
Flood-impacted political subdivision infrastructure grants (general fund)	\$30,000,000		\$30,000,000
New oil and gas development activity grants (oil and gas impact grant fund)		\$5,000,000	5,000,000
Contingent oil and gas impact grants (oil and gas impact grant fund)	30,000,000		30,000,000
Total - 226 - Land Department	\$60,000,000	\$5,000,000	\$65,000,000
405 - Industrial Commission			
Litigation and other administrative proceedings	\$1,000,000	¹	\$1,000,000 ¹
471 - Bank of North Dakota			
Transfer for a rebuilders loan program (Bank of North Dakota profits)	\$30,000,000		\$30,000,000
504 - Highway Patrol			
Four new trooper positions (general fund)	\$681,870		\$681,870
540 - Adjutant General			
Township financial stabilization grants (general fund)	\$5,000,000	(\$5,000,000)	
Disaster expenditures (state disaster relief fund)	29,500,000		\$29,500,000
Contingent appropriation - 2012 disasters (state disaster relief fund)	5,000,000		5,000,000
Additional funding for rebuilders loan program and for flood-impacted housing rehabilitation (state disaster relief fund)	30,000,000	(20,000,000)	10,000,000
Grants to counties for road grade raising projects (state disaster relief fund)	6,000,000	(6,000,000)	
School infrastructure grants (general fund)		500,000	500,000
Total - 540 - Adjutant General	\$75,500,000	(\$30,500,000)	\$45,000,000
601 - Department of Commerce			
Flood-related costs (federal funds)	\$235,000,000		\$235,000,000
770 - State Water Commission			
Additional expenses (resources trust fund)	\$50,000,000		\$50,000,000
801 - Department of Transportation			
Grants to counties for road grade raising projects (state disaster relief fund)		\$6,000,000	\$6,000,000
Borrowing authority for emergency relief projects (special funds)		80,000,000	80,000,000
Total - 801 - Department of Transportation		\$86,000,000	\$86,000,000
Total	\$568,881,870	\$70,500,000	\$639,381,870
General fund	\$152,881,870	\$6,000,000	\$158,881,870
Special funds	416,000,000	64,500,000	480,500,000
Total funds	\$568,881,870	\$70,500,000	\$639,381,870
FTE	4.00	0.00	4.00

NOTE: Sections 3 and 4 of the bill increase tax credits available to financial institutions, corporations, and individuals for contributions to housing incentive funds. These provisions are estimated to reduce general fund revenues by \$11 million for the 2011-13 biennium and were not changed in this amendment.

¹Funding from the general fund was increased by \$500,000, from \$500,000 to \$1,000,000, for Industrial Commission expenses associated with litigation or other administrative proceedings involving the Environmental Protection Agency's regulation of hydraulic fracturing. Authority for the Industrial Commission to access up to \$500,000 from a line of credit at the Bank of North Dakota was removed. The net effect of these amendments is \$0.

This amendment:

- Amends Section 1 of the bill as introduced relating to the rebuilders loan program to:
 - Limit loan proceeds to the lesser of \$30,000 or actual documented damage not paid by flood insurance.
 - Provide that the principal and interest payments must be deferred for the first 24 months of the loan instead of the first 12 months.

Require the balance of the loan and any unpaid interest to be paid upon closing if the property is sold.

Remove loan forgiveness provisions.

- Adds a section to provide a contingent transfer of \$20 million from the general fund to the rebuilders loan program fund. The funds are to be made available if the \$30 million transferred to the rebuilders loan program fund from the Bank of North Dakota are fully obligated prior to June 30, 2013.
- Amends Section 7 of the bill as introduced to decrease funding provided from the state disaster relief fund to the Adjutant General for transfer from the rebuilders loan program fund and for city and county flood-impacted housing rehabilitation by \$20 million to provide a total of \$10 million from the state disaster relief fund.
- Removes Sections 11 and 12 of the bill as introduced relating to financial stabilization grants to flood-impacted townships.
- Amends Section 14 of the bill as introduced to provide that the Department of Transportation provide emergency road grade raising grants to eligible counties rather than the Adjutant General. The amendment also provides that the road grade raising project grants may only be provided for federal aid-eligible roads and that funds are to be prorated to eligible counties based on the amount of roadway damage occurring in each county.
- Amends Section 17 of the bill as introduced to decrease the funding transfer from the general fund to the state disaster relief fund by \$20 million to provide a transfer of \$48.7 million.
- Amends Section 23 of the bill as introduced relating to oil and gas impact grants to remove the \$3.5 million designation for emergency medical services grants and instead requires that the commissioner give priority to approving grants related to emergency services.
- Amends Section 24 of the bill as introduced relating to transportation funding distribution amounts to political subdivisions in non-oil-producing counties to provide that \$6.8 million be distributed to counties and cities pursuant to North Dakota Century Code Section 54-27-19(4) and \$1.7 million be distributed to counties and townships pursuant to Section 54-27-19.1. The amendment provides \$14.5 million for a \$10,000 distribution to each organized township and a \$10,000 distribution for each unorganized township to the county in which the unorganized township is located.
- Amends Section 25 of the bill as introduced to:
 - Increase funding from the general fund by \$500,000, from \$500,000 to \$1,000,000, for Industrial Commission expenses associated with litigation or other administrative proceedings involving the Environmental Protection Agency's regulation of hydraulic fracturing.
 - Remove authority for the Industrial Commission to access up to \$500,000 from a line of credit at the Bank of North Dakota.
 - Remove the contingency language relating to approval by the Attorney General.
 - Provide that the funding may be spent only for the purposes identified in the section and require any unspent appropriations to be canceled at the end of the biennium.
- Adds a section to amend Section 4 of Chapter 12 of the 2011 Session Laws to increase the amount of funding that the Department of Transportation is authorized to borrow from the Bank of North Dakota during the 2011-13 biennium for emergency relief projects. The 62nd Legislative Assembly previously authorized the Department of Transportation to borrow up to \$120 million for emergency relief projects during the 2011-13 biennium. This increases the amount of borrowing authority to \$200 million. The funding is also appropriated to the department to use for emergency relief projects.
- Adds a section to provide an appropriation of \$500,000 from the general fund to the Adjutant General for providing flood-damaged school infrastructure grants to eligible school districts in the state. For the purposes of this section, an eligible school district is one that experienced a 2011 flood event which resulted in multiple school facilities being damaged and unusable.
- Adds sections to provide for the transfer of \$5 million from the general fund to the oil and gas impact grant fund to allow for distributions of \$1,250,000 for each new major oil-producing county after November 2011 to address the impact from new oil and gas development.
- Adds a section to provide that the Department of Emergency Services is to coordinate an executive branch study of flood response measures and coordination of state, local, and federal resources to mitigate future flooding in the state.

Date: 11-9-11
Roll Call Vote #: 1

2011 SPECIAL SESSION SENATE APPROPRIATIONS COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2371

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as Amended by House

Motion Made By Sen. Wanzek Seconded By Sen. Robinson

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓				
Vice Chairman Grindberg	✓				
Vice Chairman Bowman	✓				
Senator Krebsbach	✓				
Senator Fischer	✓				
Senator Kilzer	✓				
Senator Wardner	N/A				
Senator Christmann	✓				
Senator Wanzek	✓				
Senator Erbele	✓				
Senator Warner	✓				
Senator O'Connell	✓				
Senator Robinson	✓				

Total (Yes) 12 (No) 0

Absent 1

Floor Assignment Senator Grindberg

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

REPORT OF STANDING COMMITTEE

SB 2371: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2371 was placed on the Sixth order on the calendar.

Page 1, line 5, after "Code" insert ", section 4 of chapter 12 of the 2011 Session Laws,"

Page 1, line 7, after "fund" insert ", department of transportation borrowing authority for emergency relief projects,"

Page 1, line 7, remove "relating to"

Page 1, line 8, after the second comma insert "a"

Page 1, line 9, remove "township"

Page 1, line 10, remove "financial stabilization grant program,"

Page 1, line 13, after "intent" insert "; to provide for a study"

Page 2, line 19, after "dollars" insert "or the actual amount of documented damage not paid by flood insurance, whichever is less"

Page 2, line 25, replace "twelve" with "twenty-four"

Page 2, line 27, remove "In consideration of labors of residents to recover from disaster impacts, restore and"

Page 2, remove lines 28 through 31

Page 3, replace lines 1 through 4 with "If, subsequent to receiving a loan from the fund, the property for which the loan was made is purchased for flood mitigation purposes or otherwise sold, the balance of the loan and any interest accrued on the loan must be repaid to the fund upon the closing of the sale."

Page 4, after line 3, insert:

"SECTION 5. AMENDMENT. Section 4 of chapter 12 of the 2011 Session Laws is amended and reenacted as follows:

SECTION 4. APPROPRIATION - BORROWING AUTHORITY - ADDITIONAL EMERGENCY RELIEF PROGRAM. The department of transportation may borrow the sum of ~~\$120,000,000~~\$200,000,000, or so much of the sum as may be necessary, from the Bank of North Dakota for the purpose of providing funding for emergency relief projects on the state highway system, for the period beginning with the effective date of this Act and ending June 30, 2013. Any funding borrowed from the Bank of North Dakota under this section is appropriated to the department of transportation for emergency relief projects on the state highway system. Funding appropriated under this section is considered one-time funding and is not to be considered a part of the department's 2013-15 base budget request. Any federal funding received for projects receiving funding under this section must be used to repay the loan from the Bank of North Dakota."

Page 4, after line 18, insert:

"SECTION 8. CONTINGENT APPROPRIATION - TRANSFER - REBUILDERS LOAN PROGRAM FUND. In the event moneys transferred pursuant to section 7 of this Act are fully obligated prior to June 30, 2013, there is appropriated

out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$20,000,000, or so much of the sum as may be necessary, which the office of management and budget shall transfer to the rebuilders loan program fund during the period beginning with the effective date of this Act and ending June 30, 2013."

Page 4, line 22, replace "\$30,000,000" with "\$10,000,000"

Page 6, remove lines 12 through 31

Page 7, remove lines 1 through 6

Page 7, line 13, remove "ADJUTANT"

Page 7, line 14, replace "GENERAL" with "DEPARTMENT OF TRANSPORTATION"

Page 7, line 14, replace "There" with "Notwithstanding section 37-17.1-27, there"

Page 7, line 16, replace "adjutant general" with "department of transportation"

Page 7, line 17, after the first "for" insert "federal aid-eligible"

Page 7, line 18, after the period insert "The director of the department of transportation shall distribute funds on a prorated basis based on the total federal aid-eligible roadway damage occurring in the eligible counties."

Page 8, line 7, replace "\$68,700,000" with "\$48,700,000"

Page 8, after line 27, insert:

"SECTION 20. APPROPRIATION - ADJUTANT GENERAL - FLOOD-DAMAGED SCHOOL INFRASTRUCTURE GRANTS. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the adjutant general for the purpose of providing flood-damaged school infrastructure grants to eligible school districts in the state to defray expenses relating to school buildings or other infrastructure damage due to flooding, for the period beginning with the effective date of this Act and ending June 30, 2013. For the purposes of this section, an eligible school district is a school district that experienced a flood event during the summer of 2011 which resulted in multiple school facilities being damaged and determined to be unusable."

Page 9, line 20, replace "22" with "23"

Page 9, line 25, replace "At least \$3,500,000 of the amount" with "The commissioner of university and school lands shall request appropriation authority for the 2013-15 biennium for any grants approved but not distributed by the end of the 2011-13 biennium. In determining grant awards with the funds"

Page 9, line 26, replace "must be made available for" with ", the commissioner shall give priority to"

Page 9, line 26, replace "licensed emergency medical services operations" with "emergency services, including licensed emergency medical services operations, fire districts and departments, sheriff offices, and police departments"

Page 9, line 27, after the period insert "Any amounts made available for emergency services grants under this section are not to be considered in making grant recommendations under section 57-62-05."

SECTION 25. APPROPRIATION - TRANSFER - OIL AND GAS IMPACT GRANT FUND. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, which the office of management and budget shall transfer to the oil and gas impact grant fund only as necessary to provide funding for grants distributed under section 26 of this Act during the period beginning with the effective date of this Act and ending June 30, 2013.

SECTION 26. APPROPRIATION - LAND DEPARTMENT - OIL AND GAS IMPACT GRANT FUND. There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, to the commissioner of university and school lands for the purpose of providing distributions to eligible counties experiencing new oil and gas development activities, for the period beginning with the effective date of this Act and ending June 30, 2013. As determined by the director of the department of mineral resources, a county is eligible for a distribution under this section if the county produced fewer than one hundred thousand barrels of oil for the month of November 2011 and after November 2011 the number of active oil rigs operating in the county in any one month exceeds four rigs. Upon the determination by the director of the department of mineral resources that a county is eligible for a distribution under this section, the commissioner of university and school lands shall provide \$1,250,000 to the county for defraying expenses associated with oil and gas development impacts in the county. The county, in determining the use of the funds received, shall consider and, to the extent possible, address the needs of other political subdivisions in the county resulting from the impact of oil and gas development."

Page 10, line 4, replace "\$18,000,000" with "\$23,000,000"

Page 10, line 9, replace "Eighty percent" with "Six million eight hundred thousand dollars"

Page 10, line 11, replace "Twenty percent" with "One million seven hundred thousand dollars"

Page 10, after line 13, insert:

- "3. Fourteen million five hundred thousand dollars to counties and townships in non-oil-producing counties through a distribution of \$10,000 to each organized township and a distribution of \$10,000 for each unorganized township to the county in which the unorganized township is located. If any funds remain after the distributions provided under this subsection, the state treasurer shall distribute eighty percent of the remaining funds to counties and cities pursuant to the method provided in subsection 1 and shall distribute twenty percent of the remaining funds to counties and townships pursuant to the method provided in subsection 2."

Page 10, line 16, after the period insert "Any funds received by a county under this section for an unorganized township distribution must be used for roadway purposes in those unorganized townships located in the county. All funds distributed under this section must be used for extraordinary roadway maintenance purposes."

Page 10, line 17, remove "**CONTINGENT**"

Page 10, line 17, remove "**AND BANK OF NORTH DAKOTA LINE**"

Page 10, line 18, remove "**OF CREDIT**"

Page 10, line 20, replace "\$500,000" with "\$1,000,000"

Page 10, line 24, remove "In addition, the industrial"

Page 10, remove lines 25 through 31

Page 11, line 1, replace "approval by the attorney general." with "The industrial commission may spend the general fund moneys appropriated in this section only for expenses relating to possible litigation and other administrative proceedings involving the United States environmental protection agency's efforts to regulate hydraulic fracturing and any moneys not spent must be canceled pursuant to section 54-44.1-11."

Page 11, line 3, remove "The industrial commission will request a deficiency appropriation to repay any"

Page 11, replace line 4 with:

"SECTION 29. FLOOD RESPONSE AND COORDINATION STUDY - REPORT TO SIXTY-THIRD LEGISLATIVE ASSEMBLY. The department of emergency services shall coordinate an executive branch study of flood response measures and coordination of state, local, and federal resources to mitigate future flooding in the state. The department of emergency services shall utilize all relevant executive branch resources in conducting the study. The study must include potential flood plain building restrictions, establishment of permanent levees and diversion works, financial institution lending policies, Bank of North Dakota and housing finance agency acquisition of secondary market loans regarding flood insurance requirements for housing, and any other flood insurance issues affecting property owners in the state. The department of emergency services shall report the findings and recommendations of the study to committees designated by the chairman of the legislative management and to the sixty-third legislative assembly."

Page 11, line 5, replace "amounts" with "amount"

Page 11, line 6, remove "and the office of the adjutant general"

Page 11, line 6, replace "sections 8 and 11" with "section 10"

Page 11, line 7, replace "are" with "is"

Page 11, line 7, remove "these"

Page 11, line 8, replace "appropriations" with "this appropriation"

Page 11, line 8, replace "programs" with "program"

Page 11, line 10, replace "5" with "6"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

FUNDING SUMMARY

Agency - Description	Bill As Introduced	Changes	First Engrssment
Appropriations, Transfers, and Loan Programs			
110 - Office of Management and Budget			
Transfer to state disaster relief fund (general fund)	\$68,700,000	(\$20,000,000)	\$48,700,000
Contingent transfer to oil and gas impact grant fund (general fund)	30,000,000		30,000,000
Transfer to oil and gas impact grant fund - New oil and gas development activity grants (general fund)		5,000,000	5,000,000
Contingent transfer to rebuilders loan program (general fund)		20,000,000	20,000,000
Total - 110 - Office of Management and Budget	\$98,700,000	\$5,000,000	\$103,700,000
120 - State Treasurer			
Contingent transportation funding distributions (general fund)	\$18,000,000	\$5,000,000	\$23,000,000
226 - Land Department			

Flood-impacted political subdivision infrastructure grants (general fund)	\$30,000,000		\$30,000,000
New oil and gas development activity grants (oil and gas impact grant fund)		\$5,000,000	5,000,000
Contingent oil and gas impact grants (oil and gas impact grant fund)	30,000,000		30,000,000
Total - 226 - Land Department	\$60,000,000	\$5,000,000	\$65,000,000
405 - Industrial Commission			
Litigation and other administrative proceedings	\$1,000,000		\$1,000,000 ¹
471 - Bank of North Dakota			
Transfer for a rebuilders loan program (Bank of North Dakota profits)	\$30,000,000		\$30,000,000
504 - Highway Patrol			
Four new trooper positions (general fund)	\$681,870		\$681,870
540 - Adjutant General			
Township financial stabilization grants (general fund)	\$5,000,000	(\$5,000,000)	
Disaster expenditures (state disaster relief fund)	29,500,000		\$29,500,000
Contingent appropriation - 2012 disasters (state disaster relief fund)	5,000,000		5,000,000
Additional funding for rebuilders loan program and for flood-impacted housing rehabilitation (state disaster relief fund)	30,000,000	(20,000,000)	10,000,000
Grants to counties for road grade raising projects (state disaster relief fund)	6,000,000	(6,000,000)	
School infrastructure grants (general fund)		500,000	500,000
Total - 540 - Adjutant General	\$75,500,000	(\$30,500,000)	\$45,000,000
601 - Department of Commerce			
Flood-related costs (federal funds)	\$235,000,000		\$235,000,000
770 - State Water Commission			
Additional expenses (resources trust fund)	\$50,000,000		\$50,000,000
801 - Department of Transportation			
Grants to counties for road grade raising projects (state disaster relief fund)		\$6,000,000	\$6,000,000
Borrowing authority for emergency relief projects (special funds)		80,000,000	80,000,000
Total - 801 - Department of Transportation		\$86,000,000	\$86,000,000
Total	\$568,881,870	\$70,500,000	\$639,381,870
General fund	\$152,881,870	\$6,000,000	\$158,881,870
Special funds	416,000,000	64,500,000	480,500,000
Total funds	\$568,881,870	\$70,500,000	\$639,381,870
FTE	4.00	0.00	4.00

NOTE: Sections 3 and 4 of the bill increase tax credits available to financial institutions, corporations, and individuals for contributions to housing incentive funds. These provisions are estimated to reduce general fund revenues by \$11 million for the 2011-13 biennium and were not changed in this amendment.

¹Funding from the general fund was increased by \$500,000, from \$500,000 to \$1,000,000, for Industrial Commission expenses associated with litigation or other administrative proceedings involving the Environmental Protection Agency's regulation of hydraulic fracturing. Authority for the Industrial Commission to access up to \$500,000 from a line of credit at the Bank of North Dakota was removed. The net effect of these amendments is \$0.

This amendment:

- Amends Section 1 of the bill as introduced relating to the rebuilders loan program to:
 - Limit loan proceeds to the lesser of \$30,000 or actual documented damage not paid by flood insurance.
 - Provide that the principal and interest payments must be deferred for the first 24 months of the loan instead of the first 12 months.
 - Require the balance of the loan and any unpaid interest to be paid upon closing if the property is sold.
 - Remove loan forgiveness provisions.
- Adds a section to provide a contingent transfer of \$20 million from the general fund to the rebuilders loan program fund. The funds are to be made available if the \$30 million transferred to the rebuilders loan program fund from the Bank of North Dakota are fully obligated prior to June 30, 2013.
- Amends Section 7 of the bill as introduced to decrease funding provided from the state disaster relief fund to the Adjutant General for transfer from the rebuilders loan program fund and for city and county flood-impacted housing rehabilitation by \$20 million to provide a total of \$10 million from the state disaster relief fund.
- Removes Sections 11 and 12 of the bill as introduced relating to financial stabilization grants to flood-impacted townships.
- Amends Section 14 of the bill as introduced to provide that the Department of Transportation provide emergency road grade raising grants to eligible counties rather than

the Adjutant General. The amendment also provides that the road grade raising project grants may only be provided for federal aid-eligible roads and that funds are to be prorated to eligible counties based on the amount of roadway damage occurring in each county.

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- Amends Section 24 of the bill as introduced relating to transportation funding distribution amounts to political subdivisions in non-oil-producing counties to provide that \$6.8 million be distributed to counties and cities pursuant to North Dakota Century Code Section 54-27-19(4) and \$1.7 million be distributed to counties and townships pursuant to Section 54-27-19.1. The amendment provides \$14.5 million for a \$10,000 distribution to each organized township and a \$10,000 distribution for each unorganized township to the county in which the unorganized township is located.
- Amends Section 25 of the bill as introduced to:
 - Increase funding from the general fund by \$500,000, from \$500,000 to \$1,000,000, for Industrial Commission expenses associated with litigation or other administrative proceedings involving the Environmental Protection Agency's regulation of hydraulic fracturing.
 - Remove authority for the Industrial Commission to access up to \$500,000 from a line of credit at the Bank of North Dakota.
 - Remove the contingency language relating to approval by the Attorney General.
 - Provide that the funding may be spent only for the purposes identified in the section and require any unspent appropriations to be canceled at the end of the biennium.
- Adds a section to amend Section 4 of Chapter 12 of the 2011 Session Laws to increase the amount of funding that the Department of Transportation is authorized to borrow from the Bank of North Dakota during the 2011-13 biennium for emergency relief projects. The 62nd Legislative Assembly previously authorized the Department of Transportation to borrow up to \$120 million for emergency relief projects during the 2011-13 biennium. This increases the amount of borrowing authority to \$200 million. The funding is also appropriated to the department to use for emergency relief projects.
- Adds a section to provide an appropriation of \$500,000 from the general fund to the Adjutant General for providing flood-damaged school infrastructure grants to eligible school districts in the state. For the purposes of this section, an eligible school district is one that experienced a 2011 flood event which resulted in multiple school facilities being damaged and unusable.
- Adds sections to provide for the transfer of \$5 million from the general fund to the oil and gas impact grant fund to allow for distributions of \$1,250,000 for each new major oil-producing county after November 2011 to address the impact from new oil and gas development.
- Adds a section to provide that the Department of Emergency Services is to coordinate an executive branch study of flood response measures and coordination of state, local, and federal resources to mitigate future flooding in the state.

2011 HOUSE APPROPRIATIONS

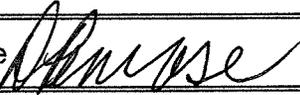
SB 2371

2011 SPECIAL SESSION
HOUSE STANDING COMMITTEE MINUTES
House Appropriations Committee
Roughrider Room, State Capitol

SB 2371
11/9/11
16955

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act relating to the establishment of a rebuilders loan program and to special permits for vehicles of excessive size and weight; financial institutions tax and income tax credits for contributions to the housing incentive fund and relating to the county and township road reconstruction program; to provide for a rebuilders loan program, principal reduction grants, flood-impacted political subdivision infrastructure development grant program, township financial stabilization grant program, road grade raising grants, oil and gas impact grant funding enhancement, and transportation funding enhancement.

Minutes:

You may make reference to "attached testimony."

Chairman Delzer called the committee to order. We'll start with Representative Kaldor's amendment first. After that, people are welcome to stay and listen to the rest of the debate, but you are also free to leave if that is all you are here for. We'll start with amendment (11.0826).04009. We had our discussion in joint committee on almost all of these. Any amendments that are not offered will not be considered.

Representative Kaldor: I move amendment .04009 to SB 2371.

Representative Kroeber: Second.

Chairman Delzer: Discussion.

Representative Kaldor: Thank you allowing this to go forward at the beginning. Their counterparts in Minnesota are eligible. Their counterparts in Iowa are eligible as you heard this morning. They have an identical law to ours and it's an interpretation. I'm going to press upon Job Service North Dakota to reconsider their action in this. I would have rather have done that than to bring this as an amendment. As a consequence of their actions, I felt it important to call attention to this issue for the Assembly to know about it.

Representative Glassheim: They had no intention of striking. If they were striking, I would say they don't get unemployment. But this is not a strike. When the employer chooses to have them not work, I think it's like any other layoff and that

they deserve unemployment. To me this is a very simple matter of choice and responsibility. If a worker chooses to not work, they don't get unemployment. If a company chooses to have them not work, they should pay unemployment. We know the unions

Representative Nelson: I don't necessarily disagree with anything that's been said yet. The fact is we're an appropriations committee and we're dealing with an amendment that we've not had any financial analysis done for it, so we would know the consequences if we passed this. It's unusual to not have a dollar figure. I found out that if 400 workers would exhaust their 26 weeks of unemployment, it would be a cost of \$4.16 million dollars. Across the state, and this comes from people at Job Service, it would exhaust the company's situation as far as their fund is concerned. There could be a potential increase in tax rates across the state from 1.2% to 1.26%. I have sympathy for the families that are involved in this, but I don't think that this committee can make that case. We don't have a lot of knowledge on this matter. This should go through the proper channels. It should go through the IBL Committee and then come to Appropriations to consider this, in my opinion. I'm very uncomfortable with this.

Chairman Delzer: I will oppose this amendment because I do not feel this is the right avenue for this to be dealt with. We're here for redistricting. We've had a plethora of natural disasters that we're addressing. There are a lot of amendments here that we're looking at that will certainly push the envelope. Not just this one, but a number of other ones. I will be opposing several other amendments for the same reason, because I don't think they are germane enough to the situation that we're dealing with.

Representative Kaldor: I would challenge the amount offered by Representative Nelson. I think this would only impact American Crystal. I'm not sure that it would indicate an impact on the rest of the employers. It's American Crystal that has determined to do this layoff.

Representative Monson: I was always under the impression that when you paid in your union dues, that you paid into a fund so that if, in the event that something like this happened, whether a strike or a lockout, and I'm not very familiar with the differences between the terms, it seems like they should be getting help from their union when they are paying in dues. Maybe this is an interpretation by their union.

Representative Kaldor: I know unions across the country have been making contributions into this region just because of this. There have been many people in the communities that are affected who have been making contributions to assist them. I don't think union dues come close to accomplishing the number stated by Representative Nelson. Union dues will not compensate for unemployment.

Chairman Delzer: We will handle all of these amendments as members of the committee offer each amendment. The motion will be to adopt this as part of the

amendment package. When we get done with what we do, the amendments that are adopted we will take to the full committee. If the Senate adopts them, we will have to have them drafted into amendment form for the whole bill, and then we will probably end up coming back tomorrow morning and adopting the final package and then get it on the floor tomorrow.

Representative Skarphol: I understand the urgency of this and I sympathize with the aspects of it, it's unfortunate the other party involved wasn't part of the discussion. I'm not sure if they were invited and refused to attend or what the situation is with regard to this. I don't believe it's our best interest as a legislature not to hear from both sides, to address something as important as this by hearing just one side of the issue.

Representative Kaldor: I can speak as a shareholder in American Crystal for 35 years. The people who work in the district where I live have outperformed any sugar processing plant in the entire country over those 35 years. They've made that factory hum. For every one of us that grow sugar beets, or has grown sugar beets, this has been a really important economic benefit, not only to our state but to the entire region. Obviously, in any negotiations, and I'm not going to get into renegotiating, the Crystal management perspective, is that they made a fair offer. I'm not going to question that. That's their perspective. That's part of what union negotiations and company negotiations are. For the last 35 years, they have always worked through the negotiation process. They have always working under the old contract until a new one is ratified. In this case, a different tactic was used. I'm not arguing whether that was right or wrong, but a perversity occurred as a consequence of our law; the interpretation of our law and Job Services. That's what I am here to talk about. I don't even think that most growers would object to these employees getting some unemployment. They understand, they are their neighbors. In fact, you've got families in Hillsboro and Drayton, and other places, that have people in both positions. Growing beets and working in the factory. I've done both. I think the perspective here is this is our law that is working this perversity, it's not the negotiations of American Crystal or the union.

Chairman Delzer: The clerk will call the roll. This would add the amendment. If you vote yes, you're supporting the amendment, if you vote no, you do not support adding the amendment.

5 YES 16 NO 0 ABSENT MOTION FAILED.

Chairman Delzer: Called the committee back to order. Everyone should have the summary of amendments, let's start with Representative Carlson's amendment, .04017.

Representative Hawken: I move amendment .04017.

Representative Skarphol: Seconded the motion.

Chairman Delzer: We have a motion to adopt .04017 as part of our amendment process. As far as I remember, that basically removes subsection 7 to section 1 of the bill.

Representative Hawken: That is correct, that's the whole bill. It reduces the interest and principle reductions for the rebuilders' loan program.

Chairman Delzer: If I remember the discussion, it was because we want to be careful of the gifting piece. It leaves intact the 1% loan, the amounts and everything else. It's just that piece.

Representative Glassheim: Rep. Skarphol had asked some questions about how things worked in Grand Forks, so I have passed out (attachment 1) information relating to some of the programs that were used. I'll go through it a little bit. The purpose was to circulate money because we feared we would lose 10,000 people after the flood of 1997, and to be of whatever help we could be to make sure people didn't leave. I assume the purpose in the Minot instance is the same. We were lucky in that we had \$170M from a community development block grant to work with, back when the federal government had money. That was how we were able to afford a lot of the programs that were made available. The city government essentially did what the state might do, to give people money, but it was through programs so it wasn't a direct grant. It was a long-term forgiveness and it accomplished its purpose; the number of people lost was way less than what we originally thought might leave.

Chairman Delzer: You're not aware of anything in existing language anywhere that restricts the city from doing any of these things if they have the money to do them.

Representative Glassheim: I don't know.

Chairman Delzer: You did not have to get special approval.

Representative Glassheim: No.

Chairman Delzer: That's part of the issue. We don't have a problem with the cities doing what they want to do; we don't even have a problem helping the political subdivisions to some degree. But we want it understood that the state itself is staying away from the gifting issue. This amendment should not restrict any city actions.

Representative Glassheim: You would not be concerned if the city got some money for that purpose of housing rehab.

Chairman Delzer: If they got money from tax dollars or wherever they get the money, when it's their money. I don't think we can control what they do, nor should we. But we do control what we do.

Rep. Glassheim: The money would still go to the cities.

Chairman Delzer: There are some other amendments that we have to deal with that may well propose to change how some of that goes, but the cities would still have some and whatever we had, like the infrastructure money, and I don't believe there are any amendments that changes that \$30 million of infrastructure money and whatever that went. If they use that to free up some of their own tax dollars, whatever on something like that.

Rep. Glassheim: But the important thing is that the amount of money...

Chair Delzer: This amendment does not change the money at all.

Representative Skarphol: In a brief exchange with Mr. Porter from the Bank of North Dakota, he indicated to me that there is a precedent for forgiving loans. I think there was \$4.3 million loaned in 1997 and 96% of it was forgiven. Again, I think we're trying to do too much too quickly. There is nothing to preclude the next legislative session from working on a forgiveness policy that would give us the opportunity to really have a well thought out plan. I think we need to remove the language and the next legislative assembly can, with their collective wisdom analyze that situation with regard to the city of Minot. In the meantime, those folks would have the opportunity to borrow the money at a very low rate of interest and move forward.

Representative Glassheim: The point is people are making life decisions about whether to stay or go, whether to reinvest or not. They need certainty. I think it's not a good idea to do too much waiting. They have to know what they can count on and what they can't. Their lives have been turned upside down. That was the purpose of what we did in Grand Forks. I think it applies here. You have to set the rules up about what they can know to expect, what help they can get. Then you have to go with it.

Chairman Delzer: Further discussion. Clerk will call the roll to include amendment .04017 to SB 2371.

13 YES 7 NO 1 ABSENT MOTION CARRIED.

Chairman Delzer: Let's go on the first page and go down the list. We have amendment .04002 introduced by Rep. Porter. New money of \$18 million.

Representative Martinson: I move amendment .04002.

Representative Kroeber: Second the motion.

Chairman Delzer: I believe this amendment changes the grant process. It is \$18 M of new money which goes from \$68.7 million to \$86.7 million.

Representative Bellew: I think this amendment has the State pick up all the local share of the rebuilding projects.

Chair Delzer: That was part of that amendment, I do believe.

Representative Skarphol: I suggest LC give us a quick summary.

Allen Knudson, Legislative Council: The last legislature authorized 50% of the local share to be paid by the state. This amendment provides that the state to pick up the other 50% so that the entire local share of disaster expenses would be paid.

Chairman Delzer: Is that all this amendment does.

Allen Knudson: Yes. There is another amendment later that does some other things.

Chairman Delzer: Further discussion.

7 YES 14 NO 0 ABSENT MOTION FAILED.

Chairman Delzer: The next amendment will be .04007. It affects section 20 of the bill. It was brought forward by Rep. Gruchalla. Section 20 of the bill adds \$681,870 for four new FTE's to the Highway Patrol. This one doubles the money and adds three more positions.

Representative Kaldor: I move to adopt amendment .04007.

Representative Metcalf: Second the motion.

Representative Kaldor: I had a meeting with one of the officers from out in that region covering this. When I heard the story that he related to me about the safety checks. He said one in four vehicles failed safety checks, and they aren't stopping every vehicle; and one in eight drivers were not in compliance with the safety standards. This is in the interest of public safety and absolutely critical to the orderly development of western ND that we have in place officers to perform these functions. It's for everybody's safety, including the oil workers and drivers. I would ask that we support this amendment.

Vice Chairman Kempnich: I would like to see how what we already have in place works out. We are starting an accelerated program in March to graduate in July, so they will have a class of 8. A good portion of the current class is already going out to this targeted area. I think we're jumping the gun a little, and should discuss it during regular session.

Chairman Delzer: The bill currently has the four positions in it. I'm going to support the four positions, I will not support adding the three additional. I would like to note that we did fund two positions that had been available positions but unfunded during the regular session as well. Further discussion.

Representative Kaldor: Did we change the governor's budget, that these two positions would have otherwise have been funded.

A. Knudson: On the last page, there is a summary of the Highway Patrol positions. The executive budget did recommend three new motor carrier trooper positions. The House removed those positions along with three existing trooper positions. All six positions were restored in the Senate and the conference committee version restored the three existing trooper positions but did not restore the three motor carrier positions. You are correct, they were included in the executive budget.

Chairman Delzer: There were two unfunded positions that got funding in the conference committee.

Representative Skarphol: There are so many issues in the west with regard to the highway patrol and the inability of them to get their job done. This is not going to help resolve them. The Governor is committed to moving more troopers out there. He's going to have to move modular homes out there to the Lewis and Clark State Park for them to live in. We addressed the permitting issue in this bill in an effort to try and get more officers on the road. In the current situation, the officers in Williams County spend 60% of their time behind a desk writing permitting and routing permits. We're trying to address that in the bill to facilitate that so those officers that we do have can actually spend their time on the road. I am not going to support this, at this time. Again, by the time this body meets again, they will have an opportunity to address this. In the meantime, there are solutions that are being forwarded that should help address some of the issues out there. Obviously we're never going to get it right in a short period of time.

Representative Kaldor: That is my concern. The way they've accommodated this so far is to move patrol officers around the state. There are circumstances where we need them in the east as well. We're accommodating them at the expense of another part of the state.

Rep. Skarphol: I am referring to the new graduating class will be assigned to the west. I'm not referring to the transfers that are taking place right now.

5 YES 16 NO 0 ABSENT MOTION FAILED.

Chairman Delzer: The next amendment is .04019, brought forward by Rep. Louser. It is \$30 million for commercial loans.

Representative Bellew: I move amendment .04019.

Representative Klein: Second the motion.

Chairman Delzer: Allen, you're understanding of this is that it is \$30 million on loan out of the proceeds of the Bank of North Dakota and has a 1% payback.

Allen Knudson: Yes.

Representative Bellew: This will help all commercial properties in the Minot and Bismarck areas that were flooded. However, this is mainly introduced to help those people that own four-plexes, etc. to help them get rebuilt quicker, so that the people in the flooded areas will have a place to live. A lot of these people in the four-plexes are the lower-income people. I would like to see this passed so we can get some of the needed housing up in our area.

Chairman Delzer: We discussed how tough it is to get loans, and whether there was any equity in the buildings. I think with the commercial, even though I understand that they got very little help from FEMA, I think there may be SBA loans available to them. I think they have more equity than some of the newer homeowners. This is money that would take new money out of the footings of the Bank of North Dakota. It's an addition to the way the bill came before us. At this time, I can't support it.

Vice Chairman Kempenich: We're moving fast on a lot of these amendments. I'd like to see where the problems are, how things shake out first, and then try to address them.

Representative Bellew: There are 12,000 people in Minot that need a place to live. There are probably 2000-3000 trailers there now, but those are only temporary places. If you've ever seen a FEMA trailer, they're not that nice.

Representative Monson: Is it correct that subsection 5 was moved to be included? If so, it would be in conflict with the loan forgiveness on the homeowners. If this was left in there, it would give loan forgiveness for the commercial.

Chairman Delzer: I don't think this changes the bill at all, it adds another section that puts another \$30 million dollars out there for commercial property.

A. Knudson: When Representative Louser testified, he indicated that subsection 5, the forgiveness part was not supposed to be included.

Chairman Delzer: This is strictly a loan, no forgiveness. That if this is adopted, it's without subsection 5.

5 YES 16 NO 0 ABSENT MOTION FAILED

Chairman Delzer: Next up is .04012, which deals with paying the same amount that the property tax has been lowered, paying that much again to the individuals by paying the county so that they can lower that tax to the individuals.

Representative Martinson: Move the .04012 amendment.

Representative Klein: Seconded the motion.

Chairman Delzer: This is new money, over and above. The concern I have, if we did something like this and I understand that it would help the homeowners a little bit, but there are a lot of people in the state that have had some dire situations that do not fit within what is considered the number of counties for the FEMA related individual assistance, which I think this is based on. For us to give it for some and not others, I would find it questionable, so I will not support this amendment.

Representative Pollert: I have to vote no as well. When you look at the Bismarck-Mandan area, I understand that, but if you do it for one area you need to do it for all. Unless it's for all, and then it's going to get too costly and we don't have enough time to study it.

Chairman Delzer: Further discussion, seeing none. The clerk will call the roll to add .04012 to the list of amendment.

5 YES 16 NO 0 ABSENT MOTION FAILED

Chairman Delzer: Next is .04023. That's the section to provide \$10 million from the general fund to DOT for completing preparatory planning to establish truck reliever routes to ease traffic loads in and near western ND cities.

Vice Chairman Kempenich: This is going to be a growing issue. I think the DOT can put this up on a list. Hopefully it gets moved up higher. I could make a motion but I doubt if it will get a second.

Chairman Delzer: There is no one to move adoption, so we'll pass on to the next one, .04006. I think this brought this to light for the DOT and they will probably look at this. The next amendment is .04006. It adds new sections, creates school district capital project loan programs, transfer \$75 million from the Bank of ND profits, and provide a contingent transfer of \$75 million from the general fund to make up any shortfall in the transfer from the Bank of ND. I think the way the amendment is actually worded, it's over and above. I think the intention was that it be \$75 million.

Representative Skarphol: Move the amendment .04006.

Representative Monson: Seconded the motion.

Representative Skarphol: Williston Public School district has an incredible horizon based on the numbers that are being projected today. They have 50 births per month. That means 5-6 years from now having potentially having 600 kids or more entering that school system that is just counting the births. That doesn't count the other individuals moving into the community. We will need to take a hard look at this next session and try to find a solution. I have asked LC to look at a mechanism for potentially loaning money to needy school districts from the Common Schools Trust Fund. It would seem logical to me that it would be a place to go get money for educational purposes. It would have to be repaid, obviously, but I think there are some constitutional provisions that would be difficult at this time to work through.

Chairman Delzer: I hope we do not add this, as it is an additional \$75 M to an already \$150 million out of the general fund and \$30 or \$60 M out of the Bank of North Dakota, but the issue is not going to go away. We know that we will have to look at it. The Williston area, knowing all the options available to them, I would hope that there would be somebody in DPI that we could encourage people to get together and see if there is anything and have something in place that we can move on quickly those that are fortunate enough to be part of the next legislative session. Further discussion. We will call the roll.

4 YES 17 NO 0 ABSENT MOTION FAILED

Chairman Delzer: Next is amendment .04005. This would change the disclosure on information for quick sales and private sales.

Representative Bellew: Move the amendment .04005.

Representative Nelson: Second the motion.

Representative Dahl: On page 3, how many counties does that include?

A.Knudson: Referring to the SAMY document, the third report in there is where we talked about the counties that were designated. There are 7 that are individual assistance, and about 30 that are public assistance.

Representative Dahl: I believe it was Representative Louser's intention to limit the scope of this, but you're indicating that this spans potentially 30 counties, is that correct.

Chairman Delzer: I am not going to support this. I think this issue needs more debate and study than is offered by having it as an amendment to this particular bill.

2 YES 19 NO 0 ABSENT MOTION FAILED

Chairman Delzer: Next is .04010. It would provide an appropriation of \$6.87 million from the Insurance Distribution Fund for fire districts and grants to the Firefighters Association. I feel this is borderline germane.

Representative Kroeber: Move the amendment .04010.

Representative Glasheim: Second the motion.

Representative Kroeber: Certainly the emergency medical services need the \$3.5 million that designated out of the \$30 million from that, but I think the other emergency services, such as the sheriff's departments and fire districts also feel they have an additional burden and need this additional funding out west at the same time. This would help a number of those districts meet the needs of their people.

Representative Pollert: If it was other than the special session, I would look at this more favorably. None of this came forward in 2011 session. We don't know enough, statewide, what this means. Personally, I'd like to see something coming forward during the next session if they think it is important, but now I need to say "no".

Chairman Delzer: This is normally part of the insurance commissioner's budget. There is a fair amount of this discussion takes place every session. Further discussion; the clerk will call the roll at add .04010 amendment to the list of amendments for SB 2371.

6 YES 15 NO 0 ABSENT MOTION FAILED

Chairman Delzer: We already dealt with amendment .04017. Next is .04028. That was handed out this morning. It takes \$20 million of the \$30 million in section 7 of the bill and puts that as a contingent transfer for a loan, increasing the \$30 million loan in the other section. There is this \$30 million in section 7, \$20 million of it would be set for loans and it sets \$10 million of it for grants to local political subdivisions.

Representative Martinson: Move amendment .04028.

Representative Dosch: Second the motion. I would like to change the verbiage of the proposed amendment. I did talk to Rep. Porter on it, and he was okay with it. If you look at the very first line of the proposed amendment, to strike where it says "page 2, line 14" and the sentences that follow there. I don't think we want to give the impression that we are penalizing people for buying flood insurance. Rep. Porter's primary concern is that we prevent double dipping on that. To correct that, we would eliminate the first 2 lines where it says page 2, line 19, after "dollars" insert "or the actual amount of documented damage, "not covered by flood insurance, whichever is less". The wording "not covered by flood insurance", would take care of the concern of double dipping.

Representative Dahl: Does that cover the deductible too.

Representative Dosch: I believe it would. If it was not covered by flood insurance.

A. Knudson: We would need to take some more time looking at it, but initial thought, if the damage was not covered by flood insurance and it was part of your deductible, then you did pay for that. Since the deductible was paid out of your pocket, ...

Chairman Delzer: If you've collected anything from flood insurance, your deductible would have been covered already. You would have already had to pay the deductible to receive anything from flood insurance to start with.

Representative Dahl: I just want it to be clear, that if you had a \$5,000 deductible, technically that portion was covered by insurance, you just have the deductible. I'm just making sure that the language covers that scenario.

Vice Chairman Kempenich: When you read section 1 subsection 1, you would assume that if they had to go and borrow the \$5000 to pay the deductible, that would be a credit obligation. You would assume that that would be a covered expense

Representative Skarphol: If that's the wish of the committee, we can direct council to add language to provide for that.

Representative Dosch: The first two lines would be eliminated where it makes reference to those who did not receive proceeds from flood insurance policies. We would keep page 2, line 19, after dollars insert "actual amount o documented damage, not covered by flood insurance, whichever is less.

Chairman Delzer: Do we need further language to do what Rep. Dahl is concerned about.

A.Knudson: If the intent is that they can get a loan to pay for their deductible, then if you change the word "covered" to the word "paid" so that the wording is "not paid by flood insurance", then you could be eligible to get a loan for the deductible, if that is what your intent is.

Chair Delzer: The motion on the floor is to adopt the amendment the way it sits. So either we need to make a substitute motion or the movers would have to change that.

Representative Monson: I move a substitute motion to adopt .04028 with language change "not paid by flood insurance". So if they had a large deductible or any deductible, that portion of the deductible that came out of their pocket would be eligible for reimbursement under this plan.

Chair Delzer: Again, this is a loan program at 1%.

Representative Skarphol: Second the motion.

Chair Delzer: We have a substitute motion to adopt .04028 with the changes as listed.

Representative Glassheim: Please clarify, are we voting to adopt the whole motion or just on the substitute.

Chairman Delzer: On the substitute motion, my understanding is the whole amendment with those language changes.

Representative Glassheim: I don't understand, who is getting more and who is getting less.

Chair Delzer: I think in essence, it just says if you have...

Representative Glassheim: Not with this one, but the money, \$30 million and \$10 million down, they are from different places. I'm just not sure who is winning and who is losing.

Chair Delzer: This does change it, so that the loan is in essence, first up for \$50 million. If it hits the \$30 million, there is \$20 million more for it. Then the \$10 million is still out there to be given to political subdivisions.

Representative Glassheim: But the political subdivisions are losing \$20 million.

Chair Delzer: Not necessarily, because that was also available for loan if it was needed. That was part of that original motion, that it could be either/or. This makes it more for the loan than for the grants.

Representative Glassheim: More for the housing loan.

Chair Delzer: Well, for the rehabilitation loans.

Representative Glassheim: Rehabilitation housing loans.

Chair Delzer: Right.

A.Knudson: Right now, there is \$30 M that goes to the adjutant general and that can be either used to provide additional money to the Bank of North Dakota for the rebuilders' loan program or to be distributed to political subdivisions for them to use as they deem most beneficial to their community. This takes \$20 million of that and puts it specifically for additional money for the rebuilders loan program, so the

money that goes to the adjutant general that could go to cities and counties would be reduced by \$20 million.

Representative Glassheim: Is this the money that we took out before on your amendment? How does this money flow? Does it flow to cities for the use of housing loans, and then they could, if they wanted to, decrease the loans...

Chairman Delzer: It is my understanding that these housing loans are going to be originated by local banks, selling them fully to the Bank of North Dakota. We had some discussion yesterday about the repayment to the locals and then come back to the Bank, or directly to the Bank. That would be the loan portion of it. The other \$10 million would be up to the adjutant general as to how that would go out. The issue has always been, is \$30 M enough for the loan? I think there's always been a case of how long will you wait before you put money out as grants? I would guess that there would be some time figures.

Representative Glassheim: Is there another vehicle where we had talked earlier, about making money available to cities who could then loan money out. Is that a different part or in here.

Chair Delzer: No, isn't there another section of the bill that puts more money out too.

A.Knudson: That's section 7, where the money goes.

Chairman Delzer: Section 7 was the only one. It's an original \$30 million for the loan and it was this \$30 million. So there is \$60 M available.

Representative Glassheim: So the cities would not have the option of having the principal paid off.

Chair Delzer: They still possibly would; I don't know how that \$30 million was going to go out. We never really did have that discussed and said to us, because it was always available as a back-up contingent line for the loan also.

Representative Kaldor: I believe this morning we also covered another amendment that addressed these same subsections. I don't recall, but it was one that actually removed that subsection 7.

Chair Delzer: No, that was subparagraph 7 of section 1 of the bill. That was the language about the principle forgiveness but that's not anything with the money. This does, however, deal with the money.

Rep. Kaldor: This would have the impact of limiting the resources they would have to accomplish that goal.

A.Knudson: The funding that would go potentially political subdivisions, there would be \$20 million less that would go to political subs, for their flexible use.

Chairman Delzer: Potentially the amount that would be available for individuals on the loan side would be increased. That is a conundrum, the motion in front of us.

Representative Glasheim: I'm looking back at section 7, which we took out, but at the bottom it says that was the first \$30 million that we originally had in there for a home rehab on page 4, and it says, "funds made available to cities and counties under this section, must be used by cities, counties deemed most affected in that community to assist homeowners in need of rehabilitation or a replacement on their flood damaged homes. I wonder if we could retain that language for some.....

Chairman Delzer: That's not what we took out. We took out was subsection 7 of section 1 of the bill.

Representative Glasheim: So 7 still exists.

Chair Delzer: Section 7 still exists. We changed the money on it, doesn't change the language. That's my understanding of it. Further discussion. Clerk will call the roll to add this to the amendment list to take back to the full committee.

15 YES 6 NO 0 ABSENT MOTION CARRIED

Chairman Delzer: Next is amendment .04035. Since our discussion this morning, we found out that there are roughly 1440 townships that would be impacted. The amendment is written at \$14 million to go out as impact dollars at \$10,000 to the township. That number would need to go to \$14.5 million in case we have a little bit of a mistake in the numbers. That would lower the \$9 million to \$8.5 million that goes out by formula. It would affect 400,000 on the one side and 100,000 on the other, because it is an 80-20 split. So it would be \$14.5 million going out directly to the townships, at \$10,000 a township. There would be \$8.5 million going out through the formula.

Representative Brandenburg: Move amendment .04035 and further amend to allow \$14.5 million to take care of that funding and reduce it from \$9 million to \$8.5 million.

Representative Pollert: Second the motion.

Representative Brandenburg: I think this is a good way to help these townships to maintain, fix roads and deal with culvert washouts, etc.

Chairman Delzer: We should state that the intention of this is that it isn't used for normal maintenance on roads but to hopefully be used to fix problems that had happened from the water during the flooding issues. I think it is needed. I don't

know if it's a path we like to go down, but I think it is really needed out there because a lot of townships have a hard time raising any money to work on their roads. I hope this money all goes to work on roads. That is certainly the intent.

Representative Pollert: Do we get a report when this happens so we know how the money was used; whether it was used to fix roads or used for maintenance of roads. I also want to see it for fixture of roads, not for maintenance.

Chairman Delzer: I believe that we have in the past asked for reporting, and this would fall under that same reporting because it's within the same years that we're already asked for them.

A.Knudson: I believe that would be correct. They would report similar to how they use the other funding. That is correct.

Representative Kroeber: I have concerns about us taking and raising the \$53 million from the \$48 million during this period from July 1, 2011 and I think the statement was made, it's going to be way over that anyway, so it doesn't make any difference. My concern would be, and part of a substitute motion, I would like to see us leave it at the \$48 million if that's appropriate.

Chairman Delzer: I guess I don't have a problem with that. I guess that would be \$5 million out there. I don't know where the \$5 million would go if there was some short of shortage, but I don't think it really makes a lot of difference. If it gets to the point where this doesn't reach, we're going to be short dollars on everything, because everything would have to go to pot for that to happen.

Representative Kroeber: If it doesn't make any difference, I would like to see us leave it at the \$48 million.

Chair Delzer: Have a substitute motion for the amendment the way it is, except requiring the \$48 million to be triggered.

Rep. Kaldor: Second the motion.

A.Knudson: The way the contingency works is that it is based on total oil and gas productions tax collections certified by the Tax Dept. For the first three months of the biennium, we're now \$96 million over original projections. Whether it's \$53 M or \$48 million, depending on the future of oil collections, that would be the difference. It is based on total oil and gas collections as certified by the Tax Commissioner is what the trigger is for.

Chair Delzer: The total, not general funds.

A.Knudson: Not the general fund, because the general fund is capped at the \$300 million. It can't really be used as a trigger.

Chair Delzer: That is based on a date of when.

A.Knudson: Collections through the end of February.

Chair Delzer: We have the substitute motion before us. Clerk will call the roll on amendment .04035 with a trigger of \$48 million instead of a trigger of \$53 million and the \$14.5 to townships, 8.5 through formula.

21 YES 0 NO 0 ABSENT MOTION CARRIED

Chair Delzer: We have an amendment .04034, do you wish to withdraw that motion.

Representative Monson: I would, there is no reason to implement that, since we adopted .04035.

Chairman Delzer: Next is amendment .04022. See attachment 2.

Vice Chairman Kempenich: This isn't a new one. We would like to broaden this out to emergency services and include more money in it. Talking to the Land Commissioner, they would like a little direction on how we want this to roll out. There is a formula that is used with these grant monies. I think the intent is that a high priority be given to emergency services and I think we would leave the definition of what emergency services is. I had proposed when we were down in the full committee that we would go up to \$7 million, but then Lance said that, you put a cap on it, well that's all it's going to go to too. That's what happened with the school, that they gave him \$5 million and that's all they're going to get. I think we want to say that there is a high priority that grant funds would go out to emergency services. The intent is to try and get that \$7 million or someplace but not put that in the language. It gives them some direction of what the Advisory Board and the Land Commissioner.

Chairman Delzer: Is there a chance you can have your language, do you know how close they are to having that language written up.

Vice Chair Kempenich: Have you worked on any of that Allen.

A.Knudson: In about an hour I think we could have it.

Chairman Delzer: Let's do this in full joint committee with the new language. This is not changing any money, it is broadening emergency services. Section 25 we are going to take up as the full committee. Next amendment is .04013. It is money for Minot School District.

Representative Bellew: I move amendment .04013.

Representative Klein: Second the motion.

Chair Delzer: We had our discussion on this. It would add \$913,000 to the Minot School District for lost tax revenue.

Representative Nelson: I would like to offer a substitute motion. I think it's important and we can see by where this committee is carefully looking at how we set precedence in this case, that we don't go down a road, there seems to be some reluctance to go down a road that hasn't been travelled before. I suggest that we grant the Minot Public School System \$500,000 for relocation efforts in their school district. Obviously, the wording would not include Minot, but a school district within a city that experienced extensive flooding in 2011, and affected at least two school districts, but that \$500,000 grant would be used for infrastructure upgrades for that relocation purpose.

Rep. Monson: Second the motion.

Chair Delzer: The essence of this substitute motion then is to give a school district, which fits those criteria, \$500,000 for helping in the infrastructure movement. I believe Minot has to rebuild Ramstad and rebuild Lincoln and I think they are going to move Ramstad up to new areas and they would have infrastructure costs. I think part of the discussion on this is we have granted to other school districts at times when natural disasters have caused them trouble.

Rep. Nelson: I think in the Ramstad situation, which I'm a little more familiar with, that they have to purchase land, and water, sewer, electrical needs to be brought into that location. I think the reference you make is the last time something happened was in Northwood, although last winter we also approved some infrastructure monies for the Minnewauken School District and the relocation of their school. There is precedent set in the state. I think the school district will be able to use that money for this effort and we won't be opening up a new gate that we may not be able to close again.

Chair Delzer: Further discussion. The clerk will call the roll on amendment .04013, with substitute motion for \$500,000 for infrastructure work for the relocation of the schools in a school district that fits the criteria to be listed which basically is Minot.

21 YES 0 NO 0 ABSENT MOTION CARRIED

Chair Delzer: Next is amendment .04021. Bill to look at doing some proactive work on roads in areas where the oil industry might have a major impact coming at them.

Representative Skarphol: I move amendment .04021.

Representative Kreidt: Second the motion.

Representative Skarphol: After some discussions with Mr. Ness, with the Petroleum Council and Mr. Helms, at Oil and Gas, in an effort to try and be more proactive, there are some counties that may see developing oil activity. In our practices in the past, it seemed to always have us behind the 8 ball. We are endeavoring to create criteria for eligible counties to receive grants that are experiencing new oil and gas development activities. An eligible county under this would be a county that has as of November 2011, less than 100,000 barrels of oil per month being produced, in which to meet the second threshold would have to exceed four rigs drilling on a monthly basis and be certified as such by the director of the Mineral Resources Dept. These would not be grants, but rather disbursements. The disbursements would be for \$1.25 million dollars. There would be a \$5 million dollar sum set aside to address these. In the discussions with Mr. Helms, there are probably three potential counties to have that happen. Those counties are Hettinger, Mercer, McLean; we did it for four counties, because there may be a possibility of additional counties having this happen, although not widely predicted or predicted by Mr. Helm. In the event that you do have five rigs, because it says has to exceed 4, you are looking at having 10,000 trips by semis across your county doing considerable damage and it seems like the money the counties receive has always run behind the damage. We're trying to be proactive, in the event that damage begins to develop, this would give them some upfront money, once development is happening, to be able to offset some of the damage in the hopes that by the time they begin receiving revenue, the revenue will cover the additional costs. Like I said, it is an attempt to be proactive, not necessarily any assurance that the money will be used. It is limited to \$5 million. If more than four counties have this happen, they won't unfortunately receive that funding unless it happens after the next legislative session and that assembly decides to implement a similar program.

Chairman Delzer: Any money that is not used, not triggered, would go back to the general fund?

Representative Skarphol: That is my intent. That is the way it is drafted.

A.Knudson: If you look at the language in section 24, OMB transfers to the fund amounts only as necessary to provide funding for the grants, so if they don't need all the money, it won't be transferred.

Chair Delzer: Who distributes the grant money.

Representative Skarphol: The land department would be directed to distribute the money. Not necessarily a grant, because a county does not have to apply for it. Once they are certified by the Dept of Mineral Resources, the money goes out.

Chair Delzer: So they might get a check and not even know it's coming.

Rep. Skarphol: Absolutely.

Representative Nelson: This is a novel idea that unfortunately comes in a session when we don't have time to look at it. There are some counties that are on the ledge of qualifying for this. As we look at the Bakken formation and oil development has been across the state, this might be what is needed to set up a more systematic way of infrastructure. In my area, I know of some areas in Bottineau County that could plan for expected oil development there.

Rep. Skarphol: The thought was that there are counties that do receive money, Bottineau County, has received \$783,000 so far, this biennium to date. Renville was another county we talked briefly about, they just received \$435,000 and are continuing to receive revenue. It is getting around \$200,000/month. Bottineau then is getting around \$350,000/month. There is revenue flowing to those counties. Another idea the next session could consider is to potentially advance money on anticipated revenue, in other words, if there seems to be development happening and it is felt that there is a need, you could advance the money and withhold 10% of what they begin to receive until they catch it up. There are other ways to potentially do this, but this one was kind of neat and quick and pretty well defined by Mr. Helms.

Chairman Delzer: The information on particular counties can be gathered personally. The trigger is 100,000 barrels a month, and has to have more than 4 rigs active any month.

Representative Glassheim: Why is money coming from the general fund for this instead of the oil impact fund?

Chairman Delzer: It is, but we just added \$30 M to the impact fund, and to turn right around and take \$5 M back. This is an addition of a possibility of \$5 million. It's a possibility of \$5 million, it isn't the money we added for the impact is going, if it's adopted. This is a possibility of being used, it is contingent funding.

Representative Wieland: This is a great idea. In a normal session I would probably embrace it. I am wondering how germane it is in this special session. A lot of good ideas have been turned down this special session because they weren't necessarily a part of what we should be doing here.

Representative Skarphol: We did set aside for \$30 million more for oil impact. If we were to have taken that out of that \$30 million, that would leave \$25 million that would be distributed for certain, and \$5 million potentially distributed but not necessarily distributed. I don't necessarily disagree with Rep. Wieland that this is kind of quick; however, development happens really quickly when it happens, without any political subdivision control. The potential is there for Hettinger to all of a sudden get hit; Mercer and McLean also could be hit all of a sudden. I believe that it is appropriate to take a more proactive position.

Chair Delzer: I would guess Hettinger and Mercer might well. McLean has been sitting at 1-2 rigs for a long, long time.

Representative Kaldor: This whole piece of legislation is related to flood damage and oil impact. It would almost justify a special session by itself. In one sense, I can see this as being a preventive measure, in anticipation of something that may come and generate a lot of problems if we don't deal with it in advance. It's kind of about cash flow. Doing something in advance is going to be a lot less costly than if we have to wait until the impact has already been felt.

Chair Delzer: Further discussion. The clerk will call the roll to add .04021 to the list of possible amendments to SB 2371.

16 YES 5 NO 0 ABSENT MOTION CARRIED

Chairman Delzer: I have just passed around an amendment proposed by Representative D. Johnson, .04036 (attachment 3), federal aid roads. The way the bill is set up, there was \$6 million put in for federal aid roads. It was listed to go to the adjutant general, and the adjutant general had some real questions about how to do this. There was discussion about it and how to do it. The Dept pays for doing the work. They have to be repaid by the federal government when the money comes in. The match at the local level is 20%. I think this is there to cover part of the local match. This proposed amendment by Rep. Johnson, .04036 would change that from the adjutant general to the DOT. They would lose it at the \$6 million, which was in the bill.

Representative Monson: Move amendment .04036.

Representative Pollert: Second the motion.

Representative Nelson: We never received an analysis of the distribution from DOT.

I'm uncomfortable with it, it is pro-rated to 5 counties.

Chair Delzer: I believe the way the language is worded, there would be five counties eligible because they are contiguous to what is now considered Devils Lake.

Rep. Nelson: Is there any chance that we would have that information before we take this to full committee and vote on it. I'd like to know the county breakdown exists.

Chairman Delzer: I don't know that there are any guidelines. I don't know how the DOT will do that. I don't think there is anybody here from the DOT. I don't know that we have those answers, but if we're going to full committee in 10 minutes with 6 and

I think the Senate has 3 they adopted, I don't know that we could have that information in time. We could possibly have it by tomorrow. I don't know that it would make any difference in what you want to do, though. You just want to know who would get it.

Representative Nelson: I guess the question that I posed to DOT, how many of the federal aid roads in that area, and I believe it is a five county region, would be eligible for this funding. At the time, we were talking about an enhancement of the \$6 million. Now in conversation with Rep. Johnson, he indicated to me that \$6 million is adequate and that may be why the number wasn't changed. I don't know that. That is another one of these nuances of a special session, where we are forced to make decisions with not enough information.

Chairman Delzer: We can have the clerk call again, but I don't know if we will have that answer for you or not. I haven't received it. Further discussion, the clerk will call the roll to change the recipient of the \$6 million from the adjutant general to DOT, the way the amendment is written in .04036.

20 YES 0 NO 1 ABSENT MOTION CARRIED

Chairman Delzer: That's all the amendments that I'm aware of. I think there are three amendments that the Senate put on. We'll have to deal with them when we go up there. We received a letter from the city of Bismarck (attached 4) that passed a resolution in support of SB 2371. They didn't testify the other day because there were people from out of town that wanted to speak but they wanted this put into the record.

Meeting adjourned.

Date: 11/9/11
 Roll Call Vote #: 1

**2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2371**

House Appropriations Committee

Check here for Conference Committee 11.0826-

Legislative Council Amendment Number - 04009

Action Taken adopt amend

Motion Made By Rep Kaldor Seconded By Rep. Kroeber

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer		X	Representative Nelson		X
Vice Chairman Kempenich		X	Representative Wieland		X
Representative Pollert		X			
Representative Skarphol		X			
Representative Thoreson		X	Representative Glassheim	X	
Representative Bellew		X	Representative Kaldor	X	
Representative Brandenburg		X	Representative Kroeber	X	
Representative Dahl		X	Representative Metcalf	X	
Representative Dosch		X	Representative Williams	X	
Representative Hawken		X			
Representative Klein		X			
Representative Kreidt		X			
Representative Martinson		X			
Representative Monson		X			

Total (Yes) 5 (No) 16

Absent _____

Floor Assignment _____

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

motion fails

Date: 11/9/11
 Roll Call Vote #: 2

**2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2371**

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number 04017

Action Taken adopt

Motion Made By Rep. Hawken Seconded By Rep. Skarphol

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Representative Nelson		X
Vice Chairman Kempenich	X		Representative Wieland	X	
Representative Pollert	X				
Representative Skarphol	X				
Representative Thoreson	X		Representative Glassheim		X
Representative Bellew		X	Representative Kaldor		X
Representative Brandenburg	X		Representative Kroeber		X
Representative Dahl	X		Representative Metcalf		X
Representative Dosch	X		Representative Williams		X
Representative Hawken	X				
Representative Klein					
Representative Kreidt	X				
Representative Martinson	X				
Representative Monson	X				

Total (Yes) 13 (No) 7

Absent _____

Floor Assignment _____

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

motion carrier

Date: 11/9/11
Roll Call Vote #: 3

2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2371

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number .04002

Action Taken adopt

Motion Made By Rep. Martinson Seconded By Rep. Kroeber

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer		X	Representative Nelson		X
Vice Chairman Kempenich		X	Representative Wieland		X
Representative Pollert		X			
Representative Skarphol		X			
Representative Thoreson		X	Representative Glassheim	X	
Representative Bellew	X		Representative Kaldor	X	
Representative Brandenburg		X	Representative Kroeber	X	
Representative Dahl		X	Representative Metcalf	X	
Representative Dosch		X	Representative Williams		X
Representative Hawken		X			
Representative Klein		X			
Representative Kreidt		X			
Representative Martinson	X				
Representative Monson	X				

Total (Yes) 7

(No) 14

Absent _____

Floor Assignment _____

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

motion fails

Date: 11/9/11
Roll Call Vote #: 4

2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2371

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number .04007

Action Taken adopt

Motion Made By Rep. Kaldor Seconded By Rep. Metcalf

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer		X	Representative Nelson		X
Vice Chairman Kempenich		X	Representative Wieland		X
Representative Pollert		X			
Representative Skarphol		X			
Representative Thoreson		X	Representative Glassheim	X	
Representative Bellew		X	Representative Kaldor	X	
Representative Brandenburg		X	Representative Kroeber	X	
Representative Dahl		X	Representative Metcalf	X	
Representative Dosch		X	Representative Williams	X	
Representative Hawken		X			
Representative Klein		X			
Representative Kreidt		X			
Representative Martinson		X			
Representative Monson		X			

Total (Yes) 5 (No) 16

Absent _____

Floor Assignment _____

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

motion fails

Date: 11/9/11
 Roll Call Vote #: 5

**2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2371**

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number 04019

Action Taken _____

Motion Made By Rep. Bellew Seconded By Rep. Klein

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer		X	Representative Nelson		X
Vice Chairman Kempenich		X	Representative Wieland		X
Representative Pollert		X			
Representative Skarphol		X			
Representative Thoreson		X	Representative Glassheim	X	
Representative Bellew	X		Representative Kaldor	X	
Representative Brandenburg		X	Representative Kroeber		X
Representative Dahl		X	Representative Metcalf		X
Representative Dosch		X	Representative Williams		X
Representative Hawken		X			
Representative Klein	X				
Representative Kreidt		X			
Representative Martinson	X				
Representative Monson		X			

Total (Yes) 5

(No) 16

Absent _____

Floor Assignment _____

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

without subsection 5

motion fails

Date: 11/9/11
 Roll Call Vote #: 6

**2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2371**

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number .04012

Action Taken _____

Motion Made By Rep. Martinson Seconded By Rep. Klein

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer		X	Representative Nelson		X
Vice Chairman Kempenich		X	Representative Wieland		X
Representative Pollert		X			
Representative Skarphol		X			
Representative Thoreson		X	Representative Glassheim	X	
Representative Bellew	X		Representative Kaldor		X
Representative Brandenburg		X	Representative Kroeber		X
Representative Dahl		X	Representative Metcalf		X
Representative Dosch	X		Representative Williams		X
Representative Hawken		X			
Representative Klein	X				
Representative Kreidt		X			
Representative Martinson	X				
Representative Monson		X			

Total (Yes) 5 (No) 16

Absent _____

Floor Assignment _____

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

motion fails

Date: 11/9/11
Roll Call Vote #: 7

2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2371

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number 04004

Action Taken _____

Motion Made By Rep. Skarphol Seconded By Rep. Monson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer		X	Representative Nelson		X
Vice Chairman Kempenich		X	Representative Wieland		X
Representative Pollert		X			
Representative Skarphol	X				
Representative Thoreson		X	Representative Glassheim		X
Representative Bellew		X	Representative Kaldor		X
Representative Brandenburg		X	Representative Kroeber		X
Representative Dahl		X	Representative Metcalf	X	
Representative Dosch		X	Representative Williams		X
Representative Hawken		X			
Representative Klein		X			
Representative Kreidt		X			
Representative Martinson	X				
Representative Monson	X				

Total (Yes) 4

(No) 17

Absent _____

Floor Assignment _____

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

motion fails

Date: 11/9/11
Roll Call Vote #: 8

2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2371

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number 04005

Action Taken _____

Motion Made By Rep. Bellew Seconded By Rep. Nelson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer		X	Representative Nelson		X
Vice Chairman Kempenich		X	Representative Wieland		X
Representative Pollert		X			
Representative Skarphol		X			
Representative Thoreson		X	Representative Glassheim		X
Representative Bellew	X		Representative Kaldor		X
Representative Brandenburg		X	Representative Kroeber		X
Representative Dahl		X	Representative Metcalf		X
Representative Dosch	X		Representative Williams		X
Representative Hawken		X			
Representative Klein		X			
Representative Kreidt		X			
Representative Martinson		X			
Representative Monson		X			

Total (Yes) 2

(No) 19

Absent _____

Floor Assignment _____

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

motion fail

Date: 11/9/11
 Roll Call Vote #: 9

2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2371

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number 04010

Action Taken _____

Motion Made By Rep. Kroeber Seconded By Rep. Glassheim

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer		X	Representative Nelson		X
Vice Chairman Kempenich		X	Representative Wieland		X
Representative Pollert		X			
Representative Skarphol		X			
Representative Thoreson		X	Representative Glassheim	X	
Representative Bellew		X	Representative Kaldor	X	
Representative Brandenburg		X	Representative Kroeber	X	
Representative Dahl		X	Representative Metcalf	X	
Representative Dosch		X	Representative Williams	X	
Representative Hawken	X				
Representative Klein		X			
Representative Kreidt		X			
Representative Martinson		X			
Representative Monson		X			

Total (Yes) 6 (No) 15

Absent _____

Floor Assignment _____

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

motion fails

Date: 11/9/11
Roll Call Vote #: 10

2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2371

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number .04028

Action Taken _____

Motion Made By Rep. Martinson Seconded By Rep. Dosch

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Nelson		
Vice Chairman Kempenich			Representative Wieland		
Representative Pollert					
Representative Skarphol					
Representative Thoreson			Representative Glassheim		
Representative Bellew			Representative Kaldor		
Representative Brandenburg			Representative Kroeber		
Representative Dahl			Representative Metcalf		
Representative Dosch			Representative Williams		
Representative Hawken					
Representative Klein					
Representative Kreidt					
Representative Martinson					
Representative Monson					

Total (Yes) __ (No) __

Absent _____

Floor Assignment _____

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

~~insert words "not covered by flood insurance"~~

substitute motion
adopt amendment with
language changes

Date: 11/9/11
Roll Call Vote #: 11

2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2371

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number -04028

Action Taken _____

Motion Made By Rep. Monson Seconded By Rep. Skarphol

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Representative Nelson	X	
Vice Chairman Kempenich	X		Representative Wieland	X	
Representative Pollert		X			
Representative Skarphol	X				
Representative Thoreson	X		Representative Glassheim	X	
Representative Bellew		X	Representative Kaldor		X
Representative Brandenburg	X		Representative Kroeber		X
Representative Dahl	X		Representative Metcalf		X
Representative Dosch	X		Representative Williams		X
Representative Hawken	X				
Representative Klein	X				
Representative Kreidt	X				
Representative Martinson	X				
Representative Monson	X				

Total (Yes) 15 (No) 6

Absent _____

Floor Assignment _____

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

insert "not paid by flood insurance"
motion carries

Date: 11/9/11
Roll Call Vote #: 12

2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2371

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number .04035

Action Taken _____

Motion Made By Rep. Brandenburg Seconded By Rep. Pollert

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Nelson		
Vice Chairman Kempenich			Representative Wieland		
Representative Pollert					
Representative Skarphol					
Representative Thoreson			Representative Glassheim		
Representative Bellew			Representative Kaldor		
Representative Brandenburg			Representative Kroeber		
Representative Dahl			Representative Metcalf		
Representative Dosch			Representative Williams		
Representative Hawken					
Representative Klein					
Representative Kreidt					
Representative Martinson					
Representative Monson					

Total (Yes) __ (No) __

Absent _____

Floor Assignment _____

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

allow \$14.5 M to take care of
anticipated funding needed

substitute motion

Date: 11/9/11
 Roll Call Vote #: 13

**2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2371**

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number .04035

Action Taken _____

Motion Made By Rep. Kroeber Seconded By Rep. Kaldor

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Representative Nelson	X	
Vice Chairman Kempenich	X		Representative Wieland	X	
Representative Pollert	X				
Representative Skarphol	X				
Representative Thoreson	X		Representative Glassheim	X	
Representative Bellew	X		Representative Kaldor	X	
Representative Brandenburg	X		Representative Kroeber	X	
Representative Dahl	X		Representative Metcalf	X	
Representative Dosch	X		Representative Williams	X	
Representative Hawken	X				
Representative Klein	X				
Representative Kreidt	X				
Representative Martinson	X				
Representative Monson	X				

Total (Yes) 21 (No) 0

Absent _____

Floor Assignment _____

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

require 48 M to be trigger, not 53

Same as previous motion,

14.5 to townships, 8 1/2 through formula

motion carries

Date: 11/9/11
Roll Call Vote #: 14

2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2371

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number -04013

Action Taken _____

Motion Made By Rep. Bellow Seconded By Rep. Klein

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Nelson		
Vice Chairman Kempenich			Representative Wieland		
Representative Pollert					
Representative Skarphol					
Representative Thoreson			Representative Glassheim		
Representative Bellow			Representative Kaldor		
Representative Brandenburg			Representative Kroeber		
Representative Dahl			Representative Metcalf		
Representative Dosch			Representative Williams		
Representative Hawken					
Representative Klein					
Representative Kreidt					
Representative Martinson					
Representative Monson					

Total (Yes) ___ (No) ___

Absent _____

Floor Assignment _____

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

Substitute motion

Date: 11/9/11
Roll Call Vote #: 15

2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2371

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number .04013

Action Taken _____

Motion Made By Rep. Nelson Seconded By Rep. Monson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Representative Nelson	X	
Vice Chairman Kempenich	X		Representative Wieland	X	
Representative Pollert	X				
Representative Skarphol	X				
Representative Thoreson	X		Representative Glassheim	X	
Representative Bellew	X		Representative Kaldor	X	
Representative Brandenburg	X		Representative Kroeber	X	
Representative Dahl	X		Representative Metcalf	X	
Representative Dosch	X		Representative Williams	X	
Representative Hawken	X				
Representative Klein	X				
Representative Kreidt	X				
Representative Martinson	X				
Representative Monson	X				

Total (Yes) 21

(No) 0

Absent _____

Floor Assignment _____

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

grant Minot public schools \$500k for relocation - infrastructure
not name Minot specifically, but set criteria, flood related

motion carries

Date: 11/9/11
 Roll Call Vote #: 16

2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2371

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number 04021

Action Taken _____

Motion Made By Rep. Skarphol Seconded By Rep. Kreidt

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Representative Nelson	X	
Vice Chairman Kempenich	X		Representative Wieland		X
Representative Pollert	X				
Representative Skarphol	X				
Representative Thoreson	X		Representative Glassheim		X
Representative Bellew	X		Representative Kaldor	X	
Representative Brandenburg	X		Representative Kroeber	X	
Representative Dahl	X		Representative Metcalf		X
Representative Dosch		X	Representative Williams	X	
Representative Hawken	X				
Representative Klein		X			
Representative Kreidt	X				
Representative Martinson	X				
Representative Monson	X				

Total (Yes) 16 (No) 5

Absent _____

Floor Assignment _____

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

motion carries

Date: 11/9/11
Roll Call Vote #: 17

2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2371

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number 04030

Action Taken _____

Motion Made By Rep. Monson Seconded By Rep. Pollert

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Representative Nelson	X	
Vice Chairman Kempenich	X		Representative Wieland	X	
Representative Pollert	X				
Representative Skarphol	X				
Representative Thoreson	X		Representative Glasheim	X	
Representative Bellew	X		Representative Kaldor	X	
Representative Brandenburg	X		Representative Kroeber	X	
Representative Dahl	X		Representative Metcalf	X	
Representative Dosch	X		Representative Williams		
Representative Hawken	X				
Representative Klein	X				
Representative Kreidt	X				
Representative Martinson	X				
Representative Monson	X				

Total (Yes) 20

(No) 0

Absent _____

Floor Assignment _____

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

motion carries

Date: 11/9/11
Roll Call Vote #: 18

2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2371

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken _____

Motion Made By Rep. Skarphol Seconded By Rep. Monson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Nelson		
Vice Chairman Kempenich			Representative Wieland		
Representative Pollert					
Representative Skarphol					
Representative Thoreson			Representative Glassheim		
Representative Bellew			Representative Kaldor		
Representative Brandenburg			Representative Kroeber		
Representative Dahl			Representative Metcalf		
Representative Dosch			Representative Williams		
Representative Hawken					
Representative Klein					
Representative Kreidt					
Representative Martinson					
Representative Monson					

Total (Yes) __ (No) __

Absent _____

Floor Assignment _____

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

Section 1- length 24 mo

voice vote carries

Date: 11/9/11
Roll Call Vote #: 19

2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2371

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number 04038

Action Taken _____

Motion Made By Rep. Kempenich Seconded By Rep. Dosch

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Nelson		
Vice Chairman Kempenich			Representative Wieland		
Representative Pollert					
Representative Skarphol					
Representative Thoreson			Representative Glassheim		
Representative Bellew			Representative Kaldor		
Representative Brandenburg			Representative Kroeber		
Representative Dahl			Representative Metcalf		
Representative Dosch			Representative Williams		
Representative Hawken					
Representative Klein					
Representative Kreidt					
Representative Martinson					
Representative Monson					

Total (Yes) __ (No) __

Absent _____

Floor Assignment _____

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

voice vote carries

Date: 11/9/11
 Roll Call Vote #: 20

**2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2371**

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number .04004

Action Taken _____

Motion Made By Rep. Kempenich Seconded By Rep. Dahl

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer		X	Representative Nelson		X
Vice Chairman Kempenich	X		Representative Wieland		X
Representative Pollert		X			
Representative Skarphol		X			
Representative Thoreson		X	Representative Glassheim	X	
Representative Bellew		X	Representative Kaldor	X	
Representative Brandenburg		X	Representative Kroeber	X	
Representative Dahl	X		Representative Metcalf	X	
Representative Dosch		X	Representative Williams		X
Representative Hawken		X			
Representative Klein		X			
Representative Kreidt	X				
Representative Martinson		X			
Representative Monson		X			

Total (Yes) 7

(No) 14

Absent _____

Floor Assignment _____

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

motion fails

Date: 11/9/11
 Roll Call Vote #: 21

**2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2371**

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number 04024

Action Taken _____

Motion Made By Nelson Seconded By Klein

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Representative Nelson	X	
Vice Chairman Kempenich		X	Representative Wieland		X
Representative Pollert		X			
Representative Skarphol		X			
Representative Thoreson	X		Representative Glassheim	X	
Representative Bellew		X	Representative Kaldor	X	
Representative Brandenburg		X	Representative Kroeber	X	
Representative Dahl	X		Representative Metcalf	X	
Representative Dosch		X	Representative Williams	X	
Representative Hawken	X				
Representative Klein	X				
Representative Kreidt		X			
Representative Martinson		X			
Representative Monson		X			

Total (Yes) 11 (No) 10

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
 voice vote uncertain - roll call
 motion carries

Date: 11/9/11
Roll Call Vote #: 22

2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2371

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number .0408

Action Taken _____

Motion Made By Rep. Thoreson Seconded By Rep. Kempenich

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Nelson		
Vice Chairman Kempenich			Representative Wieland		
Representative Pollert					
Representative Skarphol					
Representative Thoreson			Representative Glasheim		
Representative Bellew			Representative Kaldor		
Representative Brandenburg			Representative Kroeber		
Representative Dahl			Representative Metcalf		
Representative Dosch			Representative Williams		
Representative Hawken					
Representative Klein					
Representative Kreidt					
Representative Martinson					
Representative Monson					

Total (Yes) __ (No) __

Absent _____

Floor Assignment _____

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

voice vote carries

Date: 11/9/11
Roll Call Vote #: 23

2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2371

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number .04015

Action Taken _____

Motion Made By Rep. Kempenich Seconded By Rep. Dahl

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Nelson		
Vice Chairman Kempenich			Representative Wieland		
Representative Pollert					
Representative Skarphol					
Representative Thoreson			Representative Glassheim		
Representative Bellew			Representative Kaldor		
Representative Brandenburg			Representative Kroeber		
Representative Dahl			Representative Metcalf		
Representative Dosch			Representative Williams		
Representative Hawken					
Representative Klein					
Representative Kreidt					
Representative Martinson					
Representative Monson					

Total (Yes) __ (No) __

Absent _____

Floor Assignment _____

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

voice vote carries

Date: 11/9/11
Roll Call Vote #: 24

2011 SPECIAL SESSION HOUSE APPROPRIATIONS COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2371

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass or Amended by the Senate

Motion Made By Rep. Dosch Seconded By Rep. Thoreson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Representative Nelson	X	
Vice Chairman Kempenich	X		Representative Wieland	X	
Representative Pollert	X				
Representative Skarphol	X				
Representative Thoreson	X		Representative Glassheim	X	
Representative Bellew	X		Representative Kaldor	X	
Representative Brandenburg	X		Representative Kroeber	X	
Representative Dahl	X		Representative Metcalf	X	
Representative Dosch	X		Representative Williams	X	
Representative Hawken	X				
Representative Klein	X				
Representative Kreidt	X				
Representative Martinson	X				
Representative Monson	X				

Total (Yes) 21 (No) 0

Absent _____

Floor Assignment Rep. Delzer

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

REPORT OF STANDING COMMITTEE

SB 2371, as engrossed: Appropriations Committee (Rep. Delzer, Chairman)
recommends **DO PASS** (21 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed SB 2371 was placed on the Fourteenth order on the calendar.

2011 TESTIMONY

SB 2371

/

**Proposed Amendment Process
Standing Committees in Joint Hearings
62nd Legislative Assembly in Special Session**

1. Amendments may be offered by a House or Senate committee member;
2. House member offered amendment: House members vote first; if passed, Senate members vote on amendment;
3. Senate member offered amendment: Senate members vote first; if passed, House members vote on amendment;
4. All amendments must pass both House and Senate committees to be included in the final set of amendments;
5. Both the House and Senate committees need to adopt the final set of amendments; and
6. Report is Do Pass as Amended.

November 2011

SUMMARY OF DISASTER RELIEF BILL (11.0826.04000)**SECTION BY SECTION SUMMARY**

FLOOD DISASTER ASSISTANCE	
Section 1	<p>Establishes a rebuilders loan program and loan fund at the Bank of North Dakota.</p> <ul style="list-style-type: none"> • The program is to provide loans to North Dakota residents affected by a presidentially declared disaster in the state in an area eligible for Federal Emergency Management Agency (FEMA) individual assistance for the purpose of the resident rebuilding the resident's flood-damaged home or purchasing a new home in the disaster-impacted community. Individual assistance designated counties include Barnes, Benson, Burleigh, McHenry, Morton, Ramsey, Renville, Richland, and Ward. • A loan may be made from the fund only to an individual residing in the state whose home was granted a reduction in 2011 in true and full valuation from the individual's property's pre-flood value by an assessment reduction pursuant to the Governor's Executive Order 2011-22 or by an abatement for flood-damaged property granted by the board of county commissioners. • An initial loan made to an individual may not exceed \$30,000. If federal funds are made available for this program, an additional amount may be borrowed as determined by the Bank of North Dakota. • A loan from the fund must have the interest rate fixed at 1 percent for a period of no more than 20 years. • Principal and interest payments are deferred for the first 12 months of the loan. • A city or county may, with funds received from the Adjutant General or other funds, reduce an eligible individual's loan principal balance by 10 percent of the original loan principal each year, and for each subsequent year the homeowner resides in the property for which the loan was made, up to a maximum of 50 percent of the original loan principal.
ASSISTANCE FOR AREAS AFFECTED BY OIL AND GAS DEVELOPMENT	
Section 2	Creates a new subsection to North Dakota Century Code Section 39-12-02 relating to overweight permits to establish a new multitrip permit. This section is effective through December 31, 2013.
Section 3	Amends subsection 5 of Section 57-35.3-05 to increase the tax credit available for contributions to housing incentive funds from 20 percent per taxable year to 100 percent. This section is effective for tax years 2011 and 2012.
Section 4	Amends subsections 1 and 5 of Section 57-38-01.32 to increase the tax credit available for contributions to housing incentive funds from 20 percent per taxable year to 100 percent and to increase the maximum allowable credits from \$4 million per biennium to \$15 million per biennium. This section is effective for tax years 2011 and 2012.
Section 5	Amends subsection 4 of Section 10 of Chapter 12 of the 2011 Session Laws relating to the county and township road reconstruction program to retroactively (July 1, 2011) increase the percentage of funding provided for approved unpaved roadway projects.
FLOOD DISASTER ASSISTANCE	
Section 6	Provides for a transfer of \$30 million from the Bank of North Dakota's current earnings and undivided profits to the rebuilders loan program fund .
Section 7	Appropriates \$30 million from the state disaster relief fund to the Adjutant General for providing: <ul style="list-style-type: none"> • Additional rebuilders loan program funding to the Bank of North Dakota • Funding to political subdivisions for flood-impacted housing rehabilitation. Funding must be used as deemed most effective in that community to assist homeowners in rehabilitation or replacement of their flood-damaged homes and to retain homeowners in the community.
Section 8	Appropriates \$30 million from the general fund to the commissioner of University and School Lands for providing flood-impacted political subdivision infrastructure development grants . Up to \$110,000 of the appropriation may be used by the commissioner for salaries and operating expenses relating to administration of the program.

Section 9	<p>Provides guidance for the flood-impacted political subdivision infrastructure development grants.</p> <ul style="list-style-type: none"> • The Energy Infrastructure and Impact Office director is to develop a plan for providing infrastructure grants to eligible political subdivisions, receive and review applications for infrastructure grants, and make recommendations to the Board of University and School Lands on grants to eligible political subdivisions. • The Board of University and School Lands is to award and distribute infrastructure grants to eligible political subdivisions based on identified needs. • Eligible political subdivisions include counties, as well as cities, school districts, and other political subdivisions located within such counties, that have received an individual assistance designation by FEMA relating to a 2011 flood event. Individual assistance designated counties include Barnes, Benson, Burleigh, McHenry, Morton, Ramsey, Renville, Richland, and Ward. • Funding received by eligible political subdivisions may be used for up to 50 percent of the costs not otherwise reimbursed through federal or other state funds to: <ul style="list-style-type: none"> Develop new community infrastructure, the need for which is directly related to the dislocation of residents due to flooding. Infrastructure includes community-owned water lines, sewer, curb, and gutter. Evaluate the extent of damage to community-owned infrastructure. Restore or repair flood-related damage to community-owned infrastructure. Expand landfill capacity or reimburse flood-related waste disposal costs. Raise roads or develop flood control structures. Acquire property needed for infrastructure. Acquire homes damaged by levy construction. Provide reimbursement for other flood-related expenses.
Section 10	<p>Provides legislative intent that the moneys appropriated to and distributed by the Energy Infrastructure and Impact Office for flood-impacted political subdivision grants are to be used by grantees to address needs not funded by other state or federal response or insurance coverage.</p>
Section 11	<p>Appropriates \$5 million from the general fund to the Adjutant General for providing financial stabilization grants to flood-impacted townships. Up to \$50,000 of the appropriation may be used by the Adjutant General for salaries and operating expenses relating to administration of the program.</p>
Section 12	<p>Provides guidance for the township financial stabilization grants.</p> <ul style="list-style-type: none"> • The Adjutant General is to develop a plan for providing financial stabilization grants to eligible townships, receive and review applications for grants, and award and distribute township financial stabilization grants to eligible townships based on financial condition. • Eligible townships are those: <ul style="list-style-type: none"> That incurred debt or financial obligations as a result of 2011 flood recovery and response efforts. That have a general fund levy of at least 18 mills. Where the total of all outstanding flood-related debt and flood-related financial obligations is equal to or greater than total tax revenues received by the township during the preceding two fiscal years. A township may apply to the Adjutant General for a grant under this subsection for up to 50 percent of the outstanding debt.
Section 13	<p>Appropriates \$235 million of federal funds to the Department of Commerce for providing loans or grants to flood-impacted individuals, property acquisitions, and infrastructure development grants to flood-impacted communities.</p>
Section 14	<p>Appropriates \$6 million from the state disaster relief fund to the Adjutant General fund grants to counties for road grade raising projects. For purposes of this section an eligible county is one that contains any portion of Devils Lake.</p>

Section 15	Appropriates \$29.5 million from the state disaster relief fund to the Adjutant General for providing the required state share of funding for expenses associated with presidentially declared state disasters.
Section 16	Provides a contingent appropriation of \$5 million from the state disaster relief fund to the Adjutant General relating to grants to political subdivisions for a portion of the local share required to match federal emergency relief funding. The funding is contingent upon a 2012 disaster event exceeding \$50 million in damages across the state.
Section 17	Transfers \$68.7 million from the general fund to the state disaster relief fund.
Section 18	Provides that the State Water Commission is to place a high priority on providing funding for floodway property acquisitions and construction. The funding must be used to supplement federal hazard mitigation grant funds or other federal funds for acquiring property and for the construction of flood control projects in qualifying political subdivisions, including necessary funding for any state or local match requirements.
Section 19	Appropriates \$50 million from the resources trust fund for State Water Commission expenses subject to Budget Section approval.
ASSISTANCE FOR AREAS AFFECTED BY OIL AND GAS DEVELOPMENT	
Section 20	Appropriates \$681,870 from the general fund to the Highway Patrol for hiring additional patrol officers. The Highway Patrol is authorized four full-time equivalent (FTE) positions.
Section 21	Provides that the Bank of North Dakota utilize the flex partnership in assisting community expansion program to assist in financing of multifamily housing units for low and moderate income individuals in areas of North Dakota affected by oil and gas production and distribution.
Section 22	Provides for a contingent transfer of \$30 million from the general fund to the oil and gas impact grant fund . The Office of Management and Budget may transfer this funding only if the Tax Commissioner certifies that total oil and gas tax revenue collections for the period July 1, 2011, through February 29, 2012, exceed oil and gas tax revenue collection projections for that period by at least \$48 million.
Section 23	Provides a contingent appropriation of \$30 million from the oil and gas impact grant fund to the commissioner of University and School Lands for providing oil and gas impact grants in accordance with Sections 57-62-03.1 and 57-62-05.
OTHER	
Section 24	Provides a contingent appropriation of \$18 million from the general fund to the State Treasurer for providing transportation funding distributions to non-oil counties, cities, and townships. The appropriation is contingent upon the Tax Commissioner certifying that total oil and gas tax revenue collections for the period July 1, 2011, through February 29, 2012, exceed oil and gas tax revenue collection projections for that period by at least \$48 million.
Section 25	Provides a contingent appropriation of \$500,000 from the general fund and \$500,000 from Bank of North Dakota loan proceeds to the Industrial Commission for expenses associated with possible litigation and other administrative proceedings involving the United States Environmental Protection Agency's effort to regulate hydraulic fracturing.
Section 26	Provides that funds appropriated for flood-impacted political subdivision infrastructure grants and township financial stabilization grants are not subject to Section 54-44.1-11 and are available for use in the 2013-15 biennium.
Section 27	Provides that Section 5 of this Act applies retroactively to July 1, 2011.
Section 28	Provides that this Act is effective November 14, 2011.
Section 29	Provides that Section 2 of this Act is effective through December 31, 2013, and is thereafter ineffective. Sections 3 and 4 of this Act are effective for the first two taxable years beginning after December 31, 2010, and are thereafter ineffective.

APPROPRIATION SUMMARY

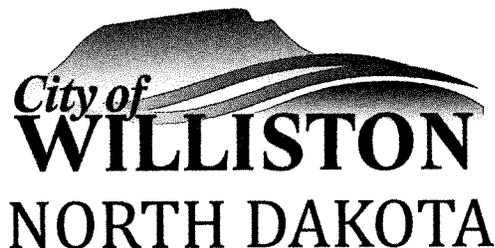
Agency - Description	General Fund	Special Funds	Total	FTE Positions
Appropriations				
120 - State Treasurer				
Contingent transportation funding distributions	\$18,000,000	\$0	\$18,000,000	0.00
226 - Land Department				
Flood-impacted political subdivision infrastructure grants	\$30,000,000	\$0	\$30,000,000	0.00
Contingent oil and gas impact grants (oil and gas impact grant fund)	0	30,000,000	30,000,000	0.00
Total - Land Department	\$30,000,000	\$30,000,000	\$60,000,000	0.00
405 - Industrial Commission				
Contingent appropriation - Litigation and other administrative proceedings (special funds from the Bank of North Dakota loan)	\$500,000	\$500,000	\$1,000,000	0.00
504 - Highway Patrol				
Four new trooper positions	\$681,870	\$0	\$681,870	4.00
540 - Adjutant General				
Township financial stabilization grants	\$5,000,000	\$0	\$5,000,000	0.00
Disaster expenditures (state disaster relief fund)	0	29,500,000	29,500,000	0.00
Contingent appropriation - 2012 disasters (state disaster relief fund)	0	5,000,000	5,000,000	0.00
Additional funding for rebuilders loan program and for flood-impacted housing rehabilitation (state disaster relief fund)	0	30,000,000	30,000,000	0.00
Grants to counties for road grade raising projects (state disaster relief fund)	0	6,000,000	6,000,000	0.00
Total - Adjutant General	\$5,000,000	\$70,500,000	\$75,500,000	0.00
601 - Department of Commerce				
Flood-related costs (federal funds)	\$0	\$235,000,000	\$235,000,000	0.00
770 - State Water Commission				
Additional expenses (resources trust fund)	\$0	\$50,000,000	\$50,000,000	0.00
Total - Appropriations	\$54,181,870	\$386,000,000	\$440,181,870	4.00
Transfers to provide for special fund appropriations and loan programs				
110 - Office of Management and Budget				
Transfer to state disaster relief fund, including \$32.7 million for disaster-related expenses, \$30 million for the flood-impacted housing assistance grant program, and \$6 million for road grade raising grants	\$68,700,000	\$0	\$68,700,000	0.00
Contingent transfer to oil and gas impact grant fund	30,000,000	0	30,000,000	0.00
471 - Bank of North Dakota				
Transfer of Bank of North Dakota profits for a rebuilders loan program		\$30,000,000	\$30,000,000	0.00
Total - Transfers to provide for selected special fund appropriations and loan program funds	\$98,700,000	\$30,000,000	\$128,700,000	0.00
Grand total - Appropriations, transfers, and loan programs	\$152,881,870	\$416,000,000	\$568,881,870	4.00

REVENUE SUMMARY

Sections 3 and 4 of this bill amend North Dakota Century Code to increase the tax credit available to financial institutions, corporations, and individuals for contributions to housing incentive funds from 20 percent per taxable year to 100 percent and to increase the maximum allowable credits from \$4 million per biennium to \$15 million for the 2011-13 biennium only. This results in an estimated general fund revenue reduction of \$11 million for the 2011-13 biennium.

11-7-11

3



P.O. Box 1306
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TDD State Relay: 711

Chairman Ray Holmberg
Senate Appropriations

Chairman Jeff Delzer
House Appropriations

Joint Committee Testimony
Disaster Relief Bill

Chairman Holmberg, Chairman Delzer, and Joint Appropriations Committee Members:

I extend sincere appreciation from the City of Williston for your considerations and efforts on our behalf - past, present, and future.

We stand before you today as a community much changed since the commencement and close of the 2011 Legislative Session. Williston has doubled in population in 4 years, and when including the oil service industry we support for state resource development, sees impacts of a population over 30,000. This in a town prepared and built to handle 17,000 people from a year 2000 population of 12,500. Needless to say, we, along with many of the smaller communities in northwest North Dakota are overwhelmed.

I stand before your committees today in support of The Disaster Relief Bill that provides a supplemental appropriation to the oil infrastructure impact fund to assist mitigation of the extensive impacts we are experiencing. The pace of this development is driven by the state permit approval process, and with it, the corresponding impact costs must be acknowledged and addressed, which is why we appreciate this opportunity for consideration and adjustments during this special session.

Allow me to attempt to describe our situation at present. Our residents have endured significant economic, social and emotional stress these last three years, and the now accelerated pace of impacts have worn many of them down to where they are either leaving voluntarily or being forced out of the community by housing rental increases. Our quality of life has been diminished, not by intent, but by default, as the industry brings its resources to develop their leases. Our city budgets have had to explode in the attempt to keep pace, going from \$25 million in 2008 to \$65 million in 2012, placing a property tax burden on our residents that was not of their choosing. We suffer in our ability to hire and retain public service employees in this environment that has seen an 80% growth in average annual wage since 2006, making us now the highest in the state. Our new hires have no affordable housing available, so we are budgeting \$120,000 this year for employee housing subsidies in 2012. Construction inflation is 30% to 50% on our bid projects. Our police and public safety calls have tripled since 2009.

These and many other factors bring us here today asking you to support this Disaster Relief Bill and its amendments.

We appreciate this opportunity to provide updates to the situation in northwestern North Dakota. We are extremely appreciative of what this industry has brought in terms of growth and employment, but the majority of our residents have not seen direct benefits from the development. We don't want our community to feel resentful about what is happening, so addressing the impacts and mitigating the damages provides some relief to their concerns.

Thank you for your cooperation and attention, and we stand ready for questions.

Brad Bekkedahl
Finance Commission
City of Williston

Testimony to the Joint Appropriations Committee
Prepared by Curt Zimbelman, Mayor
City of Minot
curt@fwbt.com

**STATE OF NORTH DAKOTA
FLOOD DISASTER RELIEF BILL**

Chairmen and Joint Appropriations Committee members, my name is Curt Zimbelman and I serve as the Mayor for the City of Minot. I am representing the City to encourage funding of the Flood Disaster Relief Bill.

As you are all aware, the City of Minot and the Mouse River Valley had a catastrophic flood this year. Beginning in April of this year the City was on alert for potential flooding on the Mouse River.

Minot has a Corp of Engineer's levee system built throughout to protect the City from a 100 year flood event. This system allows approximately 5,000 CFS to flow through the City with three (3) feet of freeboard.

Based on flood predictions in April the City, with the assistance of the Corp of Engineers, raised the levee system to protect the City for flows of 7,000 CFS with one (1) foot of freeboard. On May 10th the City was told to expect approximately 5,600 CFS by May 13th. Because the City raised the levees in April the City was prepared for the 5,600 CFS. At this point, the indications were the City would be back below 5,000 CFS by May 31st.

Due to rain throughout May in the Mouse River Valley and the upper reaches of Saskatchewan, the forecasts for the Mouse River changed on a daily basis. On May 24th a decision was made to raise the temporary levees by an additional four (4) feet in all low areas of the City. This allowed protection for the City for approximately 9,000 CFS.

On May 31st, due to more rain, the predicted flows in Minot were to reach 10,000 CFS by June 2nd. The Corp of Engineers continued to work with the City to prepare for the additional flows. However, on May 31st we had to execute the first mandatory evacuation for all residents living in the valley.

The predicted flows did not reach the levels expected and businesses and residents were allowed to return to their homes beginning June 3. As the month of June progressed, the rain continued. On June 18th and 19th the National Weather Service began getting reports of significant rain in the upper reaches of Saskatchewan. The City was told the flow at Sherwood would crest at 13,000 CFS on June 24th. Due to increased storage at Lake Darling the impact of the increased CFS at Sherwood would equate to approximately 8,200 CFS coming through Minot and we had prepared for 10,000 CFS. However, by June 20th the City was informed to expect 27,000 CFS through the City. Again due to rain, on June 20th I once again issued a mandatory evacuation for the citizens of Minot.

On June 22nd water began to top levees in several of the City's neighborhoods. As the week progressed the anticipated flow continued to rise. The City had to shut down all north-south roads (North Broadway was available for emergency personnel) and the North Dakota DOT had to shut down the Hwy 2 East Bypass because of flooding. Extreme measures had to be taken by the North Dakota DOT to keep the Hwy 83 West Bypass open. Keeping the west bypass open allowed one route for citizens to move from north hill to south hill in Minot.

The river crested in Minot at 27,400 CFS on June 25th. Residents were not allowed back into the flooded area for 20 days and in many cases much longer due to the slow decline of the river.

To put the magnitude of the Mouse River Valley flood into perspective the USGS determined the total volume of flow in June was 632,800 acre-feet at Sherwood or about the same as the largest total ANNUAL volume of 635,300 acre-feet that occurred in 1976. On June 24th more water passed the Mouse River at the Sherwood gage than was recorded in 45 (total annual volume) out of the 82 years of record.

It is estimated that flooding in our State this year is more than a billion dollar event. The estimate is based on \$320 million in public assistance, \$100 million in individual assistance, \$300 million in federal highway assistance, and \$400 million in personal uninsured losses. Minot is the major shareholder in these losses.

The City of Minot wants our citizens to remain in our community. The majority of the homes lost during the flood provided housing for low and moderate income families. The individual assistance these residents received from FEMA was helpful but not nearly enough to rebuild their homes or purchase another home with the outstanding mortgages remaining on their flooded home. Providing a mechanism for our flooded residents to have access to a low interest forgivable loan could be just the difference that would allow our residents to stay and rebuild after being so severely damaged by the Mouse River Valley flood event.

The State of North Dakota has been, and continues to be a partner with the City of Minot during the event and now as we have move into the recovery phase. The State Water Commission has contracted with Barr Engineering to provide a preliminary design for flood protection for the entire Mouse River Valley. As was presented on November 3rd, the initial footprint for the floodway design will result in potentially 600 plus homes requiring acquisition or relocation for the right-of-way for the footprint of the levee system. This bill proposes providing funding from the Resources Trust Fund to assist with these costs. The City has also filed a notice of intent through

the hazard mitigation program for funding for home acquisitions and relocations and continues to look to the federal government for funding sources. The City supports the continued partnership approach with the State of North Dakota on a floodway project for the entire Mouse River Valley.

The Flood Disaster Relief Package contains a provision for public infrastructure for flood impacted communities. We will get assistance from FEMA and Federal Highways on repairs of the majority of the damages to our infrastructure through cost share reimbursement; however, it does not provide funding for new infrastructure. As I identified above 600 plus homes will be lost for the foot print of the floodway project. In addition to that, hundreds of homes may be beyond repair.

As you are also aware, the City of Minot has been growing. The 2010 census recorded our population just over 40,000. The growth caused a shortage of housing in the area before the flood. The City has been approaching the growth in a measured manner and a review of the City's capital improvements plan will demonstrate the City's plan for installing needed trunk infrastructure over the next several years. However, due to the circumstances created by the flood it is critically important the City accelerate the installation of the trunk infrastructure for the residents displaced by the flood. We want to provide the necessary infrastructure to retain our residents and support the provisions in this bill for public infrastructure funding.

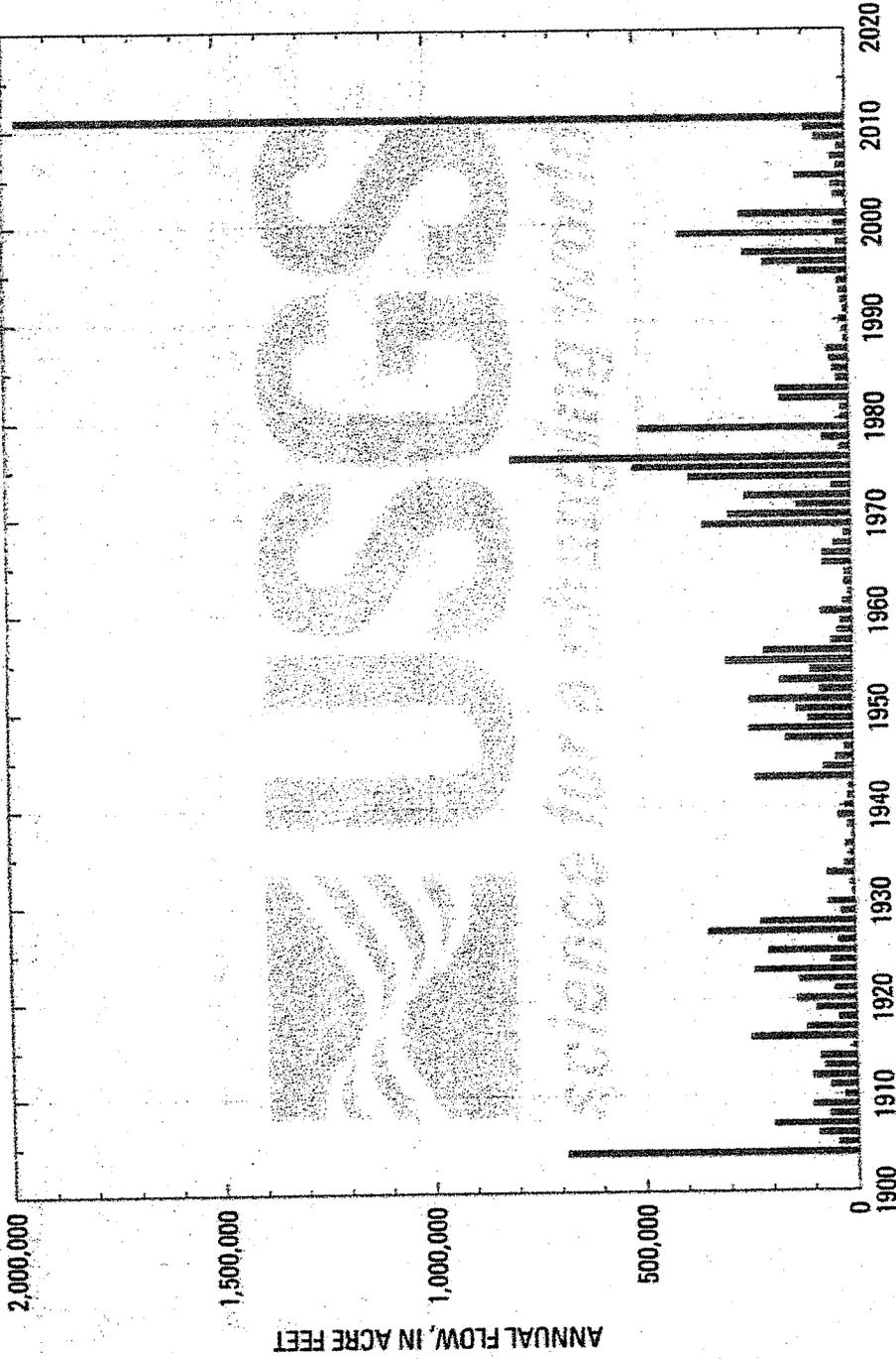
Many of you have been to Minot and seen the devastation created by the flooding this year. I want to personally thank you for taking the time to come to Minot and for the support we have received. For all of the reasons listed above we strongly support the passage of this bill. This will continue to provide the support necessary for the residents of Minot.

I am having a handout passed out now that summarizes some of the base statistics on damage to Minot.

City of Minot

- 4,100 homes were flooded
- 3,100 homes extensively damaged or lost
- 1 in 10 homes with flood insurance
- 11,000+ individuals displaced
- 6 Minot PS severely damaged
 - 2 schools complete losses
- 1,200 students displaced
- 200+ businesses damaged
- 51 park buildings damaged
- 5 baseball fields damaged
- 29 zoo buildings damaged
- Roosevelt pool and bathhouse lost
- Oakpark splash pad and mechanical building lost
- 9 playgrounds damaged
- 12 churches damaged
- 20 + water system breaks
- 12 of 27 sanitary lift stations inundated with water
- 13 (all) water wells inundated with water
- 6 river pump stations damaged
- 30 to 40 sink holes from ground water
- 3 pedestrian bridges damaged
- 2 highway/street bridges damaged
- 277 street lights damaged
- 16 electrical feed points damaged
- 1,000 traffic signs damaged
- 51 miles of roads, sewer and water lines damaged
- 33 miles of storm sewers damaged

Souris River above Minot, North Dakota



Executive Offices
1622 East Interstate Avenue
Bismarck, ND 58503



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www.ndemsa.org (web)

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Good afternoon Chairman Holmberg and members of the Senate and House Appropriations Committees, thank you for the opportunity to testify today. My name is Curt Halmrast; I am here representing the North Dakota Emergency Medical Services [EMS] Association and am also a Paramedic with the Oakes Volunteer Ambulance Service.

I would like to begin by expressing my gratitude for your past support of EMS. During the regular legislative session earlier this year EMS was able to gain an additional \$3 million dollars in funding to help provide for reasonable and typical staffing and operational expenses as a result of your appreciation for and dedication to the service EMS provides for your constituents. Over the past four months the EMS Advisory Council has been developing a plan to integrate EMS and establish funding areas for the allocation of that funding. Today I am here to ensure you that the need for additional funding is not unwarranted. What is being experienced by the EMS agencies in the oil producing region of North Dakota is atypical; and due to the unknown growth and impact of oil production this spring it was not provided for, nor planned for, in the request you heard and supported earlier this year.

EMS across North Dakota is experiencing a major challenge: a dwindling volunteer pool to draw new EMTs and Paramedics from. The severity of the issue is heightened when you consider that donated labor, or the volunteer subsidy as it is sometimes referred to, provides approximately \$31 million of in-kind donations to the North Dakota EMS system annually. Ambulance services across North Dakota are not only struggling to replace the volunteers, but also to replace the disappearing subsidy.

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I cannot speak to the specific impact or provide personal stories; however, I can tell you from visiting with EMS providers and leaders in that region that the volunteer and staffing challenges have been exacerbated in the area. A few factors that are aggravating the challenges include increased demand, changing call severity, inability to provide competitive wages and housing.

Since 2007 the ambulance services in the six largest oil producing counties have reported a 60.6% increase in requests for emergency medical services, or calls. From July 2006 through June 2007 those EMS agencies were responding to approximately 2,400 calls; during the same period in 2010-2011 they responded to nearly 4,000 calls. These call volumes were obtained from information reported to the North Dakota Department of Health, Division of EMS and Trauma. With a conservative projection, by the year 2014-2015 these agencies will respond to over 6,000 calls, a 158% increase. The current growth rates are exceeding the average by three to four percent. The growth of emergency calls is leading to an increased demand for the volunteer's time, which will likely lead to significant burnout.

Call severity has tremendously changed as well. What was a rare occurrence has become a weekly, or in some cases a daily, occurrence for many ambulance services. Motor vehicle accidents and injuries have increased 68% (RTSSC) and the Northwest Trauma System has reported a 77% increase in reportable trauma emergencies from 2008-2010. Additionally, providers are citing an increase in domestic violence and assault. The change in severity and growing safety concerns are beginning to take a physiological toll on providers.

A number of EMS agencies in the area are beginning to transition to paid staffing or a mix of paid and volunteer staffing in hopes to prevent burnout and address the volunteer challenge. This, however, is no small feat. They must first find the funding to provide wages

and benefits that are competitive with the current market forces. Once they have secured funding and qualified an individual for the position they are left with the daunting question, “*Where will we house them?*” Since EMS originated locally and was staffed locally many of the agencies in the area do not have crew quarters to house outside staffing.

Today I have addressed only one challenge faced by many of the ambulance services located in oil producing areas and the factors that are aggravating that challenge. If you visit with providers and service leaders that live it every day you will hear of many more. I would like to leave you with a quote from one of the service leaders in the area we have had the opportunity to visit with.

“We are underfunded, understaffed and outdated. With the increase in calls and type of calls we cannot keep up. We have barely enough for our current call volume. With oil leases going out and man camps staring us in the face we are looking at possibly doubling our population and increasing our call volume...we will fail without serious help.”

Chairman Holmberg, members of the committees, thank you for the opportunity to be here today and for considering the request for additional funding for ambulance services impacted by oil growth and development. I hope you will support the addition of \$3.5 million dollars to the Energy Impact and Infrastructure fund for EMS. At this time I would be happy to try and address any questions you may have.

Good afternoon Chairman Holmberg and members of the Senate and House Appropriations Committees.

My name is Alan Hanson and I am here representing Oil Impacted Emergency Medical Services (OIEMS) and am also the Fire and EMS Chief in Williston.

I am testifying in support of additional oil impact funding for EMS.

The growth of oil and gas exploration and production in the State has provided both positive and negative results for emergency services.

On the positive side we are seeing tremendous growth for our communities, bringing in a diverse population and giving us opportunities that were previously not available.

With the positive come negative impacts, such as an increase in the number of calls with many of those increases including Motor Vehicle Crashes, traumas and domestic violence. A recent study of four counties completed less than a year ago shows a dramatic increase in calls. One community in particular has seen their calls triple this year alone. This may not mean much when a department goes from a hundred calls to three hundred but to put that impact on an all volunteer service can prove devastating.

Some of the facts, a survey of nineteen ambulance services showed a 56% increase in call volume from 2006 to 2011 with a projected increase of 147% by 2015. Motor Vehicle Crashes increased by 68.5% from 2006-2010 with 17% of those included large trucks.

Trauma Emergencies in the Northwest Region Trauma System have increased by 163% in just the first quarters of 2008-2011.

In Williston we have seen a startling increase in violent responses with domestic calls and bar fights. For the first time in my career, my staff is asking for body armor.

With all of these increases, we have also seen an increase in the number of patients needing transportation to other facilities taking necessary emergency personnel and equipment out of service for several hours. If a transfer goes out from Williston, we have to back fill the department to assure that a minimum of two crews are available and with our increases, may need to assure three crews. A typical transfer to Minot takes an ambulance and crew out of service for at least 6 hours and Bismarck between 11 and 12 hours. It is not unusual for other services to come in to transport patients out of Williston.

We are also looking at a need requiring us to put our staff in personal protective equipment (PPE), not normally used in EMS, because response onto oil well sites requires fire resistive clothing and gas monitoring equipment. A recent call in our area involved an explosion at a well site with a report of several burned victims. Our department was closest with us putting three ambulances enroute, the third after it had returned from another emergency call, and a fourth

ambulance heading our direction from Watford City. Three burn victims were taken to the hospital and all three needed transport to burn facilities out of state. Three aircrafts responded from three different flight programs all landing at roughly the same time needing ground ambulance transport to pick up the flight team, take them to the hospital and then transport them and the patient back to the airport.

Volunteerism is an asset that is dwindling not only for North Dakota but nationwide and asking these people to give more is unfair and that becomes more evident in departments seeing all these new obstacles. The need for supplemental staffing has become a necessity not a luxury. My volunteer and part time personnel are asking us to look to bring in more full timers to ease the pressure on them and their regular jobs.

Most of our departments require fees for service to make their budgets and we are finding a large increase in people with little or no insurance and because of the transient nature of the workforce, it can prove impossible to find them and send them a bill. Our delinquent bills are currently at \$750,000.00. Some those write offs are automatic because of Medicare and Medicaid rules. That also brings up the growing need for housing with "Man Camps" springing up and an ever increasing lack of addresses making it difficult to find our way around. People are moving to our area so quickly, they have houses before they have addresses with no street signs and a best guess as to how to get there.

I hate to appear negative with oil exploration and processing being a good thing for our State and our Communities.

I would like to thank you for the opportunity to testify and ask that you support the \$3.5 million for EMS funding.

I would be happy to answer any questions.

Oil Impacted Emergency Medical Services, Inc.
A partner of the North Dakota EMS Association

Oil Impact focus

UNDERSTANDING THE EMS CHALLENGES BROUGHT ON BY
GROWTH OF OIL AND GAS PRODUCTION

Oil and gas production growth has caused an exponential expansion in the number of requests for emergency medical services in western North Dakota. Eleven EMS agencies, located in the six highest oil producing counties, have reported a 60.6% increase from 2006-07 to 2010-11. If the average annual increase of 12.6% continues these eleven agencies will be responding to over 6,000 requests by 2014-15, a 158% increase! This demand increase is quickly depleting local EMS resources and these systems are facing a number of challenges.



*"In five years we will really be hurting for EMTs."
~ EMS Leader*

Staffing the Service

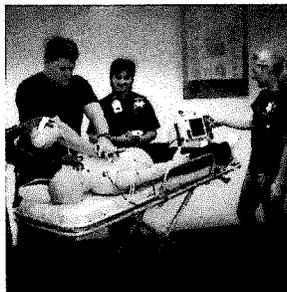
Recruiting and retaining volunteers is repeatedly cited as the largest challenge facing North Dakota's EMS systems. It is exacerbated by many factors in the oil and gas producing counties. Additionally, this challenge is beginning to effect efforts to secure paid staff.

- The surge in demand and rise in long-distance transfers has increased the volunteer **time commitment**.
- **Changing demographics and socioeconomics** are shrinking volunteer pools in rural communities
- Agencies cannot provide **competitive salaries and benefits**.
- The **housing crisis** hinders attempts to hire from outside the region and bringing in temporary, supplementary staffing.

Education & Equipment

Responders are now experiencing types of emergencies that were not common prior to the recent boom in oil activity. This shift in call acuity is creating a tremendous need for specialized education and equipment.

- The need for proper **personal protective equipment** to access active oil fields.
- Oil rig rescue and motor vehicle accidents involving semi-trucks require **specialized extrication equipment**.
- Call severity and type changes require burn treatment, hazardous gases and mass casualty incident **training**.
- **Lack of educators** with knowledge of specialized education needs.



No-Payment

*"We have seen an increase in people with no address for billing and a lot less insured patients."
~ EMS Leader*

There is a common misconception that leads people to believe that the increased demand for emergency medical services is leading to increased revenues. It may lead to some increase in revenue it is also being offset by the growth in non-payment from patients.

- Increasing number of **underinsured and uninsured patients**.
- Man camps and the transient nature of the workforce has resulted in **insufficient addressing** for billing.

*"...Our trucks are taking a beating on the roads out here."
~ EMS Leader*

- Deteriorating road conditions are reducing the useful life of **ambulance vehicles**.

Need for Specialized Education and Equipment

The growth of oil and gas production has brought with it a tremendous change in call acuity. Responders are now experiencing types of emergencies that were not common prior to the recent boom in oil activity.

As a result, many providers are now in need of additional, specialized education such as burn treatment, hazardous gases, mass casualty incidents, high elevation rescue and much more.

In addition to needing this specialized education, there is also a need for training individuals to provide such education. Since many of these issues are new to the area there is not only a lack in available education, but there is also a lack in instructors with the knowledge base to provide such education.

Finally, the change in call severity is requiring equipment that many EMS agencies have not needed in the past. Hydrogen Sulfide gas monitors, specialized extrication equipment and a variety of personal protective equipment are just a few of these new needs. Of course, these equipment needs are in addition to the current and continuous need for equipment replacement and updating.

Locating the Patient

Due to the nature of oil exploration and the escalation in out-of-state cell phone usage, many EMS agencies affected by oil exploration and production have a growing concern about locating their patients.

The constant relocation of oil rigs and ever changing road conditions have made it more challenging for ambulance services to locate emergencies scenes.

In some cases once the scene is located the infrastructure leading to it is insufficient to support an ambulance vehicle.

Housing Hired Staff

When EMS developed in western North Dakota it was staffed solely by volunteers from the community. Thus, when EMS agencies built their facilities there was no need to include housing quarters for staff.

However, with the housing crisis in western North Dakota this has become a challenge for a few services. For those EMS agencies that have the funding to hire staff, they are struggling to find affordable housing for those individuals.

Oil Impacted Emergency Medical Services, Inc.

In June 2011 a group of EMS leaders met to discuss the impact of oil and gas production and the new challenges threatening the industry. It was apparent to them that EMS was in dire need of outside assistance and that action needed to be taken immediately.

The group of leaders setout to develop an organization that could become the resource for oil impacted EMS agencies. A place to turn for education, equipment, guidance, planning and a variety of other necessities.

In September those leaders incorporated Oil Impacted Emergency Medical Services (OIEMS), a North Dakota not-for-profit corporation, to provide North Dakota licensed emergency medical services impacted by oil and gas development with charitable support, connections to resources, people and training and establish public awareness regarding the challenges surrounding them.

The organization's emphasis will revolve around training and equipment, assessment and planning and public education.

Training and Equipment

A fundamental rationale for establishing this organization is to create a consortium of EMS agencies and establish a mechanism to collect funds and distribute needed equipment and training to meet current needs and shortfalls.

The immediate needs for specialized equipment and training will be the initial focus of OIEMS.

Assessment and Planning

Due to the volatile nature of the impact it is necessary to continuously monitor and assess the regions EMS system. Through a mix of surveys, interviews and site visits, the organization will be able to stay abreast on the changing conditions.

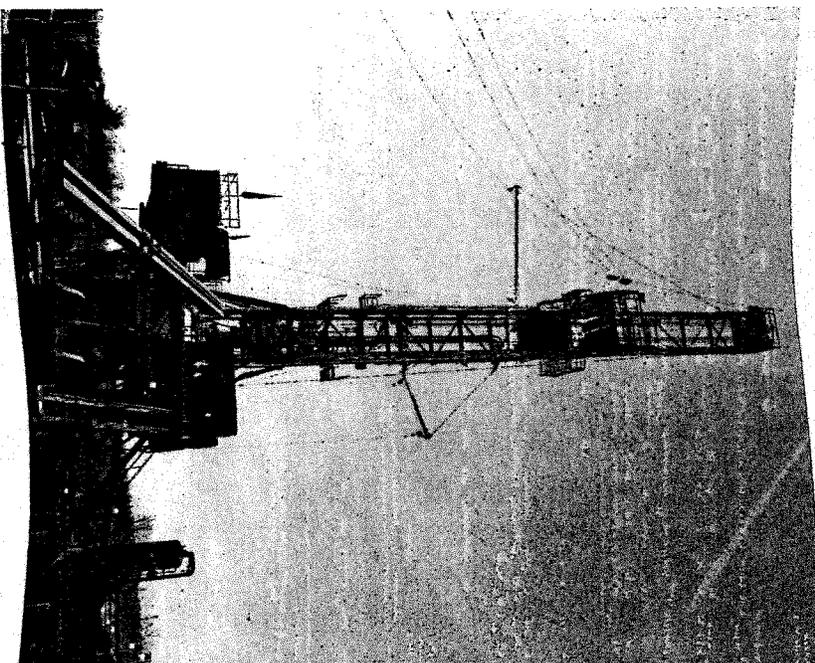
The Organization will also take a comprehensive approach to long term planning to curtail present challenges and ensure system readiness.

Public Education

A tremendous misunderstanding resonates around the EMS industry, which greatly affects the amount of public support it garners. The organization, through a serious of public awareness campaigns and open forums, hopes to bring light to the nature of EMS, its current state and how their support can help.

The State of Emergency Medical Services

An Impact Review



Sponsored by:

Oil Impacted EMS

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The growth of oil and gas production has been a bitter sweet development to many North Dakotans. It has become an economic icon and an infrastructure stifle. We often hear of the impact energy development has had on roads, sewers, housing and law enforcement; however, in the shadows is perhaps the largest looming crisis: the potential breakdown of the emergency medical services (EMS) systems.

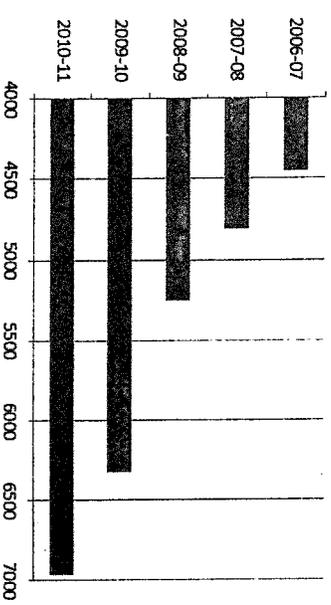
EMS has a particularly unique history. Although a vast majority of the public expects this service to be available, its provision is not, and has never been mandated. The systems developed from the passions and concerns of local citizens and the future of these systems continues to rest on the shoulders of passionate North Dakotans.

The largest subsidy of North Dakota EMS is donated labor (volunteer subsidy). Currently, this volunteer subsidy provides over thirty-one million dollars of in-kind funding for the state's EMS system, and the EMS agencies located in the oil and gas producing counties are no exception. The entire North Dakota EMS system is stressed by the shrinking volunteer subsidy; however, the oil impacted agencies are increasingly taxed by the following:

Exponential Growth in Demand

A survey of nineteen impacted EMS agencies has revealed an exponential growth in the number of requests for emergency medical services.

The aggregate, year-to-year growth for the nineteen services can be seen below.



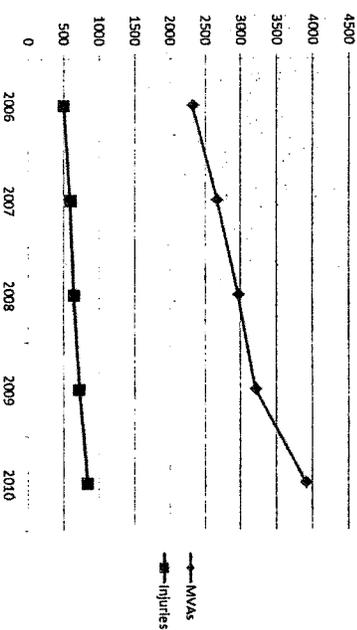
Over the past five years these services have experienced a 56% increase in requests for emergency medical services. If the trend continues as predicted they will be responding to nearly 11,000 calls, a 147% increase, by 2014-15.

One agency saw a 100% increase from 2009 to 2010 and this year they are on track to double in requests yet again.

Increased Motor Vehicle Accidents

Increased traffic in the oil and gas producing counties has resulted in EMS agencies responding to additional motor vehicle accidents (MVAS).

From 2006 through the end of 2010 the total number of MVAs had increased by 68%. MVA related injuries have also seen a large increase. In 2006 oil county crashes resulted in 504 injuries, but by 2010 they were the cause of 847 injuries.



The graph above illustrates the growth in oil county MVAs and injuries from 2006 to 2010.

Furthermore, a growing number of MVAs involve large trucks; which is intensifying injury severity, increasing time-on-scene and creating a need for new equipment.

Growing Financial Concerns

People largely believe that EMS agencies can be sustained by the dollars generated from transport revenue. With the exception of only a few agencies within the eighteen oil and gas producing counties this is simply untrue. Even with the increase in demand, most EMS agencies still cannot generate enough revenue to fund their service.

This concern is being compounded by the increasing number of underinsured or uninsured patients. Many oil impacted EMS agencies are seeing significant growth in non-paying patients. One agency reported that they expect 50% of their 2011 billable revenue to be written-off as uncollectible as a result of non-payment from self-pay patients.

Unprecedented Traffic and Deteriorating Road Conditions

Each of us has heard of the growing amount of traffic and deteriorating roads in the oil counties and this is impacting EMS in more ways than increased MVAs.

The unprecedented traffic has made it increasingly difficult for ambulances to make it to scene in a reasonable amount of time. Some providers have stated, "There's no need for lights or sirens, people don't pull over anyway."

Furthermore, the diminished road conditions are reducing the useful life of ambulance vehicles. Due to the increased stress on suspension systems, tires and breaks it is predicted that oil impacted EMS agencies will have to replace their ambulances twice as often.

Staffing, Recruitment and Retention

As stated earlier, the burden of EMS falls on the provider, in most cases volunteers. Recruiting and retaining volunteers is cited as EMS's largest challenge by many North Dakota ambulance service leaders.

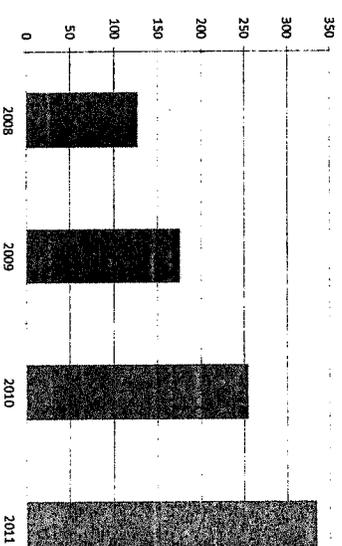
This challenge is exacerbated in the oil counties due to the increased demand for emergency medical services and the growing time commitment expected from volunteers.

Outside of the increased lengths in call and transport times, volunteers are also having to dedicate more time to non-response related activities such as fundraising and training.

Rising Trauma Emergencies

Along with the increase in MVAs, the Northwest Region Trauma System has reported a considerable increase in trauma emergencies. From the first quarter of 2008 through the first quarter of 2011 trauma emergencies have increased 163%.

Below you will see the number of trauma emergencies reported by the Northwest Region Trauma System for the first quarter of each year from 2008-2011.



Dear Members of the Senate and House Appropriations Committees,

My name is Jeri Warrenburg, I live in Rugby North Dakota and I am the EMS Director for Grenora Ambulance Service.

I am writing in regards to the ambulance services that are impacted by oil development. Grenora is a small town in the northwest part of North Dakota, on average we run about 25-30 calls a year, so far this year we are up 58% and still have 2 months to go.

Over the past few years we have seen an increase in the amount of traffic in the area, along with an increase of people who reside in our ambulance area. The new traffic includes more and more vehicles that are transporting work crews to oil sites, increasing the potential for mass casualties and severe trauma.

Due to the large area covered by the Grenora Ambulance our calls can take up to 4 hours and that is a long time for our volunteers to be away from their fulltime jobs.

Over the past year, we have been asked by Mercy Medical Center, located in Williston, to transfer patients from their facility to Trinity in Minot because the local ambulance did not have a crew available to take the transfer, which takes our crew out of the area for an even longer period of time.

I reside in Rugby and drive to Grenora weekly. Grenora Ambulance has been providing temporary housing for me and crew members who live out of town; however, that housing is only available through April 2012. Grenora Ambulance has purchased a lot and a mobile home that will provide housing to the EMS Director and crew members that need a place to stay while they cover call. Those purchases required the service to use money that had been set aside for an ambulance replacement. Grenora currently has two ambulances, one is a 1989 and the other is a 1990. They are both outdated and we will need to replace one or both of them in the near future.

In addition to the housing issue, we are having trouble covering our call shifts, especially during the daytime hours of the weekdays and on weekends. A large majority of our crew works out of town and are not available to cover call during those times. Grenora Ambulance has and is utilizing the staffing grant.

I would like to thank you for your consideration of assistance with these matters.

Sincerely,

Jeri Warrenburg NREMT-P
EMS Director
Grenora Ambulance Service

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Members of the Senate and House Appropriations Committees

My name is Myron Eide from Ray, North Dakota. I am the Squad Leader with the Ray Community Ambulance. I have been a volunteer Emergency Medical Technician with this squad for 25 years.

I am addressing you with some of our concerns and needs that have impacted our squad as a result of the huge influx of oil activity in our Ambulance District in Williams County of western North Dakota. One issue that is impacting our squad is the lack of payment for the calls to oil field related emergencies. These include personal medical emergencies and motor vehicle crashes. Our squad has just about doubled our calls in the last year with the same number of volunteer members. An other issue is the added cost of vehicle maintaince due to the poor road conditions. We just purchased a new four wheel drive ambulance at a substantial cost over a two wheel drive in order to serve the influx of residents and oil rigs in our district. These are just a couple of issues that have put a great financial burden on our Ambulance Service.

Thank you for your consideration of assistance on these issues.

Myron Eide
Squad Leader
Ray Community Ambulance

To the Members of the Senate and House Appropriations Committees,

My name is Carolyn Folden. I am the secretary-treasurer of the Board of Directors of the Parshall Ambulance Service of Parshall, ND. I also volunteer on the service as a First Responder and driver.

Parshall is in western North Dakota surrounded by the oil activity. We are also within the Fort Berthold Indian Reservation. We have a volunteer service with 5 dedicated EMTs, 3 First Responders, and various drivers.

Before oil was discovered we had about 100 calls per year of which approximately 75% were for the Native American population with the remaining being transfer calls from the nursing home. At that time we had about 10 to 12 EMTs, 6 First Responders, and various drivers. With fewer personnel we now handle about 240+ calls a year. We still handle 50 to 75% Native American calls but the rest are more serious trauma injuries resulting from all types of accidents, the most being vehicle accidents and major medical problems.

All of the EMTs have a full time or part time job that they must leave to answer ambulance calls. All of the employers are not happy with employees leaving their jobs to go on ambulance runs. Therefore we have also hired an EMT for 2 shifts a week to help alleviate some of the stress of ambulance versus job responsibilities. If it was not for the dedication of the few (especially on a volunteer service) we would not exist.

Volunteerism does not seem to be something the younger generation embraces. This service will fold unless more people can be recruited, which doesn't seem likely, or hired as permanent employees and paid wages like any other job. This would require at least 3 EMTs to cover 24/7 and hopefully the drivers and support personnel would be volunteers. Also we would have to get paid from all patients' insurances, Medicare, Medicaid, and the Three Affiliated Tribes for more than just 45% of 200+ 911 calls, which is how many runs have been paid from last year. Hired personnel require a living wage, training, continuing education, and housing. As you know, housing is in short supply in this part of North Dakota. All of these things need funding if the ambulance services in rural areas are to continue providing emergency medical treatment.

Parshall Ambulance Service thanks all of you for your past support of Emergency Medical Services and your time and consideration of additional assistance in this and future situations.

Carolyn Folden
Parshall Ambulance Service, Inc.

Chairman Holmberg and Members of the Senate and House Appropriations Committee,

My name is Kari Enget and I am the Co-Squad leader of the Powers Lake Ambulance in Powers Lake, North Dakota.

One of the biggest challenges we face is collecting for the services we provide. We received a Billing Receivable Report this past weekend that shows only 56.29 % of our accounts receivable have been paid in 2011. These monies would be used for ambulance replacement and equipment purchases.

We have seen an increase in trauma and vehicle accidents.

The Powers Lake Ambulance has been called upon to respond to calls other area ambulance services could not cover because both of their rigs were out on calls, which takes emergency response assets out of service in our area.

Tioga Medical Center has begun requesting that our service do transfers for them because of the increase in patient volume. These requests also remove a rig and crew from our service area.

Please give consideration to helping the ambulance services in oil impacted counties.

Thank you for your consideration.

Kari Enget
Co-squad leader
Powers Lake Ambulance

**McKenzie County Ambulance Service
PO Box 35
Watford City, ND 58854**

Chairman Holmberg
Members of the Senate and House
Appropriations Committees

I am Kerry Krikava, NREMT-Paramedic and Administrator of the McKenzie County Ambulance Service located in Watford City. Our service is the only transporting ambulance in the largest county in the state and second largest in the United States. We are complimented with a first responder unit out of Alexander. Some of our runs are 75 miles before we obtain our patient, in rough country that sometimes is inaccessible to radio or cell phone communications. Trauma centers are 120 to 200 miles away, and flights are not available or an option at all times. I have been with this service 30 years and saw the last oil boom; this is a totally different beast.

This boom is growing in front of our eyes at a rate that is overwhelming our planning. We, and even you are unsure how large this will become. Our service is making diligent efforts to keep abreast and ahead of this growth. At this time we have an EMT class with 17 students (trying to grow our own), we are hopeful that we will be able to keep three-fourths of them. We feel we must add four paramedics, and provide some type of living quarters and benefits. (Rent and cost of living in this area are very expensive.) We must acknowledge and compensate our current staff and volunteers. Burnout is a looming issue that we must try to prevent. We cannot do this job without our dedicated current staff.

Call Volume: 2007---275, 2008---286, 2009---338, 2010---457, 2011---539 (as of 10-1-11). With the increase in calls we are seeing an increase in long distance transfers (some taking up to six hours). The crews are seeing more calls with severe and fatal injuries. Motor vehicle accidents used to be a monthly occurrence, now they are daily. This is placing additional stress on a tired staff. They didn't volunteer to see and participate in some of the carnage that is occurring. We need to give these people some relief, before they decide that this is not something they want to continue to do.

Extremely heavy traffic and changing road conditions are making our response a true test. The ambulances are wearing out at a fast pace and replacements have to be sought earlier than usual.

The housing shortage in the region is also become a challenge. Many temporary housing arrangements have insufficient addressing for adequate emergency responses and at times locating a patient is nothing more than an educated guess.

While many people are making a lot of money in this boom, which has many positive sides, we in EMS are struggling. Our biggest fear is that we are going to loose our services and the people who have worked so hard to keep rural western North Dakota supplied with ambulance service.

Thank you for your past support and for considering this vitally important issue. EMS in the oil impacted areas of North Dakota cannot wait until 2013.

Again, thank you and our respects,
Kerry Krikava

Testimony of Matt Pedersen, Valley City Commissioner

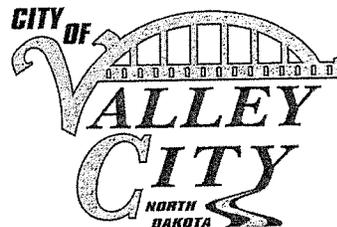
& Valley City Permanent Flood Protection Task Force Chairman

Joint Hearing of the ND Senate and House Appropriations Committees

Disaster Bill

Senator Ray Holmberg, Chairman

November 7, 2011



Financial Impacts of Recent Flooding: Stayed Dry but at a High Cost - \$34,000,000

Executive Financial Summary for 2009 and 2011 Floods:

Entity	2009 Flood	2011 Flood
USACOE – Levee Construction	\$4,300,000	\$3,018,000
National Guard	906,000	744,000
NDDOT Share Roads	640,000	440,000
FEMA / State of ND	6,959,000	3,459,000
CDBG – Sanitary Sewer	300,000	
USACOE – Sanitary Sewer	2,300,000	
Valley City – Local Cost-Share	1,047,000	1,043,000
Total Costs Incurred to-date	\$16,452,000	\$8,704,000
Estimated Future Costs to Incur:		
Valley City – NE Storm Sewer Lift Station		800,000
Valley City – Road damages net of FEMA		640,000
Estimated Total Costs	\$16,452,000	\$10,144,000
Estimated Total Valley City Cost-Share	\$1,047,000	\$2,483,000

Other Costs Incurred as a Result of the 2009 Flood:

Entity / Event	2009 Flood
Valley City State University	\$823,000
Mandatory Closing of Non-Essential Businesses	6,000,000
Valley City Parks & Recreation	200,000
Mercy Hospital	361,000
Total	\$7,384,000

Local Cost-Share:

- Valley City's local share was \$1,047,000 and \$1,043,000 - \$2,483,000 in 2009 and 2011, respectively
- Valley City's financial resources are nearly exhausted from recent flooding
- High priority projects have been delayed or cancelled as Valley City's local share has been covered through monies intended for Economic Development and Infrastructure (streets, storm sewer, sanitary sewer)
- Valley City residents pay hundreds of thousands of dollars annually to participate in the National Flood Insurance Program
- Important facts to put local cost-share impacts into perspective:
 - 2009 and 2011 local cost-share nearly doubled city expenditures
 - Valley City levies \$1,150,000 annually for city operations equating to 97 mills
 - If we levied the local cost-share, that would be an additional 85 mills

What's at Risk?

Both the 2009 and 2011 spring floods mirrored the 500-year flood event modeling of approximately 21 feet. At 21 feet, the below table illustrates the real estate that is subjected to extensive loss if an emergency levee were to fail.

	Floodway	100 Year Floodplain	500 Year Floodplain	Total
Residential	11,065,800	38,111,200	17,932,900	67,109,900
Commercial	8,932,100	14,419,800	16,878,500	40,230,400
Exempt (estimated)*	30,249,586	54,995,997	24,682,435	109,928,018
Total	\$50,247,486	\$107,526,997	\$59,493,835	\$217,268,318

* - Notable Exempt properties include 9 VCSU buildings (\$40,549,618), Mercy Hospital (\$35,000,000), Valley City Auditorium and Recreation Center (\$9,000,000), Post Office (\$3,000,000), Washington Elementary School (\$6,000,000) and the City Hall/Police/Fire Station Complex (\$5,500,000). The value of several exempt churches are not included in above detail.

The above table summarizes why **permanent flood protection is a priority 1 investment in Valley City** to diminish the risk of catastrophic loss caused by inferior emergency levies, Hesco containers and sandbags.

Valley City can't continue to bet our future on the durability of such inadequate, temporary flood protection.

Devils Lake Imminent Threat:

- The ever-increasing **risk of Devils Lake requires significant investment of mitigation funds in Valley City** to protect our community and ensure public safety.
- **Less than 900,000 acre-feet of storage remain** before natural overflow at 1,458. The spring inflows of 2009 and 2011 were approximately 600,000 acre-feet each. Prior to spring 2009, the average inflows into Devils Lake were 250,000 acre-feet annually.
- **Once natural overflow occurs, the Sheyenne River's watershed doubles in size** upstream of Baldhill Dam north of Valley City by adding the Devils Lake Basin comprising 3,810 square miles.
- Increased outlet capacity via the new pump-based east-end outlet and planned gravity-based outlet through Stump Lake **will dramatically increase the risk of flood damages** both during spring melt and summer rain events that occurred in 2011.

Research and Analysis:

- The Valley City Commission formed a Permanent Flood Protection Task Force (Task Force) in 2010 comprised of community and business leaders chaired by Commissioner Matt Pedersen
- The Task Force has **partnered with the US Army Corps of Engineers (Corps)** on a Reconnaissance Study to determine federal interest in a project in Valley City. The **Reconnaissance Study concluded Valley City has a significant and growing need for flood protection given the risks of Devils Lake.** The Corps is working on draft 2 of the Reconnaissance Study at the request of their division headquarters to better reflect the 2009 and 2011 flood events and 3,000 cfs from Devils Lake in an effort to achieve a Cost to Benefit Ratio in excess of 1.0.
- The Task Force has been **working closely with the ND State Water Commission** on more short-term solutions such as building clay levees where Phase 1 and Phase 2 buy-outs would occur starting in 2012.
- The Task Force has been **working with a leading flood wall company** that designed and manufactured the flood walls used in East Grand Forks, MN. They have identified several areas in Valley City where **there solution would work perfectly.** Primarily, we are considering their product **on the campus of VCSU and along Main Street to protect downtown.**

Valley City's Key Asks of the State of North Dakota:

Immediate Needs (2011 - 2012):

Phase 1 Acquisitions of Right of way for Emergency Levees Program:

VISION:

- Increase public safety
- Nearly eliminate the dependency on sandbags and Hesco containers as Sandbag Central is an excessive drain on our community, especially Valley City High School and VCSU students
- Lower risk of flood damage to neighborhoods and key community assets like the downtown business district and VCSU
- Increase efficiency of emergency levee construction
- Reduce disruption associated with contingency dikes
- Enable permanent flood protection long-term

INVESTMENT COST: \$3,600,000

SCOPE: 32 structures along the river's edge including 27 single-family homes, 4 apartment buildings and 1 commercial building. **All of the 32 Phase 1 buy-out candidates agree to be bought-out in 2012** assuming a fair offer currently based on 110% of city assessed value prior to 2009 flood damage.

Additional Immediate Needs and Associated Key Asks:

1. **ND State Water Commission to sponsor updating the hydrology and flood plain of the Sheyenne River incorporating the Devils Lake Basin into the Sheyenne River watershed.** This will be crucial for Valley City, Fort Ransom and Lisbon when planning flood protection if Devils Lake reaches 1,458.
2. **ND State Water Commission to sponsor the development of a Master Flood Protection Plan for Valley City and downstream inclusive of Fort Ransom and Lisbon.** This master plan will serve as a roadmap for the recurring phased investments in these communities' flood protection. This master plan will likely be available in a more timely manner than a Corps Feasibility Study.
3. Strong state support to **fast-track upstream retention on the Sheyenne River's main stem near Cooperstown** as identified by Moore Engineering. We would request that the **ND State Water Commission fund the engineering for the feasibility phase.**

Upcoming Needs (2012 – 2014):

Protect VCSU and Downtown Business District:

VISION:

- **Conduct Phase 2 of acquisitions of right of way and relocations**
- **Protect university district** through a series of flood walls and permanent clay levees along College Street and 5th Ave, SW as well as necessary storm sewer modifications
- **Protect downtown business district** with a permanent clay levee along 4th St, SW and 4th St, SE and a flood wall along Main Street as well as necessary storm sewer modifications
- **Address erosion concerns** along Main Street and College Street and other priority areas

INVESTMENT COST: \$19,850,000

SCOPE:

Investment	University District	Downtown District
Phase 2 acquisitions of right of way	\$1,350,000	
Permanent Clay Levees	3,500,000	3,000,000
VCSU Flood Wall	5,000,000	
Main Street Flood Wall		4,000,000
Storm Sewer Modifications	2,000,000	1,000,000
Total	\$11,850,000	\$8,000,000

Future Needs (2014 and beyond):

Permanent Flood Protection as Envisioned by Master Flood Protection Plan:

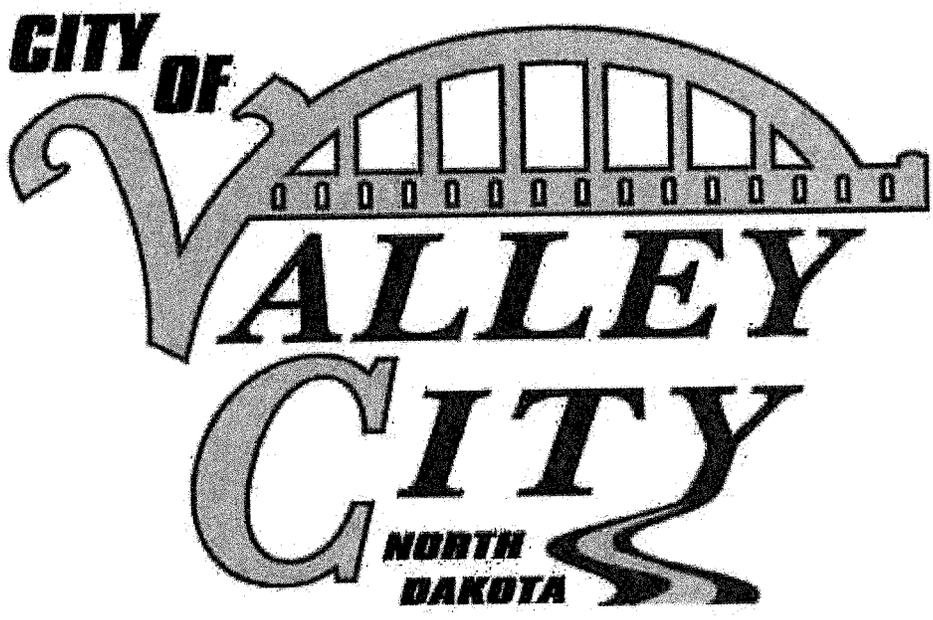
VISION:

- Continue with acquisitions of right of way as necessary to support permanent flood protection envisioned in Master Flood Protection Plan and not already covered in Phases 1-2
- Construct clay levees where determined feasible by Master Flood Protection Plan
- Implement necessary improvements to storm sewer system

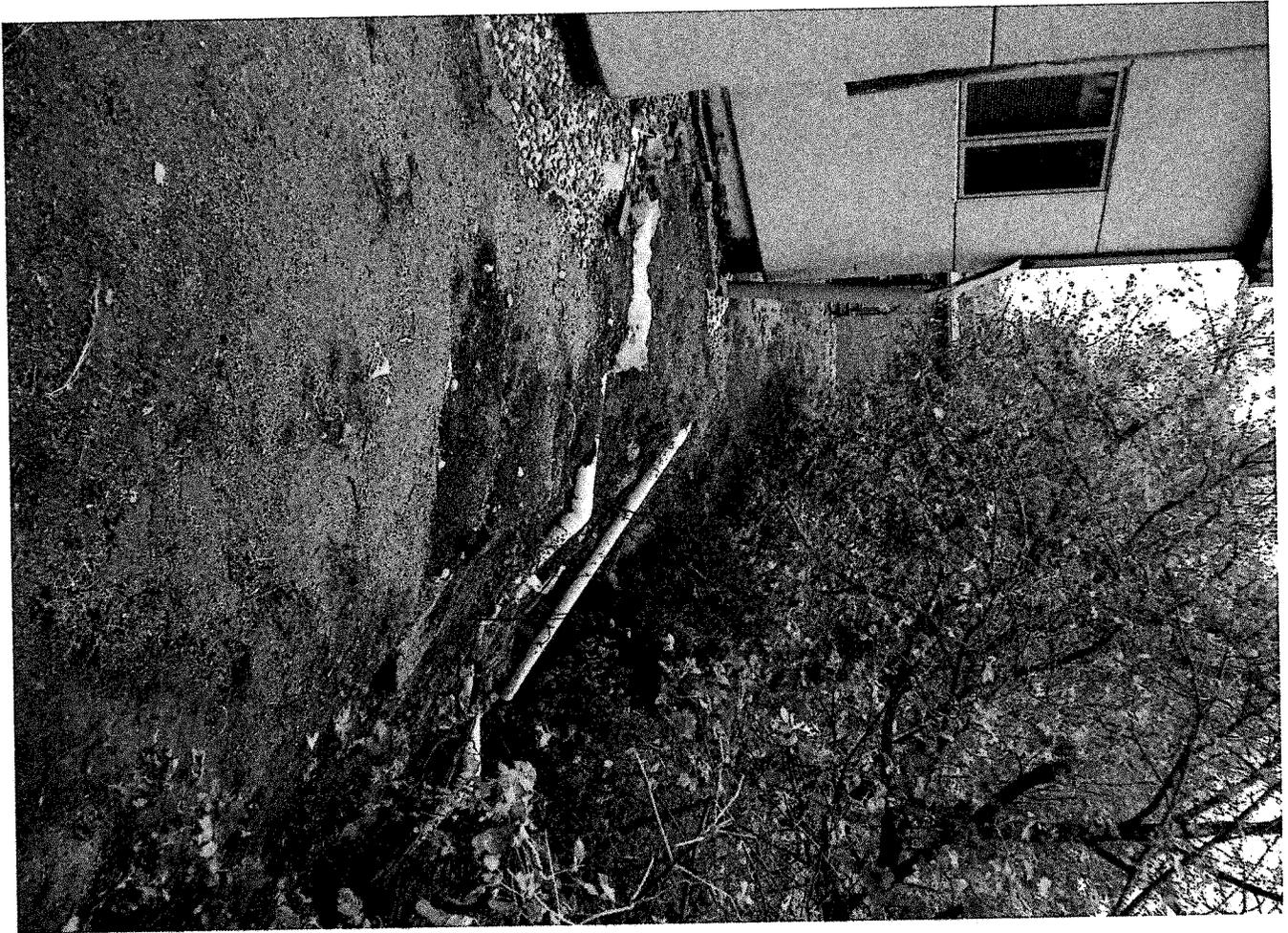
INVESTMENT COST: \$20,000,000 - \$30,000,000

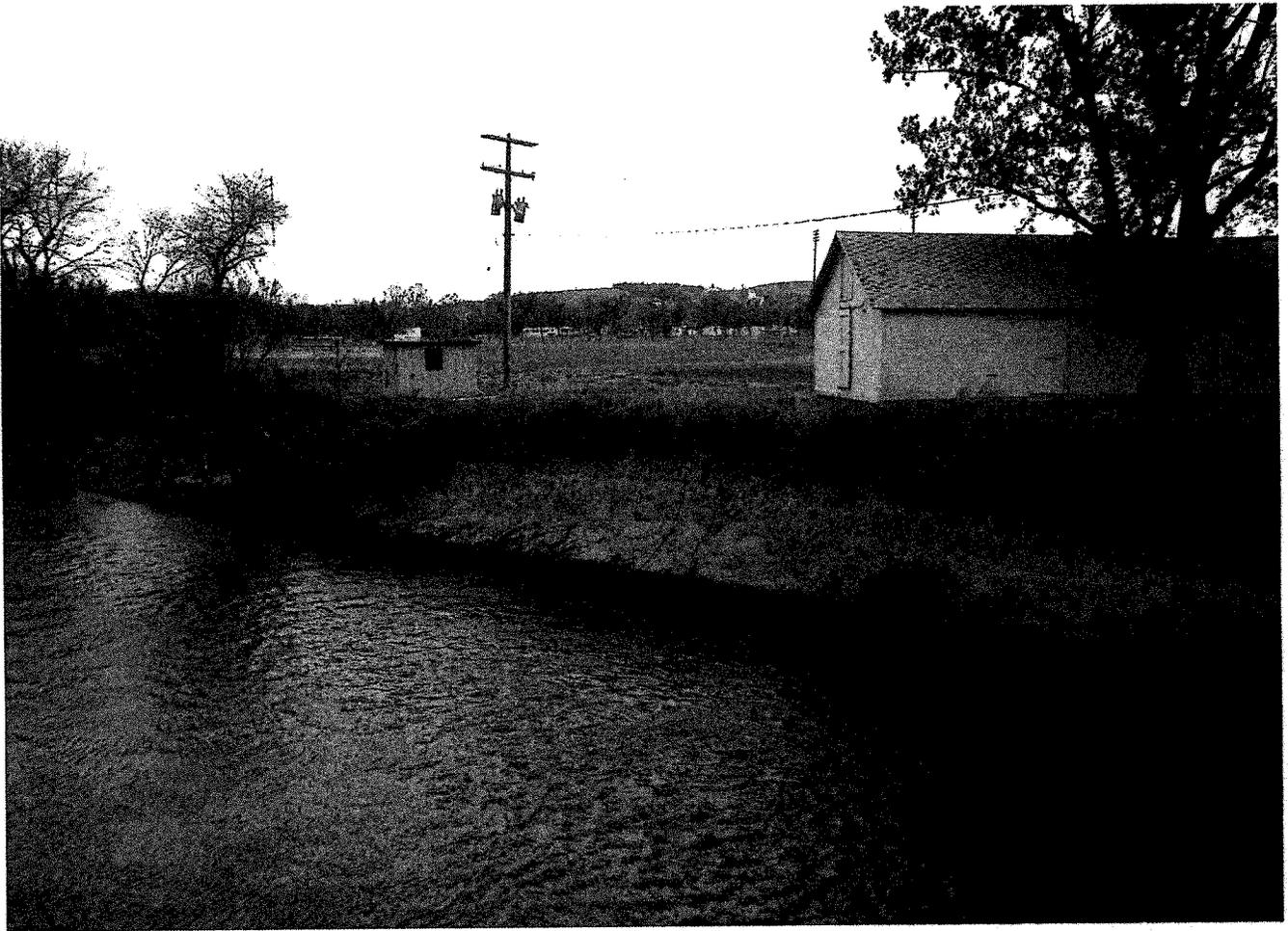
SCOPE: Early engineering estimates determined an extensive permanent flood protection solution for Valley City would cost \$40,000,000 to \$50,000,000 with approximately \$20,000,000 - \$23,000,000 of it being consumed in Phases 1 and 2 as detailed above. These estimates do not include investments in upstream retention.

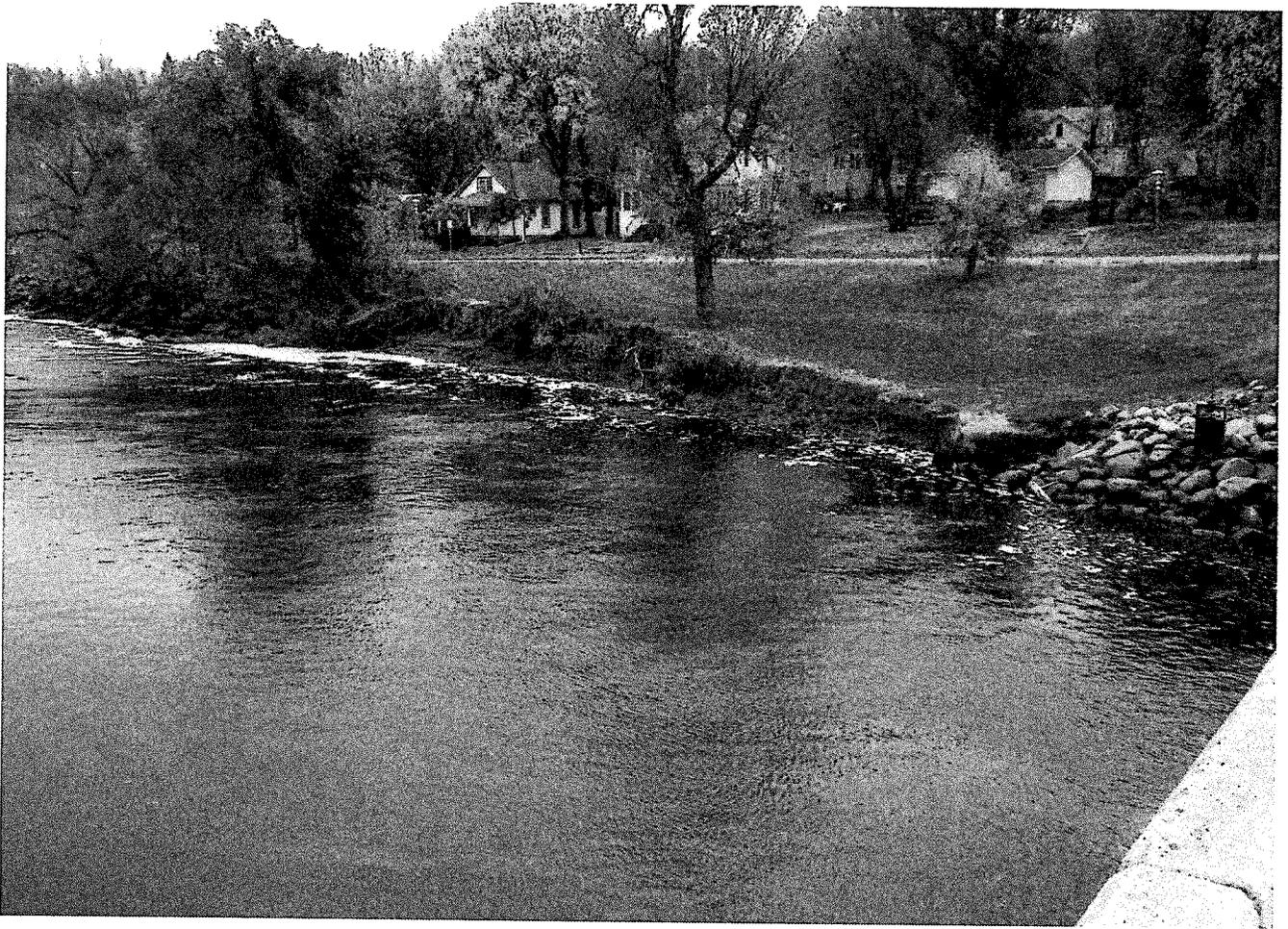
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Disaster Bill
Senator Ray Holmberg, Chairman
November 7, 2011



2011 Flood & Erosion Photos

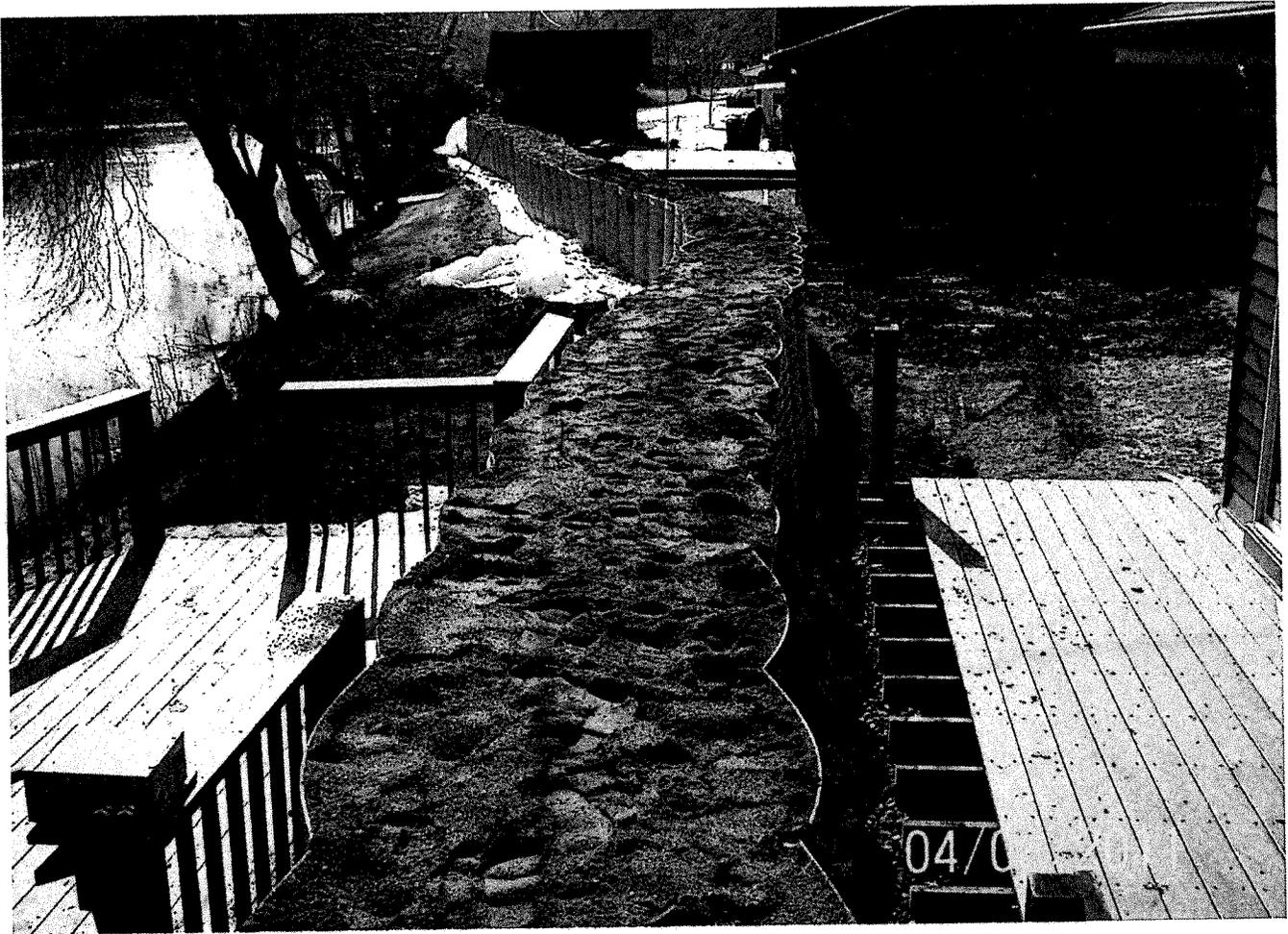


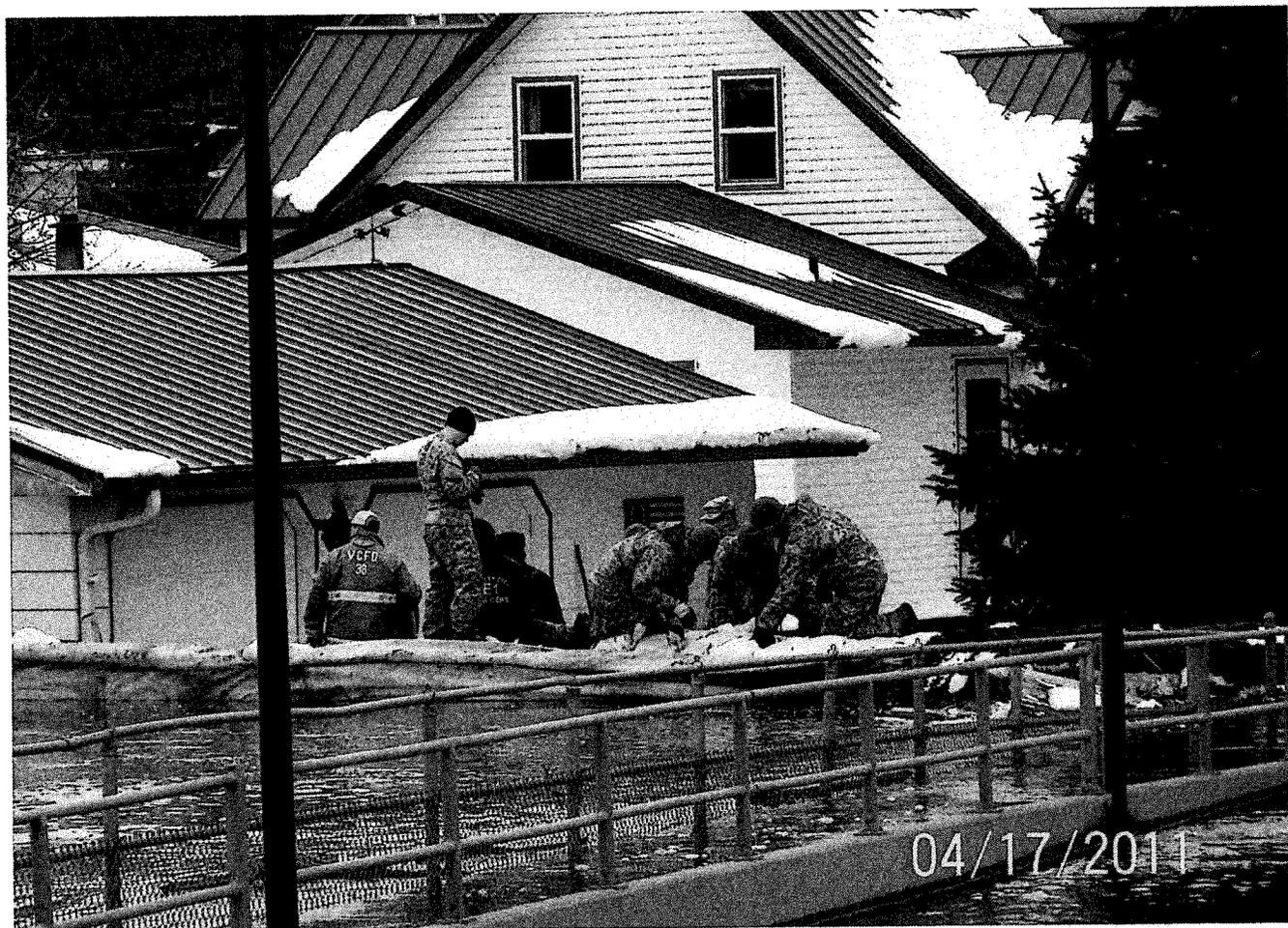




















November 4, 2011

2011 SPECIAL SESSION BUDGET INFORMATION PACKET

- Budget Information Summary - 2011-13 Biennium
- Budget Status Summary
- Flood Relief Assistance for the Flood Disasters of 1997, 2000, 2009, 2010, and 2011
- Previous Legislative Appropriations Relating to Natural Disasters
- Flood Control Costs in Grand Forks
- Fargo Flood Control Funding
- Estimated Costs Associated with Devils Lake Flooding
- Analysis of the State Disaster Relief Fund
- Analysis of the Resources Trust Fund
- Highway Patrol Positions

November 2011

BUDGET INFORMATION SUMMARY - 2011-13 BIENNIUM**GENERAL FUND BUDGET SUMMARY**

	2011-13 Biennium Legislative Approved Budget (Close of the 2011 Regular Legislative Session)	2011-13 Biennium Current Estimate	Increase (Decrease)
Beginning balance - July 1, 2011	\$660,231,525	\$996,832,711	\$336,601,186 ¹
2011-13 estimated revenues	3,457,746,225	3,457,746,225	0
Total available	\$4,117,977,750	\$4,454,578,936	\$336,601,186
2011-13 original appropriations	4,066,853,792	4,066,853,792	0
2011-13 special session appropriations	0	0	0
Total 2011-13 appropriations	\$4,066,853,792	\$4,066,853,792	\$336,601,186
Estimated ending balance - June 30, 2013	\$51,123,958	\$387,725,144 ²	\$336,601,186

¹The actual July 1, 2011, general fund balance increase of \$336.6 million relates to additional 2009-11 general fund revenue primarily from sales tax, individual income tax, and corporate income tax; additional funding from the transfer from the permanent oil tax trust fund; additional 2009-11 general fund turnback; and other adjustments.

²The estimated general fund ending balance does not reflect any potential transfers at the end of the 2011-13 biennium from the general fund to the budget stabilization fund pursuant to North Dakota Century Code Chapter 54-27.2.

STATUS OF SELECT MAJOR SPECIAL FUNDS

	Budget Stabilization Fund	Legacy Fund	Property Tax Relief Sustainability Fund	State Disaster Relief Fund	Strategic Investment and Improvements Fund
Beginning balance - July 1, 2011	\$386,351,110	\$0	\$295,000,000	\$34,675,167	\$172,444,215
2011-13 estimated revenues	0	618,558,299	341,790,000	250,000	140,767,420
Total available	\$386,351,110	\$618,558,299	\$636,790,000	\$34,925,167	\$313,211,635
2011-13 original appropriations	0	0	295,000,000	33,742,304	306,250,000
2011-13 special session appropriations	0	0	0	0	0
Biofuels loan guarantee	0	0	0	0	6,250,000
Estimated ending balance - June 30, 2013	\$386,351,110 ¹	\$618,558,299 ²	\$341,790,000 ³	\$1,182,863 ⁴	\$711,635 ⁵

¹**Budget stabilization fund** - Pursuant to Section 54-27.2-03, the Governor may order a transfer from the budget stabilization fund to the general fund if the director of the Office of Management and Budget (OMB) projects that general fund revenues for the biennium will be at least 2.5 percent less than estimated by the most recently adjourned Legislative Assembly. The amount transferred is limited to the difference between an amount 2.5 percent less than the original legislative general fund revenue forecast and the revised forecast prepared by OMB.

²**Legacy fund** - The principal and earnings of the legacy fund may not be spent until after June 30, 2017.

³**Property tax relief sustainability fund** - The estimated balance of \$341.79 million for June 30, 2013, represents funding to be used for property tax relief in the 2013-15 biennium.

⁴**State disaster relief fund** - Section 37-17.1-27 limits the use of money in the state disaster relief fund for only the required state share of funding for expenses associated with presidential-declared disasters in the state and requires Emergency Commission and Budget Section approval of the use of money in the fund.

⁵**Strategic investment and improvements fund** - This fund is to be used for one-time expenditures relating to improving state infrastructure or initiatives to improve the efficiency and effectiveness of state government. The amounts shown do not include designated fund balance amounts reserved for potential title disputes.

November 7, 2011

**2011-13 BUDGET STATUS SUMMARY
AS OF NOVEMBER 7, 2011**

General Fund Beginning Balance and Revenues

2011 regular legislative session budget estimate of unobligated general fund cash balance - July 1, 2011	\$660,231,525
Adjustment to recognize actual general fund balance on July 1, 2011	336,601,186
Actual general fund balance - July 1, 2011	<u>\$996,832,711</u>
Add 2011-13 biennium estimated revenues	
General fund revenue forecast adopted during the 2011 regular legislative session	\$3,457,746,225
2011 special session legislative revenue changes	
Increases	
None	\$0
Decreases	
None	0
Total 2011 special session legislative changes affecting revenues	<u>\$0</u>
Total estimated general fund revenues and beginning balance	<u>\$4,454,578,936</u>
General Fund Appropriations	
General fund appropriations approved during the 2011 regular legislative session for the 2011-13 biennium	\$4,066,853,792
2011 special session legislative appropriations changes	
Increases	
None	\$0
Decreases	
None	0
Total 2011 special session legislative changes affecting general fund appropriations	<u>\$0</u>
General fund appropriations - 2011-13 biennium	<u>\$4,066,853,792</u>
Estimated General Fund Ending Balance	
Estimated general fund balance - June 30, 2013	<u>\$387,725,144</u> ¹
Other Funds Appropriations	
Other funds appropriations approved during the 2011 regular legislative session for the 2011-13 biennium	\$5,857,627,587
2011 special session legislative appropriations changes	
Increases	
None	\$0
Decreases	
None	0
Total 2011 special session legislative changes affecting other funds appropriations	<u>\$0</u>
Other funds appropriations - 2011-13 biennium	<u>\$5,857,627,587</u>
Total Appropriations	
General fund appropriations	\$4,066,853,792
Other funds appropriations	5,857,627,587
Total 2011-13 biennium appropriations	<u>\$9,924,481,379</u>

¹ The estimated general fund ending balance does not reflect any potential transfers at the end of the 2011-13 biennium from the general fund to the budget stabilization fund pursuant to North Dakota Century Code Chapter 54-27.2.

October 2011

FLOOD RELIEF ASSISTANCE FOR THE FLOOD DISASTERS OF 1997, 2000, 2009, 2010, AND 2011

This memorandum provides information on flood relief assistance provided for flooding events that occurred in North Dakota during 1997, 2000, 2009, 2010, and 2011. Amounts shown are total projected costs as of October 2011. These disasters are not yet closed; therefore, the amounts shown are not final.

Federal requirements provide that the state coordinate with subgrantees to provide a 25 percent match in order to receive 75 percent of relief assistance from the Federal Emergency Management Agency (FEMA). As a general rule of the Department of Emergency Services, the state provides 10 percent of the federally required match, leaving 15 percent to be provided by the local government. If total disaster costs exceed the threshold established by the federal government, the disaster reimbursement changes to a 10 percent match in order to receive 90 percent of relief assistance from FEMA. As a general rule of the Department of Emergency Services, the state provides 4 percent of the federally required match, leaving 6 percent to be provided by the local government. The Legislative Assembly in 2009 Senate Bill No. 2012 allowed a political subdivision receiving federal emergency relief funding relating to disasters occurring from January 2009 through June 2009 to apply to the Department of Emergency Services for an emergency relief grant of up to 50 percent of the local match required to receive the federal emergency relief funding. The Legislative Assembly in 2011 Senate Bill No. 2369 provided that the Department of Emergency Services may use money appropriated from the state disaster relief fund to provide grants to political subdivisions for up to 50 percent of the required local match subject to Emergency Commission and Budget Section Approval.

1997 Flood - FEMA Assistance	
<p>Incident Severe storms/flooding</p> <p>Disaster number 1174</p> <p>Declaration date April 7, 1997</p> <p>Incident period February 28 to May 24, 1997</p>	<p>Designated counties</p> <ul style="list-style-type: none"> • Adams* • Barnes* • Benson* • Billings* • Bottineau* • Bowman* • Burke* • Burleigh* • Cass* • Cavalier* • Dickey* • Divide* • Dunn* • Eddy* • Emmons* • Foster* • Golden Valley* • Grand Forks* • Grant* • Griggs* • Hettinger* • Kidder* • LaMoure* • Logan* • McHenry* • McIntosh* • McKenzie* • McLean* • Mercer* • Morton* • Mountrail* • Nelson* • Oliver* • Pembina* • Pierce* • Ramsey* • Ransom* • Renville* • Richland* • Rolette* • Sargent* • Sheridan* • Sioux* • Slope* • Stark* • Steele* • Stutsman* • Towner* • Traill* • Walsh* • Ward* • Wells* • Williams* <p>*Individual assistance designated county</p>

Projected costs						
	Public Assistance	Hazard Mitigation	Individual Assistance	Small Business Administration Loans	Federal Mission Assignments	Total
Total cost	\$226,158,118	\$56,646,124	\$76,226,000	\$188,050,000	\$20,237,000	\$567,317,242
FEMA share	\$208,538,688 ¹	\$42,484,593 ²	\$76,003,200	\$188,050,000	\$18,213,300	\$533,289,781
State share	\$8,809,715 ¹	\$5,664,612 ²	\$222,800		\$2,023,700	\$16,720,827
Local share	\$8,809,715 ¹	\$8,496,919 ²				\$17,306,634

¹Public assistance was provided 90 percent federal and 10 percent local. The local portion was shared 5 percent by the state and 5 percent by the local government.

²Hazard mitigation was provided 75 percent federal and 25 percent local. The local portion was shared 10 percent by the state and 15 percent by the local government.

2000 Flood - FEMA Assistance						
Incident Severe storms and flooding Disaster number 1334 Declaration date June 27, 2000 Incident period April 5 to August 12, 2000		Designated counties <ul style="list-style-type: none"> • Barnes*,** • Benson* • Bottineau* • Burke* • Burleigh* • Cass* • Cavalier**,** • Dickey**,** • Eddy* • Emmons**,** • Fort Berthold Indian Reservation* • Foster* • Grand Forks* • Griggs* • Kidder* • LaMoure**,** • Logan* • McHenry* • McIntosh**,** • McLean* • Morton**,** • Mountrail**,** • Nelson* • Oliver* • Pembina* • Pierce* • Ramsey* • Ransom* • Renville* • Richland* • Rolette* • Sargent* • Sheridan* • Spirit Lake Indian Reservation* • Steele**,** • Stutsman**,** • Towner**,** • Traill* • Turtle Mountain Indian Reservation* • Walsh* • Ward**,** • Wells* 				
*Individual assistance designated county **Public assistance was not provided to county.						
Projected costs						
	Public Assistance	Hazard Mitigation	Individual Assistance	Small Business Administration Loans	Federal Mission Assignments	Total
Total cost	\$44,020,700	\$12,626,358	\$29,072,126	\$14,903,100		\$100,622,284
FEMA share	\$39,700,102 ¹	\$9,520,801 ²	\$28,196,969	\$14,903,100		\$92,320,972
State share	\$2,160,299 ¹	\$1,242,223 ²	\$875,157			\$4,277,679
Local share	\$2,160,299 ¹	\$1,863,334 ²				\$4,023,633
¹ Public assistance was provided 90 percent federal and 10 percent local. The local portion was shared 5 percent by the state and 5 percent by the local government. ² Hazard mitigation was provided 75 percent federal and 25 percent local. The local portion was shared 10 percent by the state and 15 percent by the local government.						

2009 Flood - FEMA Assistance		
Incident Severe storms and flooding Disaster number 1829 Declaration date March 24, 2009 Incident period March 13 to August 10, 2009		Designated counties <ul style="list-style-type: none"> • Adams* • Barnes* • Benson* • Billings* • Bottineau • Bowman • Burleigh* • Cass* • Cavalier* • Dickey* • Dunn • Eddy* • Emmons* • Foster* • Grand Forks* • Grant* • Griggs* • Hettinger* • Kidder* • LaMoure* • Lake Traverse • Sisseton Indian Reservation • Logan* • McHenry* • McIntosh* • McKenzie • McLean* • Mercer* • Morton* • Mountrail • Nelson* • Oliver* • Pembina* • Pierce* • Ramsey* • Ransom* • Richland* • Rolette* • Sargent* • Sheridan • Sioux • Spirit Lake Indian Reservation* • Standing Rock Indian Reservation* • Stark**,*** • Steele* • Stutsman* • Towner* • Traill* • Turtle Mountain Indian Reservation* • Walsh* • Ward* • Wells* • Williams**,***
*Individual assistance designated county ***Only Category B of public assistance was provided for emergency protective measures, such as communications, access, and public transportation costs.		

2009 Flood - FEMA Assistance						
Projected costs						
	Public Assistance	Hazard Mitigation	Individual Assistance	Small Business Administration Loans	Federal Mission Assignments	Total
Total cost	\$115,056,448	\$20,392,608	\$15,788,273	\$18,283,700	\$20,399,954	\$189,920,983
FEMA share	\$104,280,769 ¹	\$15,294,456 ²	\$15,616,938	\$18,283,700	\$18,359,958	\$171,835,821
State share	\$7,299,654 ^{1,3}	\$3,340,422 ^{2,3}	\$171,335		\$2,039,995	\$12,851,406
Local share	\$3,476,026 ^{1,3}	\$1,757,730 ^{2,3}				\$5,233,756

¹Public assistance was provided 90 percent federal and 10 percent local. The local portion was shared 7 percent by the state and 3 percent by the local government.

²Hazard mitigation was provided 75 percent federal and 25 percent local. The local portion was shared 16 percent by the state and 9 percent by the local government. Only costs related to disasters from January 2009 to June 2009 were eligible for state local matching assistance as explained in Footnote 3; therefore, the state share is less than the potential 17.5 percent state share.

³Pursuant to provisions of Section 8 of 2009 Senate Bill No. 2012, a political subdivision receiving federal emergency relief funding relating to disasters occurring from January 2009 through June 2009 could apply to the Department of Emergency Services for an emergency relief grant of up to 50 percent of the local match required to receive the federal emergency relief funding.

2010 Flood - FEMA Assistance	
Incident Flooding	Designated counties
Disaster number 3309	<ul style="list-style-type: none"> • Barnes*** • Benson*** • Burleigh*** • Cass*** • Dickey*** • Emmons*** • Foster*** • Grand Forks*** • LaMoure*** • Mercer*** • Nelson*** • Pembina*** • Ramsey*** • Ransom*** • Richland*** • Spirit Lake Indian Reservation*** • Stutsman*** • Traill*** • Walsh***
Declaration date March 14, 2010	***Only Category B of public assistance was provided for emergency protective measures, such as communications, access, and public transportation costs.
Incident period February 26 to April 30, 2010	Designated counties
Incident Flooding	<ul style="list-style-type: none"> • Barnes • Benson • Bottineau • Cass • Dickey • Eddy • Emmons • Foster • Grand Forks • Kidder • LaMoure • Logan • McHenry • McIntosh • Mercer • Morton • Nelson • Pembina • Ramsey • Ransom • Renville • Richland • Sargent • Spirit Lake Indian Reservation • Steele • Stutsman • Traill • Walsh • Wells

Projected costs						
	Public Assistance	Hazard Mitigation	Individual Assistance	Small Business Administration Loans	Federal Mission Assignments	Total
Total cost	\$39,446,283	\$5,175,000			\$268,976	\$44,890,259
FEMA share	\$29,584,713 ¹	\$3,881,250 ²			\$201,732	\$33,667,695
State share	\$3,944,628 ¹	\$517,500 ²			\$67,244	\$4,529,372
Local share	\$5,916,942 ¹	\$776,250 ²				\$6,693,192

¹Public assistance was provided 75 percent federal and 25 percent local. The local portion was shared 10 percent by the state and 15 percent by the local government.

²Hazard mitigation was provided 75 percent federal and 25 percent local. The local portion was shared 10 percent by the state and 15 percent by the local government.

2011 Flood - FEMA Assistance	
Incident Flooding	Designated counties
Disaster number 3318	<ul style="list-style-type: none"> • Barnes*** • Benson*** • Burleigh*** • Cass*** • Eddy*** • Emmons*** • Grand Forks*** • McLean*** • Mercer*** • Morton*** • Nelson*** • Oliver*** • Pembina*** • Ramsey*** • Ransom*** • Richland*** • Sioux*** • Standing Rock Indian Reservation*** • Towner*** • Traill*** • Walsh*** • Ward***
Declaration date April 7, 2011	***Only Category B of public assistance was provided for emergency protective measures, such as communications, access, and public transportation costs.
Incident period April 5 to July 1, 2011	

2011 Flood - FEMA Assistance

<p>Incident Severe storms and flooding</p> <p>Disaster number 1981</p> <p>Declaration date May 10, 2011</p> <p>Incident period February 14 to July 20, 2011</p>	<p>Designated counties</p> <ul style="list-style-type: none"> • Barnes* • Benson* • Billings • Bottineau • Burke • Burleigh* • Cass • Cavalier • Dickey • Divide • Eddy • Fort Berthold Indian Reservation • Foster • Grand Forks • Grant • Griggs • Kidder • LaMoure • Logan • McHenry* • McIntosh • McKenzie • McLean • Mercer • Morton* • Mountrail • Nelson • Pembina • Pierce • Ramsey* • Ransom • Renville* • Richland* • Rolette • Sargent • Sheridan • Sioux • Spirit Lake Indian Reservation* • Standing Rock Indian Reservation (also South Dakota) • Steele • Stutsman • Towner • Trail • Turtle Mountain Indian Reservation • Walsh • Ward* • Wells • Williams
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*Individual assistance designated county

Projected costs

	Public Assistance	State Direct Assistance	Hazard Mitigation	Individual Assistance	Small Business Administration Loans	Federal Mission Assignments	Total
Total cost	\$320,000,000	\$27,524,969	\$107,000,000	\$195,000,000	\$236,000,000	\$25,000,000	\$910,524,969
FEMA share	\$288,000,000 ¹	\$24,772,470 ²	\$80,000,000 ³	\$194,250,000	\$236,000,000	\$22,500,000	\$845,522,470
State share	\$22,400,000 ^{1,3}	\$2,752,499 ²	\$18,730,000 ^{3,4}	\$750,000 ^{4,5}		\$2,500,000	\$47,132,499
Local share	\$9,600,000 ^{1,3}		\$8,270,000 ^{3,4}				\$17,870,000

¹Public assistance is provided 90 percent federal and 10 percent local. The local portion is shared 7 percent by the state and 3 percent by the local government.

²State direct assistance is provided 90 percent federal and 10 percent state. In prior disasters any state direct assistance is included within the public assistance category and is not separately identifiable. State direct assistance estimates for the 2011 flood disaster as of September 2011 consist of:

Agency	State Direct Assistance	State Match
Department of Emergency Services	\$2,061,664	\$206,166*
State Department of Health	176,725	17,673*
Department of Transportation	1,537,792	153,779*
Adjutant General	12,972,956	1,297,296*
Game and Fish Department	149,681	14,968*
Game and Fish Department	25,000	2,500
State Electrical Board	26,845	2,685
Department of Corrections and Rehabilitation	17,375	1,738
Department of Transportation	4,548,111	454,811
State Fair Association	5,723,825	572,383
Parks and Recreation Department	150,000	15,000
Highway Patrol	134,995	13,500
Total	\$27,524,969	\$2,752,499

*The state match amount is anticipated to be paid from the state disaster relief fund.

³Hazard mitigation is provided 75 percent federal and 25 percent local. The local portion is shared 17.5 percent by the state and 7.5 percent by the local government.

⁴Pursuant to provisions of 2011 Senate Bill No. 2369, a political subdivision receiving federal emergency relief funding may apply to the Department of Emergency Services for an emergency relief grant of up to 50 percent of the local match required to receive the federal emergency relief funding.

⁵For costs of the other needs assistance category under the individual assistance program, assistance provided requires a 25 percent local match. The local portion will be shared 17.5 percent by the state and 7.5 percent by the local government.

October 2011

LEGISLATIVE APPROPRIATIONS RELATING TO NATURAL DISASTERS

The schedule below summarizes legislative appropriations and allocations from the state contingencies appropriation relating to natural disasters for the 1999-2001 through 2011-13 bienniums. The amounts shown do not include funding relating to Devils Lake or flood control projects. Appropriations of federal funds are excluded.

1999-2001 Biennium	
University of North Dakota Deficiency appropriation - In 2001 the Legislative Assembly provided the university a \$3,385,584 general fund deficiency appropriation for 1997 flood-related expenses.	\$3,385,584
North Dakota State University Deficiency appropriation - In 2001 the Legislative Assembly provided the university a \$1,609,200 general fund deficiency appropriation for 2000 flood expenditures.	1,609,200
Division of Emergency Management Deficiency appropriation - In 2001 the Legislative Assembly provided the division a \$14 million general fund deficiency appropriation for paying a Bank of North Dakota loan obtained for matching federal disaster relief funding.	14,000,000
Adjutant General State contingencies appropriation allocation relating to firefighting	160,000
Total	\$19,154,784

2001-03 Biennium	
Division of Emergency Management State contingencies appropriation allocation relating to grass fires	\$149,479
Adjutant General State contingencies appropriation allocations relating to firefighting	106,000
Total	\$255,479

2003-05 Biennium	
University of North Dakota Legislative appropriation - In 2003 the Legislative Assembly provided funding of \$1,193,146 from the water development trust fund for repayment during the 2003-05 biennium of 2001-03 biennium loans used for the state's matching share of federal flood disaster relief funding.	\$1,193,146
Deficiency appropriation - In 2005 the Legislative Assembly provided the university a \$371,000 general fund appropriation for 1997 flood disaster expenditures.	371,000
North Dakota State University Legislative appropriation - In 2003 the Legislative Assembly provided funding of \$262,928 from the water development trust fund for repayment during the 2003-05 biennium of 2001-03 biennium loans used for the state's matching share of federal flood disaster relief funding.	262,928
Deficiency appropriation - In 2005 the Legislative Assembly provided the university a \$1.5 million general fund appropriation for 2000 flood disaster expenditures.	1,500,000
Division of Emergency Management Legislative appropriation - In 2003 the Legislative Assembly provided funding of \$437,800 from the general fund to pay for interest costs incurred for the 2003-05 biennium relating to the division's Bank of North Dakota line of credit to pay the state's share of federal disaster relief funding.	437,800
Deficiency appropriation - In 2005 the Legislative Assembly provided a 2003-05 deficiency appropriation of \$7,623,514 from the general fund to the department for interagency suppression and support costs incurred on state land related to the Magpie Camp, Whitetail, and Deep Creek fires (\$151,369) and repayment of a loan from the Bank of North Dakota for the state's share of disaster costs (\$7,472,145).	7,623,514
State contingencies appropriation allocation relating to firefighting	91,125
Adjutant General State contingencies appropriation allocation relating to active duty missions in Sioux and Grand Forks Counties	10,000
Total	\$11,489,513

2005-07 Biennium	
University of North Dakota Deficiency appropriation - In 2007 the Legislative Assembly provided a 2005-07 deficiency appropriation of \$2,069,727 from the general fund for the state's share of expenses resulting from the 1997 flood.	\$2,069,727
North Dakota State University Deficiency appropriation - In 2007 the Legislative Assembly provided a 2005-07 deficiency appropriation of \$289,092 from the general fund for the state's share of expenses resulting from the 2000 flood.	289,092
Department of Emergency Services Deficiency appropriation - In 2007 the Legislative Assembly provided a 2005-07 deficiency appropriation of \$4.1 million from the general fund to the Adjutant General to repay the Bank of North Dakota for the state's share of disaster costs.	4,100,000
Adjutant General State contingencies appropriation allocation relating to firefighting	19,875
Total	\$6,478,694

2007-09 Biennium	
University of North Dakota Deficiency appropriation - In 2009 the Legislative Assembly provided \$2,858,771 from the general fund to the University of North Dakota relating to the state's share of expenses resulting from the 1997 flood.	\$2,858,771
North Dakota State University Deficiency appropriation - In 2009 the Legislative Assembly provided \$527,842 from the general fund to North Dakota State University relating to the state's share of expenses resulting from the 2000 flood.	527,842
Adjutant General State contingencies appropriation allocations relating to firefighting, operations support relating to the Northwood tornado, and operational support for the natural gas pipeline break in Mandan.	159,604
Deficiency appropriation - The Adjutant General was provided a \$4,822,553 general fund deficiency appropriation for the 2007-09 biennium to repay the Bank of North Dakota for the state's share of federal disaster relief costs.	4,822,553
Total	\$8,368,770

2009-11 Biennium	
Valley City State University Deficiency appropriation - Valley City State University was provided a \$58,904 general fund deficiency appropriation for the 2009-11 biennium for the university's share of federal disaster relief costs.	\$58,904
Adjutant General Legislative appropriation - In 2009 the Legislative Assembly provided funding of \$12.5 million from the general fund for costs relating to the 2009 flood-related disasters.	12,500,000
State disaster relief fund - 2009 Senate Bill No. 2012 provided that the Office of Management and Budget transfer \$43 million from the general fund to the state disaster relief fund during the 2007-09 biennium for use as follows:	43,000,000
<ul style="list-style-type: none"> • Up to \$20 million for providing emergency snow removal grants to counties, cities, and townships for reimbursement of up to 50 percent of the costs incurred by the county, township, or city for the period January 2009 through March 2009 that exceed 200 percent of the average costs incurred for these months in 2004 through 2008. The Department of Emergency Services distributed grants totaling \$5,376,784 prior to June 30, 2009. • Up to \$23 million from the state disaster relief fund for paying costs relating to the 2009 flood disaster, snow removal damage to roads, and other disasters. A political subdivision receiving federal emergency relief funding relating to disasters occurring from January 2009 through June 2009 may receive an emergency relief grant of up to 50 percent of the local match required to receive the federal emergency relief funding. In the 2009-11 biennium, funding of \$16,895,789 was utilized for expenses relating to disasters occurring prior to 2009 (\$513,321), 2009 flooding (\$5,739,762), January 2010 winter snowstorm (\$1,506,693), 2010 flooding (\$3,390,192), April 2010 ice storm (\$2,854,089), 2011 blizzard (\$16,937), and 2011 flooding (\$2,874,795). 	
Total	\$55,558,904

2011-13 Biennium	
<p>Adjutant General</p> <p>State disaster relief fund - Senate Bill No. 2369 (2011) provides for a \$22 million transfer from the permanent oil tax trust fund to the state disaster relief fund during the 2009-11 biennium and authorizes the Adjutant General to use this funding for costs associated with state disasters and flood mitigation efforts as follows:</p> <ul style="list-style-type: none"> • Up to \$9 million for providing emergency snow removal grants to counties, cities, and townships for reimbursement of up to 60 percent of the costs incurred by the county, township, or city for the period January 2011 through March 2011 that exceed 200 percent of the average costs incurred for these months in 2004 through 2008. The Department of Emergency Services distributed grants totaling \$9 million prior to June 30, 2011. • Subject to Emergency Commission and Budget Section approval, the Adjutant General may use the funding for city flood mitigation projects (up to \$3.2 million) and for disaster relief relating to 2011 spring flooding, road grade raising projects, 50 percent of the local match for disasters occurring from January 2011 through June 2011, and state expenses associated with presidential-declared disasters in the state. As of September 2011 the agency has received Emergency Commission and Budget Section approval for expenses of \$17.5 million for flood disasters, \$1.2 million for funding specific city flood mitigation projects, and \$4.8 million for road grade raising and matching grants to political subdivisions. This approval includes a \$3.5 million appropriation of the remaining state disaster relief fund 2009-11 biennium balance for the purpose of providing the required state share of funding for defraying the expenses associated with presidential-declared disasters pursuant to North Dakota Century Code Section 37-17.1-27. Of the \$22 million provided, \$2 million remains available and requires Emergency Commission and Budget Section approval prior to expenditure. 	\$22,000,000
Total	\$22,000,000

Summary - 1999-2001 Through 2011-13 Bienniums - Total	
1999-2001	\$19,154,784
2001-03	255,479
2003-05	11,489,513
2005-07	6,478,694
2007-09	8,368,770
2009-11	55,558,904
2011-13	22,000,000
Total	\$123,306,144

Summary - 1999-2001 Through 2011-13 Bienniums - Agency	
University of North Dakota	\$9,878,228
North Dakota State University	4,189,062
Valley City State University	58,904
Department of Emergency Services (formerly known as Division of Emergency Management)	26,401,918
Adjutant General	82,778,032
Total	\$123,306,144

October 2011

FLOOD CONTROL COSTS IN GRAND FORKS

FLOOD CONTROL COSTS/ SOURCE OF FUNDS

Work on the Corps of Engineers permanent flood damage reduction and recreation project in Grand Forks is substantially complete and has been accepted by the Federal Emergency Management Agency. Although the total project costs have not been finalized, the latest estimate from the corps for the Grand Forks and East Grand Forks permanent flood damage reduction and recreation project is \$409.3 million. The federal government share of the total project cost for Grand Forks and East Grand Forks is estimated to total \$224.5 million or 54.8 percent. The nonfederal share for the cities of Grand Forks and East Grand Forks is estimated to total \$119.3 million and \$65.5 million, respectively. However, the local cost-share of the project for the city of Grand Forks is expected to total \$125.7 million. This amount includes the cost of project components in which the corps did not participate. Of the \$125.7 million nonfederal share, the state provided \$52 million, or 41.4 percent, leaving a balance of \$73.7 million to be paid by the city of Grand Forks. The city of Grand Forks reports the \$73.7 million local share was provided from a combination of special assessments (\$40 million), general obligation bonds (\$14.5 million), and sales tax revenue (\$19.2 million).

LEGISLATIVE ACTION

Senate Bill No. 2188, approved by the Legislative Assembly in 1999, authorized the issuance of bonds for statewide water development, including up to \$52 million for Grand Forks flood control. The State Water Commission issued \$23 million of bonds in 2000 for Grand Forks flood control. In 2001 the Legislative Assembly extended the State Water Commission's bonding authority through June 30, 2003, but no additional bonds were issued. In 2003 the bonding authority specific to Grand Forks flood control was allowed to expire, and bonding authority was broadened to include all water projects. State funding for the remainder of the Grand Forks flood control project was provided from a combination of bond proceeds, the water development trust fund, and the resources trust fund.

The Legislative Assembly in 2007 Senate Bill No. 2020 amended the North Dakota Century Code to increase the eligible cost-share for the Grand Forks flood control program in order for the city to access the entire \$52 million state share dedicated for the project. The entire \$52 million authorized by the state has been spent on the Grand Forks flood control project.

October 2011

FARGO FLOOD CONTROL FUNDING

The Legislative Assembly in 2009 House Bill No. 1020 provided legislative intent that \$75 million be committed by the state to match a grant of federal funds for Fargo flood control, of which \$45 million was appropriated from the resources trust fund and the water development trust fund for the 2009-11 biennium. Any funds not spent by June 30, 2011, could be continued into the next or subsequent bienniums. Senate Bill No. 2020 (2011) amended the 2009 Session Laws relating to Fargo flood control project funding to provide that funds appropriated for Fargo flood control may be used for right-of-way acquisition costs, excluding the purchase of dwellings, in addition to land purchases and construction and to provide that no more than 10 percent of Fargo flood control project funds may be used for engineering, legal, planning, or other similar purposes. The amendment to 2009 Session Laws Chapter 20, Section 7, also provides that the city of Fargo, Cass County, and the Cass County Joint Water Resource District must approve any expenditures made under 2009 Session Laws Chapter 20, Section 7, and that costs incurred by nonstate entities for dwellings or other real property that are not paid by state funds are eligible for application by the nonstate entity for cost-sharing with the state. Section 20 of Senate Bill

No. 2020 provides the amendment to the 2009 Session Laws is retroactive to January 1, 2011.

The Legislative Assembly in Senate Bill No. 2020 appropriated \$30 million from the resources trust fund and the water development trust fund for Fargo flood control. Section 7 of Senate Bill No. 2020 also provides that any funds not spent by June 30, 2013, may be continued into the next or subsequent bienniums and may be expended only for Fargo flood control projects. These funds may be used only for land purchases and construction, including right-of-way acquisition costs and may not be used for the purchase of dwellings. No more than 10 percent of the funds may be used for engineering, legal, planning, or other similar purposes. The city of Fargo, Cass County, and the Cass County Joint Water Resource District must approve any expenditures made under this section. Costs incurred by nonstate entities for dwellings or other real property that are not paid by state funds are eligible for application by the nonstate entity for cost-sharing with the state. This funding is in addition to \$45 million provided for Fargo flood control by the Legislative Assembly in 2009, therefore, provides a total of \$75 million for Fargo flood control.

October 2011

ESTIMATED COSTS ASSOCIATED WITH DEVILS LAKE FLOODING

Recent cost information is available; however, information from the early years of the lake's rise is not. A memorandum, prepared by the State Water Commission Planning Division in October 2011, estimated dollars spent for Devils Lake flood-related infrastructure.

The schedule below summarizes, to the extent available, **estimated** total expenditures from 1994 through 2011 for Devils Lake flood infrastructure and amounts appropriated by the Legislative Assembly in 2011 for the 2011-13 biennium for costs associated with flooding in the Devils Lake area.

Agency	Federal Funds (Amounts Shown in Millions)	State Funds (Amounts Shown in Millions)	Local Funds (Amounts Shown in Millions)	Total (Amounts Shown in Millions)
Estimated expenditures identified by state agencies and the city of Devils Lake through 2011				
Department of Transportation road projects	\$339.4	\$57.5	\$9.2	\$406.1
Devils Lake Levee	134.2	24.6	3.7	162.5 ¹
Devils Lake emergency water source replacement	9.1	4.5	4.6	18.2
Federal Emergency Management Agency (FEMA)	44.4			44.4 ²
Devils Lake original outlet and expansion		38.5		38.5 ³
Corps of Engineers studies and other emergency operations	20.3			20.3
Rail raises and added lines	105.0	1.1		106.1
United States Department of Housing and Urban Development	3.0			3.0
Total estimated expenditures	\$655.4	\$126.2	\$17.5	\$799.1
Funding identified by state agencies and the city of Devils Lake for projects and selected appropriations for the 2011-13 biennium				
Adjutant General				
Flood mitigation disaster relief		\$1.2 ⁴		\$1.2
Road grade raising projects and flood disaster relief		4.8 ⁴		4.8
Department of Transportation				
Emergency relief funding	\$63.6	15.6 ⁵		79.2
Grahams Island State Park	11.6			11.6
Parks and Recreation Department				
Grahams Island State Park		2.9 ⁶		2.9
State Water Commission				
Devils Lake Levee raise	44.3	12.3 ⁷	\$2.5	59.1 ⁸
Devils Lake east end outlet		71.8 ⁷		71.8 ⁹
Tolna Coulee control structure	4.6	4.4 ⁷		9.0 ¹⁰
Stump Lake gravity flow channel		17.0 ⁷		17.0 ¹¹
Devils Lake downstream impacts - Fargo		15.0 ⁷	15.0	30.0 ¹²
Devils Lake downstream impacts - Valley City	3.4	15.4 ⁷	2.0	20.8 ¹³
Total estimated 2011-13 biennium funding	\$127.5	\$160.4	\$19.5	\$307.4
Total estimated expenditures 1994 through 2011 and estimated funding for the 2011-13 biennium	\$782.9	\$286.6	\$37.0	\$1,106.5

¹The Devils Lake Levee was first built in 1984 and subsequent lake raises have required periodic expansions and increases in the levee. In general, 75 percent of the costs of levee expansions have been paid by the Corps of Engineers. During the early construction phases of the levee, the local cost match was provided by the city of Devils Lake. Matching funds for the cost of more recent levee raises has been provided by the state.

²This amount includes funding provided for the acquisition of the city of Churchs Ferry; relocation of a co-op elevator in Churchs Ferry; relocation of Ramsey County rural sewer; and claims for protection of existing structures and salvage, relocation, and demolition costs.

³In addition to construction costs, representatives of the State Water Commission indicate \$4.3 million has been spent for Devils Lake Outlet operation and maintenance costs from 2007 through 2011, and \$6.2 million is budgeted for outlet operation and maintenance during the 2011-13 biennium.

⁴Senate Bill No. 2369 (2011) appropriated \$22 million from the state disaster relief fund for flood-related costs for the 2009-11 biennium and for the 2011-13 biennium. Subject to Emergency Commission and Budget Section approval, the

Adjutant General may use the funding for city flood mitigation projects (up to \$3.2 million) and for disaster relief relating to 2011 spring flooding, road grade raising projects, 50 percent of the local match for disasters occurring from January 2011 through June 2011, and state expenses associated with presidential-declared disasters in the state. As of September 2011, the Adjutant General has received Emergency Commission and Budget Section approval for 2011-13 expenses of \$17.5 million for flood disasters, \$1.2 million for funding specific city flood mitigation projects, and \$4.8 million for road grade raising and matching grants to political subdivisions. As of October 2011, the agency has not spent or obligated funds specific to the Devils Lake area. The amounts shown include total flood-related funding that may be available to the Devils Lake area.

⁵State funding is provided from the general fund and the highway fund.

⁶Funding from the game and fish fund is to be transferred to the Parks and Recreation Department for the Grahams Island State Park access road project.

⁷State funding is provided from the resources trust fund and the water development trust fund.

⁸The **Devils Lake Levee raise** is a Corps of Engineers project and is currently under construction. The State Water Commission is providing cost-share on the project. The levee will be owned by the city of Devils Lake upon completion. The commission has previously obligated \$24.6 million. The commission anticipates an additional \$12.3 million may be needed to complete the levee raises.

⁹The **Devils Lake east end outlet** project, paid for entirely by the State Water Commission, will provide a second water outlet east of the existing outlet. Construction has begun on the east end outlet, with estimated completion in June 2012. The east end outlet is expected to cost between \$70 million and \$75 million.

¹⁰The **Toina Coulee control structure** is a Corps of Engineers project with the State Water Commission providing a cost-share. The structure will be owned by the state when complete. The project has been awarded, and the estimated completion date is in the spring of 2012.

¹¹The **Stump Lake gravity flow channel** project is an emergency gravity outflow channel. Design work, real estate acquisition, and bidding are expected to take place during the winter, with construction to begin as soon as possible in 2012.

¹²The State Water Commission has tentatively identified \$15 million for **Devils Lake downstream impacts to Fargo** to provide a 50 percent cost-share for enhancements to water treatment facilities in Fargo. However, pending the results of a pilot study and a final determination on a regional water supply system, the capital commitment could total as much as \$70 million and requests for funding to the commission may increase by up to \$20 million for a total state commitment of \$35 million.

¹³The city of Valley City has developed a master plan for water treatment. Improvements to the water treatment plant are planned to address master plan objectives and address potential **Devils Lake downstream impacts to Valley City**.

county, township, or city for the period January 2009 through March 2009 that exceed 200 percent of the average costs incurred for these months in 2004 through 2008. The Department of Emergency Services distributed these grants prior to June 30, 2009.

⁴Section 2 of 2011 Senate Bill No. 2369 authorized up to \$9 million from the state disaster relief fund to be used for providing emergency snow removal grants to counties, cities, and townships. Section 2 of Senate Bill No. 2369 provided that a county, township, or city may apply to the Department of Emergency Services for an emergency snow removal grant for reimbursement of up to 60 percent of the costs incurred by the county, township, or city for the period January 2011 through March 2011 that exceed 200 percent of the average costs incurred for these months in 2004 through 2008. The Department of Emergency Services distributed \$9 million in grants prior to June 30, 2011, and reported to the Budget Section regarding the grants awarded under this section on September 15, 2011.

⁵Section 6 of 2009 Senate Bill No. 2012 authorized up to \$23 million from the state disaster relief fund to be used for paying costs relating to the 2009 flood disaster, snow removal damage to roads, and other disasters in accordance with Section 8 of Senate Bill No. 2012. Section 8 of Senate Bill No. 2012 provides that a political subdivision receiving federal emergency relief funding relating to disasters occurring from January 2009 through June 2009 may apply to the Department of Emergency Services for an emergency relief grant of up to 50 percent of the local match required to receive the federal emergency relief funding.

⁶Section 1 of 2011 Senate Bill No. 2016 includes spending authority of \$7.8 million from the state disaster relief fund for expenses related to the 2009 flood disaster (\$3,369,258) and other unclosed state disasters (\$4,473,046) in the 2011-13 biennium.

⁷Section 5 of 2011 Senate Bill No. 2016 appropriates \$3.5 million from the state disaster relief fund to the Adjutant General for the purpose of providing the required state share of funding for defraying the expenses associated with presidential-declared disasters pursuant to North Dakota Century Code Section 37-17.1-27.

⁸Estimated 2011 flood costs total \$674 million as of October 2011. The estimated state share of these costs to be paid by the Department of Emergency Services is \$47.13 million, of which \$15.6 million is reflected in the expenditures shown. The difference of \$31.53 million may be provided from loans from the Bank of North Dakota if approved by the Emergency Commission, or other appropriations if approved by the Legislative Assembly; however, the amount of state matching funds needed to be paid by the end of the 2011-13 biennium is not yet known.

⁹Section 4 of 2011 Senate Bill No. 2369 appropriates \$22 million from the state disaster relief fund for flood-related costs for the remainder of the 2009-11 biennium and for the 2011-13 biennium. Subject to Emergency Commission and Budget Section approval, the Adjutant General may use the funding for city flood mitigation projects (up to \$3.2 million) and for disaster relief relating to 2011 spring flooding, road grade raising projects, 50 percent of the local match for disasters occurring from January 2011 through June 2011, and state expenses associated with presidential-declared disasters in the state. As of September 2011 the Adjutant General has received Emergency Commission and Budget Section approval for 2011-13 expenses of \$17.5 million for flood disasters, \$1.2 million for funding specific city flood mitigation projects, and \$4.8 million for road grade raising and matching grants to political subdivisions.

¹⁰In 2011 Senate Bill No. 2016, the Legislative Assembly provided authority to the Department of Emergency Services to utilize funding from the state disaster relief fund to contract for services to coordinate disaster response organizations with state and political subdivision disaster response efforts, including all aspects of disaster recovery from preparedness training through cleanup for declared or undeclared disasters.

¹¹Total 2011-13 appropriation authority consists of:

\$22,000,000	see footnote 9
3,500,000	see footnote 7
7,842,304	see footnote 6
<u>400,000</u>	see footnote 10
\$33,742,304	

FUND HISTORY

Section 37-17.1-27 (Section 4 of 2009 Senate Bill No. 2012) establishes a state disaster relief fund. In 2011 Senate Bill No. 2369, the Legislative Assembly amended Section 37-17.1-27 to limit use of money in the fund for only the required state share of funding for expenses associated with presidential-declared disasters in the state and to require Emergency Commission and Budget Section approval of the use of money in the fund. Any interest or other fund earnings must be deposited in the fund.

October 2011

ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS

	2009-11 Biennium		2011-13 Biennium	
	Actual	Estimated	Actual	Estimated
Beginning balance				\$155,940,059
Add revenues			\$87,378,167	
Oil extraction tax collections	\$148,886,433			\$205,830,273 ¹
Repayments and reimbursements	3,413,941			3,495,000
Investment earnings/miscellaneous income	2,261,518			1,085,049
Total revenues				
Total available		154,561,892		210,410,322
Less expenditures and transfers		\$241,940,059		\$366,350,381
State Water Commission - Grants, projects, and project administration (2009 HB 1020; 2011 SB 2020)	\$85,916,406			\$315,983,499
State Water Commission - Beaver Bay embankment feasibility study (2009 SB 2305)	83,594			25,000,000
State Water Commission - Western Area Water Supply Authority zero interest loan (2011 SB 2020)				10,000,000
Bank of North Dakota - Western Area Water Supply Authority 5 percent interest loan (2011 HB 1206)				
Total expenditures and transfers		86,000,000 ²		350,983,499 ³
Ending balance		\$155,940,059		\$15,366,882

¹Estimated revenues - 2011-13 - The estimated revenues for the 2011-13 biennium reflect actual revenues through September 2011 and estimated revenues for the remainder of the biennium based on the February 2011 revenue forecast.

²Sections 1 and 5 of House Bill No. 1020 (2009) appropriated \$188.4 million, or any additional amounts that become available, from the resources trust fund for defraying the expenses of the State Water Commission for the 2009-11 biennium. In addition, Senate Bill No. 2305 (2009) appropriated \$342,000 from the resources trust fund to the State Water Commission for conducting a Beaver Bay embankment feasibility study.

³Sections 1 and 4 of Senate Bill No. 2020 (2011) appropriate \$332.4 million, or any additional amount that becomes available, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2011-13 biennium. The Legislative Assembly added 1 FTE Water Development Division director position funded from the resources trust fund (\$231,899) and appropriated an additional \$500,000 from the resources trust fund for a remote metering device reimbursement program. The sections relating to the remote metering of water permits were vetoed by Governor Jack Dailymple. The Legislative Assembly required that the State Water Commission receive Budget Section approval prior to the expenditure of any funds in excess of funding appropriated to the commission for water and atmospheric resources. In addition, the Legislative Assembly in 2011 provided, in House Bill No. 1206, the State Water Commission make available, from funding appropriated from the resources trust fund for projects, \$25 million for a zero interest loan to the Western Area Water Supply Authority. House Bill No. 1206 also appropriated \$10 million from the resources trust fund to the Bank of North Dakota for a 5 percent loan to the Western Area Water Supply Authority.

NOTE: The estimated June 30, 2013, balance made at the end of the 2011 legislative session was \$383,442. The increase in the estimated balance of \$14,983,440 is due primarily to increased oil activity resulting in the actual 2009-11 oil extraction tax revenues of \$148,886,433 being \$8,294,036 more than the 2009-11 oil extraction tax revenues estimated at the close of the 2011 legislative session of \$140,592,397 and the 2011-13 estimated oil extraction tax revenues of \$205,830,273 being \$6,017,920 more than originally projected revenues of \$199,812,353.

FUND HISTORY

The resources trust fund was created pursuant to passage of measure No. 6 in the November 1980 general election. Measure No. 6 created a 6.5 percent oil extraction tax, 10 percent of which was to be allocated to the resources trust fund. In June 1990 the Constitution of North Dakota was amended to establish the resources trust fund as a constitutional trust fund and provide that the principal and income of the fund could be spent only upon legislative appropriations for:

- Constructing water-related projects, including rural water systems.
- Energy conservation programs.

In November 1994 the voters of North Dakota approved a constitutional amendment, which is now Article X, Section 24, of the Constitution of North Dakota, to provide that 20 percent of oil extraction taxes be allocated as follows:

- Fifty percent (of the 20 percent) to the common schools trust fund.
- Fifty percent (of the 20 percent) to the foundation aid stabilization fund.

North Dakota Century Code Section 57-51.1-07, as amended by Senate Bill No. 2129 (2011), provides that oil extraction tax revenues be distributed as follows:

- Twenty percent to the resources trust fund.
- Twenty percent allocated as provided in Article X, Section 24, of the Constitution of North Dakota.
- Thirty percent to the legacy fund.
- Thirty percent to be allocated to the state's general fund, with certain funds designated for deposit in the property tax relief sustainability fund, the strategic investment and improvements fund, and the state disaster relief fund as provided in House Bill No. 1451 (2011).

November 2011

HIGHWAY PATROL POSITIONS

The table below lists the number of Highway Patrol full-time equivalent (FTE) positions included in the agency's budget request, the number of FTE positions included in the executive recommendation, and the number of FTE positions authorized by the Legislative Assembly since 2003.

	2003-05 Biennium	2005-07 Biennium	2007-09 Biennium	2009-11 Biennium	2011-13 Biennium
FTE positions included in agency budget request	164.00 ¹	180.00	202.00	207.00	200.00
FTE positions included in executive budget recommendation	181.00	186.00	197.00	196.00	197.00
FTE positions authorized by the Legislative Assembly	192.00	186.00	193.00	194.00	194.00 ²

¹The Highway Patrol budget request for the 2003-05 biennium included a reduction of 35 inspector and weigh station positions to meet the executive budget requirement to submit a budget request at a level of 95 percent.

²The 2011 executive budget recommendation added three new FTE motor carrier trooper positions. The House removed these positions along with three FTE existing trooper positions. All six FTE positions were restored by the Senate. The conference committee version of House Bill No. 1011 restored the three FTE existing trooper positions but did not restore the three FTE motor carrier trooper positions. The conference committee version also added \$400,000 of funding to fill two vacant FTE trooper positions which were originally added by the Legislative Assembly in 2007 without funding to allow additional recruits to be trained.

The table below details legislative changes made to the Highway Patrol FTE positions since 2003.

Legislative Changes to Highway Patrol Positions	
2003-05 authorized FTE positions	192.00
Adjustments by the Legislative Assembly in 2005	
Transferred positions from the Office of Management and Budget to the Highway Patrol for Capitol security	4.00
Added positions for northern border security	4.00
Added trooper position	1.00
Removed positions relating to the closure of weigh inspection stations	(15.00)
2005-07 authorized FTE positions	186.00
Adjustments by the Legislative Assembly in 2007	
Added trooper positions without funding to allow additional recruits to be trained ¹	2.00
Added Capitol security positions	3.00
Added trooper positions	2.00
2007-09 authorized FTE positions	193.00
Adjustments by the Legislative Assembly in 2009	
Added permit technician position	1.00
2009-11 authorized FTE positions	194.00
Adjustments by the Legislative Assembly in 2011	
None	0.00
2011-13 authorized FTE positions	194.00

¹The Legislative Assembly in 2011 provided \$400,000 of funding to allow the positions to be filled on a continual basis.

2011 SPECIAL SESSION - BILLS UNDER CONSIDERATION WITH POTENTIAL EFFECTS ON REVENUES AND APPROPRIATIONS - 2011-13 BIENNIUM

REVENUES

Bill No. - Description	General Fund	Other Funds	Total	FTE Positions
SB 2371 - Increase the tax credit available to financial institutions, corporations, and individuals for contributions to housing incentive funds from 20 percent per taxable year to 100 percent and increase the maximum allowable credits from \$4 million per biennium to \$15 million per biennium for the 2011-13 biennium only			(\$11,000,000)	

APPROPRIATIONS

Bill No. - Agency - Description	General Fund	Other Funds	Total	FTE Positions
HB 1474 Office of Management and Budget - Establishment and operation of the health benefit exchange Information Technology Department - Establishment and operation of the health benefit exchange Office of Management and Budget - Operation and activities of the Health Benefit Exchange Division's Navigation Office Office of Management and Budget - Establishment and administration of the health benefit exchange Total - HB 1474		\$2,060,378 35,964,750 500,000 750,000	\$2,060,378 35,964,750 500,000 750,000	9.00 19.00
HB 1475 Department of Human Services - Eligibility system project Information Technology Department - Eligibility system project Department of Human Services - Expenses associated with implementing the federal Affordable Care Act Insurance Commissioner - Expenses associated with implementing the federal Affordable Care Act Total - HB 1475	\$8,736,675 214,123	\$33,881,250 19,346,077 290,156 642,350	\$42,617,925 19,346,077 504,279 642,350	1.00 10.00 7.00 4.00
HB 1477 Williston State College - Various campus needs Dickinson State University - Various campus needs Total - HB 1477	\$2,000,000 1,500,000		\$2,000,000 1,500,000	1.00
SB 2371 ¹ Office of Management and Budget - Transfer to the state disaster relief fund Office of Management and Budget - Contingent transfer to the oil and gas impact fund State Treasurer - Contingent transportation funding distributions Land Department - Flood-impacted political subdivision infrastructure grants Land Department - Contingent oil and gas impact grants Industrial Commission - Contingent funding for litigation and other administrative proceedings Highway Patrol - Funding for four new trooper positions Adjutant General - Township financial stabilization grants Adjutant General - Disaster expenditures Adjutant General - Contingent funding for 2012 disasters Adjutant General - Additional funding for rebuilders loan program and for flood-impacted housing rehabilitation Adjutant General - Grants to counties for road grade raising projects Department of Commerce - Disaster expenditures State Water Commission - Additional expenses Total - SB 2371	\$68,700,000 30,000,000 18,000,000 30,000,000 500,000 681,870 5,000,000	30,000,000 500,000 29,500,000 5,000,000 30,000,000 6,000,000 235,000,000 50,000,000	\$68,700,000 30,000,000 18,000,000 30,000,000 1,000,000 681,870 5,000,000 29,500,000 5,000,000 30,000,000 6,000,000 235,000,000 50,000,000	1.00 4.00
Grand total	\$152,881,870 \$165,332,668	\$386,000,000 \$479,434,961	\$538,881,870 \$644,767,629	4.00 55.00

¹In addition, Senate Bill No. 2371 provides for a transfer of \$30 million of Bank of North Dakota profits to a rebuilders loan program and provides a continuing appropriation for the rebuilders loan program for providing loans to North Dakota residents rebuilding flood-damaged homes or purchasing new homes in a disaster-impacted community.

**TESTIMONY TO THE
HOUSE AND SENATE APPROPRIATION COMMITTEES**

NOVEMBER 8, 2011

SENATE BILL 2371

**ERIC HARDMEYER – PRESIDENT AND CEO
BANK OF NORTH DAKOTA**

The intent of the Rebuilders Loan Program is to assist ND homeowners in Individual Assistance impacted areas rebuild their home. It was designed to work in conjunction with the federal disaster programs offered by Federal Emergency Management Agency (FEMA) and the Small Business Administration (SBA).

This program was modeled after the Grand Forks Housing Rehab Program used to assist homeowners after the 1997 flood. In addition, the Bank of North Dakota has worked with and has received considerable input from the Minot Lender Task Force, the Governor’s Office, the banking associations, and legislative leadership.

As we worked through this, we had the following thoughts in mind:

1. Keep as many people in their homes as possible.
2. Don't duplicate efforts, focus on unmet needs.
3. Homeowners want to limit their amount of debt.
4. Keep it simple.

Rebuilders Loan Program parameters:

Loan amount: Maximum of \$30,000

Interest rate: 1% fixed

Term: Up to 20 years, with no payments required the first year.

Use of proceeds: 80% of the loan proceeds must be used to rebuild the homeowner’s existing property or for the purchase of a home in a disaster-impacted community. The remaining 20% of loan proceeds may be used to purchase flood insurance, debt service, debt retirement, or other credit obligations.

Collateral: Unsecured (personally liable)

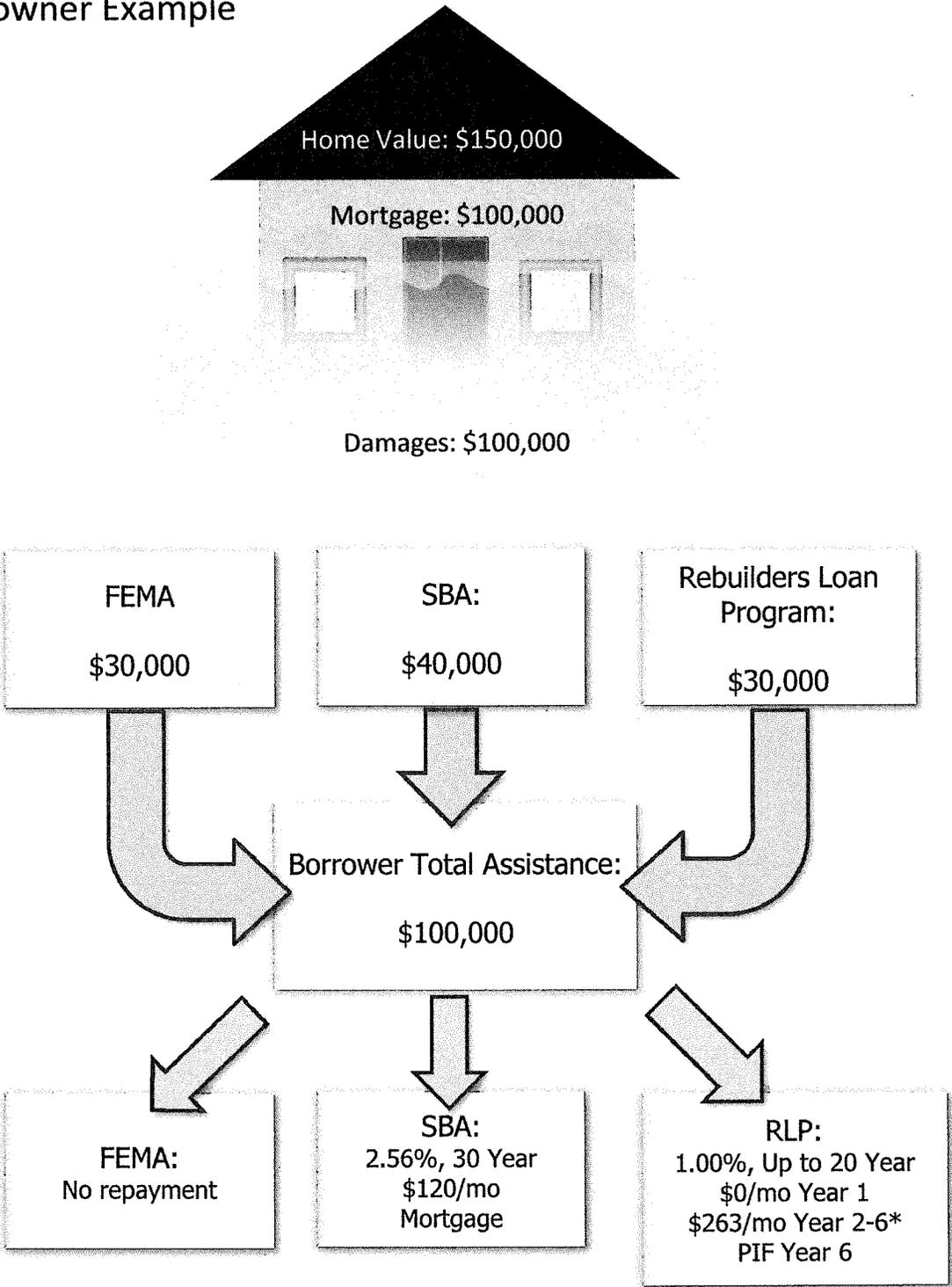
Loan reduction feature: For consideration of homeowners rebuilding and occupying their home, the city/county may annually (after the first year), reduce the loan balance by 10% of the original loan principal, up to a maximum of 50% of the original loan principal.

Applications: Must be received by September 30, 2012. Loans will be originated by a local financial institution and purchased by BND via the Rebuilders Loan Program.

Recommendations or clarification:

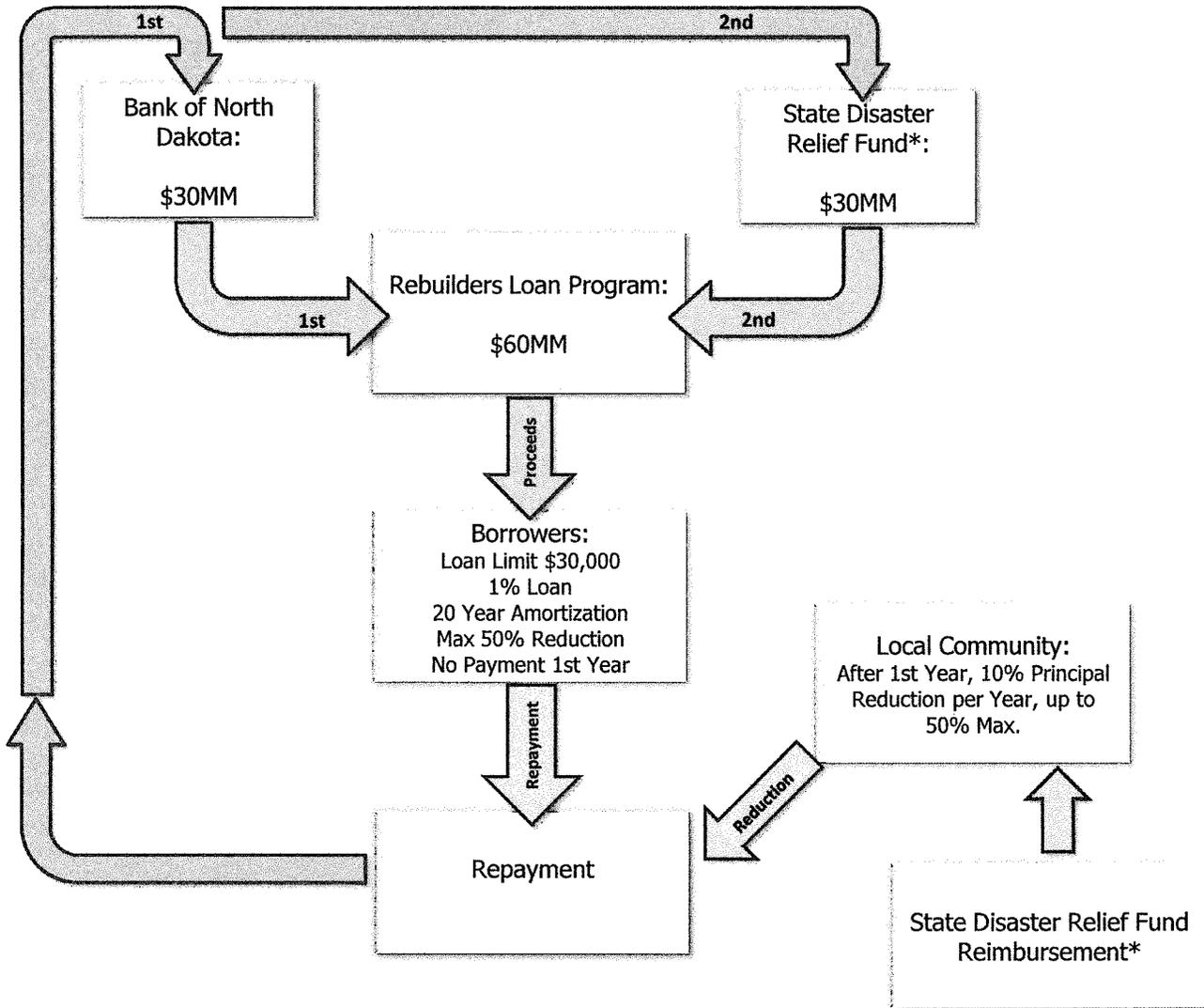
- As written, the program does not provide qualification criteria other than the homeowner was in a declared individual assistance area and was granted a reduction in assessed value. A suggestion would be to tie it to a FEMA grant award.
- Funds collected from the borrower and the disaster recovery relief fund will be returned to BND to replace capital.

Homeowner Example



* Loan reduction = \$15,000, 10 year amortization in example

Rebuilders Loan Program



- * -State Disaster Relief Fund can provide money for loan and reduction of principal.
- If loan demand exceeds \$40MM, future appropriations will be required to pay for principal reduction.

Rebuilders Loan Program Scenario

LOAN AMOUNT		\$15,000.00	
INTEREST RATE		1.000%	
LOAN AMORTIZATION	10 YEARS		
MONTHLY PAYMENT		\$131.41	
Date	Balance	Reduction	Loan Payment (Principal)
Year 1	\$15,000.00	\$0.00	\$0.00
Year 2	\$13,500.00	\$1,500.00	\$1,295.93
Year 3	\$10,704.07	\$1,500.00	\$1,476.63
Year 4	\$7,727.43	\$1,500.00	\$1,506.54
Year 5	\$4,720.89	\$1,500.00	\$1,536.74
Year 6	\$1,684.15	\$1,500.00	\$1,684.15
Year 7	\$116.90		
Year 8	\$0.00		

Borrower principal paid over life of loan	\$7,500.00
Borrower Interest paid over life of loan	\$532.69
Total Loan Forgiveness	\$7,500.00



Office of the Adjutant General

Total Flood Cost Estimates (as of November 3, 2011)

- Small Business Administration Loans \$236M
 - Home/Business Reconstruction \$452M
 - Public Response, Recovery & Mitigation \$674M
- Estimated Total \$1.4 Billion





Office of the Adjutant General

Public Response, Recovery & Mitigation

(as of November 3, 2011)

	<u>Current Projections</u> (Millions)	<u>State Share</u> (Millions)
State Direct	\$27.7	\$1.7 (6.1%)
State Indirect (MAs)	\$25	\$1.75 (7%)
Public Infrastructure	\$320	\$22.4 (7%)
- Spring Flood: \$50M		
- Mouse River: \$210M		
- Missouri River: \$35M		
- Road Grade Raising: \$25M		
Individual/Housing Assistance	\$195	\$2.5
Hazard Mitigation Program	<u>\$107</u>	<u>\$18.73 (17.5%)</u>
Totals	\$674	\$47.08



Office of the Adjutant General

Disaster Recovery (as of November 3, 2011)

- Total Registrants – 14,538
- Types of Assistance
 - Housing assistance
 - Individual assistance
 - SBA home loan
 - SBA business loan
 - Hazard mitigation
 - Insurance
 - Tax information
 - HUD
- State Disaster Response and Recovery Center
 - Flood Related Calls (Devils Lake Center) - 5,016
- 211 Disaster Related Calls - 2,517



NDCC Ch. 37-17.1 ND Disaster Act - Emergency Services

37-17.1-12. Compensation — Entitlement — Time — Amount.

1. Persons within this state shall conduct themselves and keep and manage their affairs and property in ways that will reasonably assist and will not unreasonably detract from the ability of the state and the public to effectively prevent, mitigate, prepare for, respond to, and recover from a disaster or emergency. This obligation includes appropriate personal service and use or restriction on the use of property in time of disaster or emergency. This chapter neither increases nor decreases these obligations but recognizes their existence under the Constitution of North Dakota and statutes of this state and the common law. Compensation for services or for the taking or use of property must be only to the extent that obligations recognized herein are exceeded in a particular case and then only to the extent that the claimant may not be deemed to have volunteered that person's services or property without compensation.

2. Personal services may not be compensated by the state or any county or city thereof, except pursuant to statute or local law or ordinance.

3. Compensation for property must be only if the property was commandeered or otherwise used in management of a disaster or emergency declared by the governor and its use or destruction was ordered by the governor.

4. Any person claiming compensation for the use, damage, loss, or destruction of property under this chapter shall file a written claim therefor with the office of management and budget in the form and manner required by the office. The claim for compensation must be received by the office of management and budget within one year after the use, damage, loss, or destruction of the property pursuant to the governor's order under section 37-17.1-05 is discovered or reasonably should have been discovered or compensation under this chapter is waived.

5. Unless the amount of compensation on account of property damaged, lost, or destroyed is agreed between the claimant and the office of management and budget, the amount of compensation must be calculated in the same manner as compensation due for a taking of property pursuant to the condemnation laws of this state.

Source. S.L. 1973, ch. 281, § 12; 1985, ch. 398, § 11; 1999, ch. 325, § 1; 2007, ch. 308, § 8.

Effective Date. The 2007 amendment of this section by section 8 of chapter 308, S.L. 2007 became effective August 1, 2007.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 1, line 4, after "reenact" insert "section 54-17-40,"

Page 1, line 4, after "57-35.3-05" insert a comma

Page 1, line 6, after "to" insert "affordable housing restrictions for multifamily housing funded from the housing incentive fund,"

Page 1, line 7, after "fund" insert a comma

Page 3, after line 15, insert:

"SECTION 3. AMENDMENT. Section 54-17-40 of the North Dakota Century Code is amended and reenacted as follows:

54-17-40. (Effective through June 30, 2013) Housing incentive fund - Continuing appropriation.

1. The housing incentive fund is created as a special revolving fund at the Bank of North Dakota. The housing finance agency may direct disbursements from the fund and a continuing appropriation from the fund is provided for that purpose.
2. After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund. At least twenty-five percent of the fund must be used to assist developing communities with a population of not more than ten thousand individuals to address an unmet housing need or alleviate a housing shortage. At least fifty percent of the fund must be used to benefit households with incomes at not more than fifty percent of the area median income. The agency may collect a reasonable administrative fee from the fund.
3. The housing finance agency shall adopt guidelines for the fund so as to address unmet housing needs in this state. Assistance from the fund may be used solely for:
 - a. New construction, rehabilitation, or acquisition of a multifamily housing project that will provide multifamily housing that meets the income and rent restrictions for affordable housing under federal law;
 - b. Gap assistance, matching funds, and accessibility improvements;
 - c. Assistance that does not exceed the amount necessary to qualify for a loan using underwriting standards acceptable for secondary market financing or to make the project feasible; and
 - d. Rental assistance, emergency assistance, or targeted supportive services designated to prevent homelessness.
4. Eligible recipients include units of local, state, and tribal government; local and tribal housing authorities; community action agencies; regional planning councils; and nonprofit organizations and for-profit developers of

multifamily housing. Individuals may not receive direct assistance from the fund.

5. Except for subdivision d of subsection 3, assistance is subject to repayment or recapture under the guidelines adopted by the housing finance agency. Any assistance that is repaid or recaptured must be deposited in the fund and is appropriated on a continuing basis for the purposes of this section."

Page 9, line 20, replace "22" with "23"

Page 11, line 6, replace "8" with "9"

Page 11, line 6, replace "11" with "12"

Page 11, line 10, replace "5" with "6"

Page 11, line 14, replace "3" with "4"

Page 11, line 14, replace "4" with "5"

Renumber accordingly

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 8, after line 5, insert:

"SECTION 17. APPROPRIATION - ADJUTANT GENERAL - STATE DISASTER RELIEF FUND - EMERGENCY RELIEF GRANTS. There is appropriated out of any moneys in the state disaster relief fund in the state treasury, not otherwise appropriated, the sum of \$18,000,000, or so much of the sum as may be necessary, to the adjutant general for the purpose of providing grants to political subdivisions for the local share required to match federal emergency relief funding, for the period beginning with the effective date of this Act and ending June 30, 2013. A political subdivision may apply to the adjutant general for an emergency relief grant under this section for any portion of the local match required to receive the federal emergency relief funding relating to disasters occurring from January 2011 through June 2011 which has not previously been provided by the state."

Page 8, line 7, replace "\$68,700,000" with "\$86,700,000"

Page 9, line 20, replace "22" with "23"

Renumber accordingly

8

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 1, line 1, replace the first "a" with "two"

Page 1, line 1, replace "section" with "sections"

Page 1, line 3, after "program" insert ", a rebuilders commercial property loan fund,"

Page 3, after line 8, insert:

"SECTION 2. A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

Rebuilders commercial property loan program - Revolving loan fund - Continuing appropriation - Requirements.

1. The Bank of North Dakota shall maintain a rebuilders commercial property revolving loan fund to make loans to persons that own flood-damaged commercial or non-owner-occupied residential property, or both, affected by a presidentially declared disaster in the state for the purpose of rehabilitating the property or for the purchase of replacement property in the disaster-impacted community. All moneys transferred into the fund, interest upon moneys in the fund, and payments to the fund of principal and interest on loans made from the fund are appropriated for the purpose of providing loans in accordance with this section.
2. The Bank shall administer and supervise the revolving loan fund and loans made from the fund. The Bank may deduct, from interest payments received on loans, a service fee for administering the fund. An application for a loan from the fund must be made to the Bank and, upon approval, a loan must be made from the fund in accordance with this section.
3. An application for a loan from the fund must include a statement of the total preflood true and full value of the flood-damaged property for which the loan is sought and any other information required by the Bank. The Bank shall determine a loan ratio for property eligible for loans under this section by dividing the total amount available for loans from the fund by the total preflood true and full value of flood-damaged property for which loan applications have been approved. The Bank may establish a deadline for loan applications for purposes of establishing the total preflood true and full value of flood-damaged property and to determine a loan ratio for property eligible for loans under this section. A loan from the fund to an approved loan applicant may not exceed the amount determined by multiplying the applicant's property's preflood true and full value by the loan ratio.
4. A loan from the fund must have the interest rate fixed at one percent per year for twenty years.
5. After the first five years, ten percent of the original principal amount of the loan must be forgiven in each subsequent year, up to a maximum of fifty percent, if the person that obtains the loan has completed rehabilitation or

replacement of the property, continues to own the property for which the loan was made, remains current on principal and interest payments, and remains current on property tax payments.

6. For all loans made from the fund, principal and interest payments must be deferred for the first twelve months of the loan.
7. The Bank shall contract with a certified public accounting firm to audit the fund as necessary. The cost of the audit, and any other actual costs incurred by the Bank on behalf of the fund, must be paid by the fund.
8. The Bank shall adopt policies to implement this section."

Page 4, after line 18, insert:

"SECTION 8. TRANSFER - BANK OF NORTH DAKOTA - REBUILDERS COMMERCIAL PROPERTY LOAN PROGRAM REVOLVING LOAN FUND. The Bank of North Dakota shall transfer the sum of \$30,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the rebuilders commercial property revolving loan fund during the period beginning with the effective date of this Act and ending June 30, 2013.

SECTION 9. CONTINGENT APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$30,000,000, or so much of the sum as may be necessary, to make up any shortfall in the Bank of North Dakota's unobligated current earnings and undivided profits directed to be transferred by section 8 of this Act, to the Bank for the purpose of fully funding the rebuilders commercial property revolving loan fund in the amount designated for transfer to that fund by section 8 of this Act, for the period beginning with the effective date of this Act and ending June 30, 2013."

Page 9, line 20, replace "22" with "25"

Page 11, line 6, replace "8" with "11"

Page 11, line 6, replace "11" with "14"

Page 11, line 10, replace "5" with "6"

Page 11, line 13, replace "2" with "3"

Page 11, line 14, replace "3" with "4"

Page 11, line 14, replace "4" with "5"

Renumber accordingly

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 1, line 11, remove "and"

Page 1, line 11, after "enhancement" insert ", and flood damage relief property tax funding"

Page 10, after line 16, insert:

**"SECTION 25. FLOOD DAMAGE RELIEF PROPERTY TAX FUNDING -
ADMINISTRATION OF FUNDS.**

1. For purposes of this section:
 - a. "Flood-damaged property" means property that:
 - (1) Is privately owned taxable residential or commercial real property;
 - (2) Was damaged by river flooding in 2011, including ground water or underground water incursion resulting from an abnormally high water table in an area threatened by river flooding;
 - (3) Is located within a disaster or emergency area as declared by the governor in 2011; and
 - (4) Was granted a reduction in 2011 in true and full valuation from the property's pre-flood value by an assessment reduction pursuant to the governor's executive order 2011-22 or by an abatement for flood-damaged property granted by the board of county commissioners.
 - b. "Pre-flood value" means the taxable valuation of property as most recently assessed before the property was damaged by flooding.
2. The owner of flood-damaged property is entitled to flood damage relief property tax state funding assistance as provided in this section. The state funding assistance for a flood-damaged property is the amount determined by multiplying the 2011 consolidated taxes for the property by the percentage by which the property's pre-flood value was reduced by the property's reduction in 2011 true and full valuation, and reducing the resulting amount by the five percent discount for early payment of property taxes under section 57-20-09. As soon as possible after the effective date of this section, the treasurer of each county shall adjust the 2011 consolidated taxes for each qualifying property in the county to deduct the flood damage relief property tax state funding assistance determined under this section and revise the property tax statement for that property to show the amount deducted as flood damage relief property tax state funding assistance.
3. The tax commissioner shall allocate funds provided by legislative appropriation among counties containing flood-damaged real property for which flood damage relief property tax state funding assistance is provided under this section. By December 26, 2011, the treasurer of each county in

which reduced assessments have been approved for flood-damaged property shall provide the tax commissioner a statement of the total flood damage relief property tax state funding assistance as determined for property in the county under this section. By February 15, 2012, the tax commissioner shall allocate funds to each eligible county in the amount of the total flood damage relief property tax state funding assistance as determined for property in the county under this section.

4. The priority for delinquent taxes and special assessments under section 57-20-21.1 does not apply to allocations made by the tax commissioner under this section. The entire amount of an allocation must be applied to the tax liability for the taxable year for which the allocation is made.
5. Upon receipt of the payment from the tax commissioner, the county treasurer shall apportion and distribute the payment to the state, the county, and the taxing districts of the county in which flood-damaged property is located on the basis on which the property tax obligations for the flood-damaged property are to be apportioned and distributed.

SECTION 26. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$4,636,062, or so much of the sum as may be necessary, to the tax commissioner for the purpose of allocation among counties as provided in section 25 of this Act, for the biennium beginning July 1, 2011, and ending June 30, 2013."

Page 11, line 15, after the period insert "Section 25 of this Act is effective for the first taxable year beginning after December 31, 2010, and is thereafter ineffective."

Renumber accordingly

10/13/2011

Flood Statistics - Estimated.xls

Real Property (Does not include mobile homes) Affected Properties Only	City of Minot	Ward County *	City of Bismarck	Burleigh County	City of Mandan	Morton County	McHenry County **	Renville County	Estimated Total
Taxable Value Before Flooding	19,921,401	24,846,300	3,770,351	11,960,509	754,878	1,198,715	61,730	598,349	
Taxable Value After Adjustments	13,674,601	17,143,947	3,649,491	11,120,158	728,076	863,109	36,075	564,016	
Taxable Value Lost - Flooding	6,246,800	7,702,353	120,860	840,351	26,802	335,606	25,655	34,333	
Estimated Consolidated Mill Rate	0.31300	0.29849	0.31818	0.23400	0.40938	0.36312	0.24628	0.21800	
Estimated Tax After Adjustments	\$4,280,150	\$7,416,372	\$1,161,195	\$2,602,117	\$298,060	\$313,412	\$8,885	\$122,955	\$16,203,146
Estimated Tax Loss	\$1,955,248	\$2,299,075	\$38,455	\$196,642	\$10,972	\$121,865	\$6,318	\$7,485	\$4,636,062

* Adjusted taxable value estimated at 69% (similar to City of Minot); tax estimated at 2010 county average mill rate.
 ** Assume all property is residential (reported T&F value only)

**Housing Incentive Fund
North Dakota Housing Finance Agency
Division of the Industrial Commission of North Dakota
Testimony by Michael Anderson, Executive Director
Joint Appropriations Committee**

November 7, 2011

Chairmen and members of the Appropriations Committees my name is Mike Anderson, executive director for the North Dakota Housing Finance Agency (Agency). I am providing testimony regarding Sections 3, 4, and 29 of the disaster recovery bill. These sections are proposing changes to NDCC 57-35.3-05 and 57-38-01.32 which provides for tax credits as an offset for contributions to the Housing Incentive Fund (HIF).

HIF was authorized during the 62nd Legislative Assembly for the purpose of generating equity for affordable multifamily housing projects. The aggregate amount of tax credit offset was limited to \$4,000,000 for the biennium and the taxpayer could claim no more than 20% of the tax credit in any taxable year. Fifty percent of HIF is set-aside to benefit households at no more than 50% of area median income (AMI). Twenty-five percent of HIF is to be set-aside to benefit communities of no more than 10,000 population. The Agency was directed to administer HIF and develop an allocation plan for the distribution of funds to eligible projects.

The changes in Sections 3 and 4 of the proposed bill would allow the taxpayer to claim 100% of the tax credits in a taxable year. These changes are intended to enhance the program's ability to raise equity capital needed to accelerate the development of additional affordable rental housing desperately needed in areas of the state impacted by flooding and oil and gas development.

While HIF has generated much interest among housing developers and other stakeholders in the few months the program has been available, there has been a general concern that the 20 percent limitation per year would not provide sufficient economic benefit to potential contributors.

Since the first HIF allocation round was just completed last month and the two successful applicants have yet to report any success in attracting contributions for their projects, we cannot rely on any HIF history to dispel this concern. By accelerating the ability to claim the HIF tax credits we believe we will substantially address this concern.

Section 5 of the Disaster Bill also increases the aggregate amount of tax credits allowed to \$15 million. The growing and critical need for additional affordable rental housing especially in the oil and gas impacted areas and now flooded areas like Minot has been well chronicled. This has stretched traditional affordable housing resources to the point of little or no impact on the growing need for affordable rental housing. While the additional HIF authority will not solve this issue, it will be a big start to make a difference for those who need it the most. Depending on household income targeted and size of subject projects, we anticipate an additional 12 to 15 projects could be built that could generate 300 to 350 affordable rental units.

The proposed legislative changes will require changes to the current HIF Allocation Plan. This plan defines the general policies and procedures of the program, as well as the scoring system by which project applications will be judged for selection. We will also be recommending to our Advisory Board and the Industrial Commission a number of other changes that should enhance the effectiveness of the program to develop additional rental housing expeditiously. These changes include, but may not necessarily be limited to:

- Total per unit cost caps will be increased from \$130,000 to a maximum of \$160,000 to reflect higher land and construction costs in disaster and energy impacted areas.
- Net allocations per project will be capped at the lesser of 30% of total project cost or \$1,000,000 for projects not receiving federal low income housing tax credits or historic rehab tax credits. Similar projects designed exclusively for the homeless will be eligible for the lesser of 40% of total project costs or \$1,500,000. Net allocations for all other projects remain unchanged. The Agency, in its sole discretion, could waive these limitations if necessary to achieve affordability in impacted areas.
- The current allocation Plan defines disaster and energy impacted areas as Targeted Areas and requires the Agency to use its best efforts to allocate approximately 60% of HIF to Targeted Areas. We will be proposing changing this to a set-aside and increasing it to 75% of the fund or \$11,250,000.
- Another point category will be added to award an additional 25 points to projects located in Minot to offer a competitive scoring edge.

Finally, HIF is not providing a grant. An allocation will be structured as a loan with repayment terms determined on a project specific basis as necessary to achieve project feasibility. Income targeting and rent restrictions will remain in effect for the term of the loan and will be enforced through a deed restriction on the land.

Thank you for your attention and I will try to answer any questions that you may have.

SPECIAL LEGISLATIVE SESSION
November 7, 2011

SB 2371 Disaster Bill Amendment

North Dakota Department of Transportation
Francis G. Ziegler, P.E., Director

Mr. Chairman and members of the committee, I'm Francis Ziegler, Director of the North Dakota Department of Transportation (DOT).

I would like to attach an amendment to SB 2371 that would allow DOT to increase borrowing capability from the current amount of \$120,000,000 stated in current session law to \$200,000,000. This will help us to continue to address Emergency Relief state highway projects until federal aid comes through.

The Draft Amendment is attached. Thank you.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 1, line 5, after "Code" insert ",section 4 of chapter 12 of the 2011 Session Laws"

Page 1, line 7, after "fund" insert ",relating to an appropriation and borrowing authority for emergency relief projects on the state highway system"

Page 4, after line 3, insert:

SECTION 5. AMENDMENT. Section 4 of chapter 12 of the 2011 Session Laws is amended and reenacted as follows:

SECTION 4. APPROPRIATION - BORROWING AUTHORITY – ADDITIONAL EMERGENCY RELIEF PROGRAM. The department of transportation may borrow the sum of ~~\$120,000,000~~ \$200,000,000, or so much of the sum as may be necessary, from the Bank of North Dakota for the purpose of providing funding for emergency relief projects on the state highway system, for the period beginning with the effective date of this Act and ending June 30, 2013. Any funding borrowed from the Bank of North Dakota under this section is appropriated to the department of transportation for emergency relief projects on the state highway system. Funding appropriated under this section is considered one-time funding and is not to be considered a part of the department's 2013-15 base budget request. Any federal funding received for projects receiving funding under this section must be used to repay the loan from the Bank of North Dakota.

Renumber accordingly

12a

11.0826.04015
Title.

Prepared by the Legislative Council staff for
Senator Wanzek
November 8, 2011

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 1, line 5, replace "and" with ", section 4 of chapter 12 of the 2011 Session Laws, and"

Page 1, line 7, after "fund" insert ", department of transportation borrowing authority for emergency relief projects,"

Page 4, after line 3, insert:

"SECTION 5. AMENDMENT. Section 4 of chapter 12 of the 2011 Session Laws is amended and reenacted as follows:

SECTION 4. APPROPRIATION - BORROWING AUTHORITY - ADDITIONAL EMERGENCY RELIEF PROGRAM. The department of transportation may borrow the sum of ~~\$120,000,000~~\$200,000,000, or so much of the sum as may be necessary, from the Bank of North Dakota for the purpose of providing funding for emergency relief projects on the state highway system, for the period beginning with the effective date of this Act and ending June 30, 2013. Any funding borrowed from the Bank of North Dakota under this section is appropriated to the department of transportation for emergency relief projects on the state highway system. Funding appropriated under this section is considered one-time funding and is not to be considered a part of the department's 2013-15 base budget request. Any federal funding received for projects receiving funding under this section must be used to repay the loan from the Bank of North Dakota."

Page 9, line 20, replace "22" with "23"

Page 11, line 6, replace "8" with "9"

Page 11, line 6, replace "11" with "12"

Page 11, line 10, replace "5" with "6"

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment increases the amount of funding that the Department of Transportation is authorized to borrow from the Bank of North Dakota during the 2011-13 biennium for emergency relief projects. The 62nd Legislative Assembly previously authorized the Department of Transportation to borrow up to \$120 million for emergency relief projects during the 2011-13 biennium. This amendment increases the amount of borrowing authority to \$200 million. The funding is also appropriated to the department to use for emergency relief projects.

11.0826.04008
Title.

Prepared by the Legislative Council staff for
Senator Mathern
November 7, 2011

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 10, remove lines 17 through 31

Page 11, remove lines 1 through 4

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment removes the contingent appropriation of \$500,000 from the general fund and \$500,000 from a Bank of North Dakota line of credit to the Industrial Commission for litigation and administrative proceeding costs relating to the Environmental Protection Agency's regulation of hydraulic fracturing.

14

North Dakota Senate and House Appropriations Committees, November 8, 2011
Disaster Relief Bill (SB 2371): Opposing Section 25, an Allocation of Funds to Sue the EPA

Chairs and Members of the Appropriations Committees:

My name is Karen Van Fossan. I am a seminary student at United Theological Seminary of the Twin Cities, studying to be an ordained minister, and I am also a long-time North Dakotan. I am here today as a matter of conscience and faith. It's time that we see past the dollar signs in our eyes and take a good look at what's happening to our neighbors in fracking areas of our state.

The chemicals used in fracking are protected as trade secrets, so oil companies are not required to release the names of the 600 or so chemicals they use to frack a well. Also, because of federal legislation known as the Halliburton Loophole, fracking is exempt from the Clean Air Act and the Safe Drinking Water Act. This makes fracking the only form of energy development that is almost completely unregulated by hard-won environmental laws. The Environmental Protection Agency is right to consider imposing regulations on the process of fracking, because otherwise we have very few protections.

I have spent many days in the halls of the North Dakota legislature; I've heard morning prayers, afternoon prayers, and overheard discussions about the weekly prayer group. I'm not certain what you pray for when you pray. But I know too many folks in western North Dakota whose prayers are filled with desperation.

Anna Hoffman of Williston, North Dakota, is frightened about the effects of a well currently being drilled within the city limits of her hometown. She asks: "Why can't the North Dakota Industrial Commission see that it is in our state's best interest to work together with local authorities, citizens, and the EPA to build the infrastructure we need to stabilize the oil and gas industries? Taxpayer dollars could be spent on designing a plan for a solid future of the energy needs of our nation, instead of being spent on advertisements against the EPA. The North Dakota Game and Fish Department issued an in-depth analysis of the damage the oil and gas industry is causing to our wildlife and habitats. This report was shelved by the past governor and is never mentioned by his successor. Why does oil and gas production have to come at our expense?"

Jacki Schilke of Williams County, North Dakota, says: "I have been forced to do my own testing of air and water due to health problems with myself, family, and livestock – with no cooperation from the ND State Health Department. What I have found is very disturbing and life threatening; air samples show high levels of toxic chemicals listed on EPA registries, chemicals which otherwise are no longer used in the US because of their hazardous effects on health. I am sad to say that the state of North Dakota has exposed me to some of the most deadly chemicals available, destroyed my family, cattle, and farm. The sole purpose of the EPA and federal rules on the industry is to protect residents from just this sort of disaster; the state of North Dakota has no right to use our tax dollars to overrule our right to health protections."

I urge you to remove Section 25 from North Dakota's Disaster Bill – and allow our friends and neighbors full expression of their human right to clean air, safe drinking water, and a healthy environment. Thank you.

My name is Kris Kitko, and I am speaking on behalf of Bakken Watch, a North Dakota oil and gas watch group.

North Dakotans in the Bakken with serious health issues have contacted Bakken Watch because they believe that their recent health problems may be caused by frack chemicals being used on or near their property. Because frack chemicals are not regulated, there is no information available from the state regarding their use or presence in our water or air. So, on September 8, 2011, Bakken Watch hired an independent lab to analyze a 24 hour air sample from the North Dakota countryside in the Bakken oil patch. Here's a list of the chemicals that North Dakotans are breathing:

- Acetone
- Carbon disulfide
- Chloromethane
- 1,2-Dichlorobenzene
- Ethanol
- Methyl Ethyl Ketone
- Methyl Isobutyl Ketone
- Propene
- 1,1,2,2-Tetrachloroethane
- Tetrachloroethene
- Tetrahydrofuran
- Toluene
- 1,2,4-Trichlorobenzene
- m&p-Xylenes
- o-Xylene
- Carbonyl sulfide
- C4, C11, C13 Hydrocarbons
- Hexanal
- Dimethyl disulfide
- Dimethyl trisulfide
- D-limonene
- Methane

A number of these chemicals are found on the EPA's list of known frack chemicals, but a complete list is difficult to impossible to find because oil and gas companies are not required to disclose them to the public. According to OSHA and the Centers for Disease Control, these chemicals can cause the kinds of health problems North Dakotans are reporting to Bakken Watch, such as irritation of eyes, skin, and respiratory system; central nervous system damage; organ damage, and cancer. Because these chemicals are not regulated, the state does not monitor for them. In other words, if we rely only on state air monitoring and air quality regulations, we have no way of knowing that these pollutants are in our air. As a result, according to state records for September 8, 2011, this very air meets or exceeds North Dakota state air quality regulations—because North Dakota does not test for these chemicals. We are told, then, that our air is clean and pure. But clearly, if this air with these chemicals meets or exceeds air quality regulations, then our regulations are not working or are not stringent enough. We, the people of North Dakota need—and deserve—more protection than this. Bakken Watch urges the committee to drop Section 25 of this bill and welcome better, tighter, and more effective regulations of frack chemicals in North Dakota.

When someone thinks of ND what comes to mind? Snow, yes. But for me it is wide blue skies, sweeping prairies smelling of sage and alfalfa and clean sparkling water. I was born here. I went away for a while, but came back to raise my children in this small but beautiful place. A place for my children, where their world would be largely clean and safe.

But now big oil has entered the picture. And fracking has made it hard to count on those same beauties being here for my children's adulthoods or for their children.

Every day I read about higher crime in oil boom areas, workers being injured, farmlands being destroyed by spills and schools and communities being overwhelmed with needs they can't meet.

People who live in the area and complain about the pollution of their farmland, the death of their cows, the toxicity of their water, are ignored, sent form letters or called 'crazy' or 'liberal tree huggers'.

But there is money. Oh yes and lots of it. And projections for future oil income are sky high. And big oil companies are quick to air TV ads showing green pastures and men in plaid shirts talking about how they care about the environment.

Why then are they so afraid of the Environmental Protection Agency? If everything is on the up and up, if the pastures are green and the complainers are 'crazy'...then why can't the EPA come in and look and measure and advise? Why can't the EPA make sure safety guidelines for toxic chemicals are being followed?

ND's Industrial Commission wants to sue the EPA to keep environmental protections out of our state? Why would they not want us to have every protection our federal government can provide? And they want us, the taxpayers to give them a million dollars to do that! I for one do not want my tax money going to help big oil cover up its messy tracks and not have to follow any guidelines for keeping our state clean.

I can think of many, many things that one million dollars of ND tax money would be better spent to accomplish: Don't our roads need repair from all those oil rigs? Don't our schools need expansion and more teachers to deal with the influx of population? Don't our law enforcement agencies need more resources for dealing with the sky rocketing crime in oil boom areas? Don't our social services departments need funds to help families in transition in these areas and women and children affected by the high rate of alcohol abuse, domestic violence and assaults in those areas?

We want ND to be prosperous, but in a way that is safe and clean and healthy for our land and our families.

In twenty years, fifty years, one hundred years...what do we want ND to be? I for one would like wide blue skies, sweeping prairies smelling of sage and alfalfa and clean sparkling water.

~Hannah Balaban, Bismarck, ND



2011 DISASTER RELIEF BILL

Joint Appropriations Committee
November 7, 2011

Testimony of Lynn D. Helms, Director

The Industrial Commission through the Department of Mineral Resources, Oil and Gas Division currently has jurisdiction over both hydraulic fracturing and Class II Underground Injection in the state of North Dakota under North Dakota Century Code 38-08 and North Dakota Administrative Code 43-02-03-27 and 43-02-05-1 through 14.

HISTORY

The Safe Drinking Water Act (SDWA) was originally passed by Congress in 1974. The Act created the Underground Injection Control (UIC) program and instituted a requirement that injection wells be authorized by permit. However, the Environmental Protection Agency (EPA) did not propose a permitting program to implement the SDWA's UIC permitting requirements until 1976, and did not begin to enforce those requirements until appropriate regulations were finally put in place in 1980, and UIC programs for specific states were approved beginning around 1984.

EPA has not historically considered hydraulic fracturing activities to require a permit under the SDWA and its UIC permitting program. For many years, the Agency's position was that oil and gas production wells being hydraulically fractured were not required to be regulated under the UIC program because the principal function of these wells was not to inject fluids (such as liquid wastes) into the subsurface but was instead to remove (i.e., produce) valuable oil and gas from the subsurface.

Twenty years later EPA's position was challenged when the Florida based Legal Environmental Assistance Fund (LEAF) petitioned EPA in 1994 to withdraw its approval of the Alabama UIC program because that program did not regulate hydraulic fracturing as underground injection. EPA denied the petition and the group sought review before the Eleventh Circuit. In 1997 the Eleventh Circuit rejected EPA's argument that hydraulic fracturing activities were not "underground injection" under the SDWA, relying on what it viewed as the plain language of the statute and ignoring Congressional intent.

Consistent with the court's decision, In **May 1999** EPA subsequently initiated proceedings to withdraw approval of Alabama's Class II UIC program. The Alabama Oil & Gas Board went through a rulemaking process and proposed new regulations addressing hydraulic fracturing operations, which EPA approved **Jan. 19, 2000**. In doing so, EPA noted that hydraulic fracturing is a one-time activity (often taking only a couple of hours) and that it did not seem entirely appropriate to categorize a well being hydraulically fractured as a Class II well for its entire operational life - which could encompass many years - because of a temporary activity. EPA agreed that Alabama's program could treat hydraulic fracturing as a "Class II-like" activity adhering to some, but not all of EPA's regulatory requirements for Class II wells. EPA's approval of Alabama's revised program was again challenged and reviewed by the Eleventh Circuit in **2001**. The LEAF II court concluded that EPA's UIC regulatory scheme was of such a nature that all injection wells fall into one of five categories; under this scheme, Class II wells are those wells that are used for injection of fluids for specified purposes related to oil and gas operations while Class V is a catch -all category. Because EPA did not argue that hydraulic fracturing should be considered a Class V well and apparently was not willing to revise its existing regulatory structure, the LEAF II court believed it had no option but to find that Alabama's program must classify wells being hydraulically fractured as Class II UIC wells. LEAF appealed to the US Supreme Court in **2002**, but the court refused to hear the appeal. The court remanded to EPA to determine whether Alabama's revised program for the regulation of hydraulic fracturing met the requirements for Class II wells. EPA published a notice in the Federal Register in **July 2004** setting forth its response to the Court's remand. In its notice, the Agency stated that it still had not promulgated any "national regulations expressly and specifically designed to establish minimum requirements for state programs that regulate hydraulic fracturing of coal beds to enhance methane production. EPA expressed concern about "according 'full' Class II status" to oil and gas wells being hydraulically fractured to increase production because the production of natural gas in Alabama could be impeded as a result of the imposition of certain regulatory requirements applicable to Class II wells, contrary to the mandate of Congress. The Agency reiterated that "EPA's Class II regulations were not designed to, and do not specifically address the unique technical and temporal attributes of hydraulic fracturing. EPA ultimately determined that the Alabama program was not required to comply with all of the specific regulations promulgated by EPA for Class II UIC wells because of the flexibility provided by Section 1425 of the SDWA, for state UIC programs related to oil and gas production wells. At the same time, EPA did not withdraw approval for any other of the 32 states that operate under state -administered, EPA-approved UIC programs even though none of these states had modified its UIC program to regulate hydraulic fracturing. EPA also did not require oil and gas well operators using hydraulic fracturing to obtain Class II UIC permits in those states in which the UIC program is directly administered by EPA, such as New York and Pennsylvania. In light of EPA's then just-issued study concerning the potential impacts of hydraulic fracturing of coal bed methane wells on Underground Sources of Drinking Water (USDW) and its conclusion that "hydraulic fracturing did not present a significant public health risk," the Agency told members of Congress that "we see no reason at this time to pursue a national hydraulic fracturing regulation to protect USDWs or the public health."

Congress explicitly affirmed the historical approach of not regulating hydraulic fracturing under the SDWA and largely overturned the LEAF I and LEAF II decisions with the passage of the Energy Policy Act of 2005.

SEC. 322. HYDRAULIC FRACTURING.

Paragraph (1) of section 1421(d) of the Safe Drinking Water Act (42 U.S.C. 300h(d)) is amended to read as follows:

“(1) UNDERGROUND INJECTION.—The term ‘underground injection’—
“(A) means the subsurface emplacement of fluids by well injection; and
“(B) excludes—
“(i) the underground injection of natural gas for purposes of storage; and
“(ii) the underground injection of fluids or propping agents (other than diesel fuels) pursuant to hydraulic fracturing operations related to oil, gas, or geothermal production activities.”.

The 2005 Act's exclusion did not extend to hydraulic fracturing with diesel fuels, thereby providing EPA with the authority to regulate hydraulic fracturing with diesel fuel under the SDWA. However, Congress did not expressly require the regulation of hydraulic fracturing with diesel fuel or otherwise dictate how EPA must address such operations. As late as 2008, EPA had done nothing with regard to nationwide regulation of hydraulic fracturing operations utilizing diesel fuels and continued to stand by its 2004 study finding that hydraulic fracturing poses little or no threat to USDW.

Notwithstanding the lengthy history of effective non-acquiescence in the LEAF I and LEAF II decisions and without any other intervening action by Congress or any court, EPA in early 2010 announced via its website that “[a]ny service company that performs hydraulic fracturing using diesel fuel must receive prior authorization from the UIC program. Injection wells receiving diesel fuel as a hydraulic fracturing additive will be considered Class II wells by the UIC program”. The statements appeared without any opportunity for comment by members of the regulated community or even any notice.

In light of the irregular nature of EPA's decision-making process and the significance of its economic consequences, among other things, the Independent Petroleum Association of America (IPAA) filed an action seeking review of EPA's decision. Oral arguments in this case will be heard by the US Court of Appeals District of Columbia Circuit on November 14, 2011. The North Dakota Industrial Commission is communicating our support of the IPAA position to EPA.

It is likely that a settlement will be reached. This settlement is unlikely to result in EPA dropping efforts to regulate hydraulic fracturing using diesel fuel, but instead is likely to just require that proper rule making begin at some future date.

At a recent Ground Water Protection Council (GWPC) meeting in Atlanta, GA the EPA suggested that it will seek a broad definition of diesel fuels in its draft guidance for permitting hydraulic fracturing operations, an approach favored by federal officials, some Democrat congressmen, and environmentalists because it requires permits for a broader range of operations that use substances found in diesel, such as benzene, toluene, ethylbenzene and xylene (BTEX) compounds, in fracturing fluids. **The typical North Dakota Bakken frac contains 0.088% petroleum distillates.**

"I think you'll see a definition that takes into consideration the physical and chemical characteristics" of diesel fuels, Ann Codrington, acting director of EPA's Drinking Water Protection Division, told the Sept. 27 annual GWPC meeting. The initial website document listed one possible definition as **"Any amount of diesel fuel (whether mixed with or applied to other constituents being injected)"** Codrington said EPA has completed its draft guidance for permitting fracturing operations that use diesel fuel under the SDWA submitted the document for White House Office of Management & Budget (OMB) review and "In this climate, the expectation is that OMB will review the document for at least 90 days". An EPA source says that staff has been working on crafting the guidance to ensure it can withstand OMB review and a likely legal challenge from industry groups who have already filed the IPAA lawsuit.

The definitional question is "just one" among a number of aspects of the guidance that have contributed to the delay, but industry and state regulators have identified it as a critical point because it will determine how many fracturing operations are subject to the permitting requirements. Industry and state regulators argued to EPA in stakeholder meetings earlier this year that "diesel fuel" refers to specific products linked to two specific Chemical Abstract Services numbers, or, alternatively, that diesel fuels are already well defined in a regulatory context, including EPA's fuels and fuel additive standards. The latter definition identifies diesel fuels as "any fuel sold in any state or territory of the U.S. and suitable for use in diesel engines, and that is a distillate known as No.1 or No.2, a non-distillate fuel with comparable chemical and physical properties (bio diesel), or a mixture of fuels meeting the requirements of the above paragraphs." **Although the word diesel is used 174 times and "diesel fuel" is used 45 times in the Energy Policy Act of 2005 the EPA is suggesting a unique definition for the single reference to diesel fuel for hydraulic fracturing in section 322 of the law.**

Representatives of four EPA regions, the Energy Department and the Interior Department during a May 10 meeting voiced concern that a "narrow definition of diesel fuels could make it economical to design fracture fluid components that are hydrocarbon-based but fall outside of the permit requirement for hydraulic fracturing using diesel fuels". The CAS numbers are preferred by industry and states because they offer more clarity and certainty, but Codrington said during the Sept. 27 GWPC meeting that EPA found CAS numbers are not always good indicators of the physical characteristics of a substance.

Recommendation

It is this critical definition which may require the Industrial Commission to initiate legal action between now and the regular 2013 Legislative Session. Over 27,000 North Dakota jobs could be at risk and an entire industry could be idled for 18-24 months, never to return to its former activity level. We must be prepared to defend our state's historical right to regulate this activity.

CITY OF DICKINSON

99 2nd Street East
Dickinson, ND 58601



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NUMBER FAXING: 701 328-3615

DATE: 11.8.11

ATTENTION: REP. SCHATZ OR STEINER

FROM: SHAWN KESSEL

NUMBER OF PAGES (INCLUDING COVER SHEET): 3

COMMENT(S): ANOTHER FAX CONTAINING ADDITIONAL MATERIAL WILL BE FORTHCOMING.

❖ *ALTERNATIVES ANALYSIS* ❖

- The ability to maintain access to adjacent businesses and residences.
- Service area for the crossing.
- Cost.

Concept N: State Avenue Grade Separated Crossing

Providing a grade separated crossing (underpass) of the railroad at State Avenue has been discussed in previous planning efforts to the extent that a preliminary design was completed. In addition, when State Avenue was last rebuilt in the vicinity of the railroad, the utilities were placed such that an underpass could be constructed without needing to relocate the storm sewer. Conflicts with adjacent property access could not be resolved. Thus, the underpass was not constructed when the roadway was rebuilt. As was shown through development of the plans, constructing a grade separated crossing of the railroad at this location is feasible, assuming the following:

- Access to the property immediately to the west of State Avenue and north of the tracks (concrete plant) is relocated to Highway 10.
- The intersection of State Avenue/Broadway Street can be lowered by approximately 14 feet.

When each of the alternative locations was reviewed based on the current and future service areas (portion of the community which the corridor serves), the State Avenue corridor ranked very high. This ranking was a result of:

- State Avenue provides direct access to the State Addition, which represents one of the largest continuous tracts of developable property in the area.
- State Avenue provides convenient access between the developing areas on the south side of Dickinson to the developing areas on the west side as well as Dickinson State University. The increment of traffic growth along State Avenue (approximately 1.6 to 2.6 percent per year), represents one of the more significant growth corridors in town.
- Of any of the potential crossing locations, with the exception of Highway 22 (3rd Avenue West), the rail car to motor vehicle exposure factor (daily trains times the average daily traffic) for the crossing at State Avenue the greatest. Thus, providing a grade separation at this location, relative to the other alternatives, would result in the most benefit from a safety standpoint.
- Cost. For each of the other potential locations, there is likely the need to relocate and/or provide certain utilities, which can be expensive. The utilities, primarily water and sewer, have already been located assuming an underpass would be provided.

Concept O: 10th Avenue East Grade Separated Crossing

A grade separated crossing at 10th Avenue East has been discussed locally for quite some time. The location is desirable for grade separation because:

- Industrial uses, including the stockyards, bring a concentration of heavy commercial vehicles to the intersection. These vehicles are required to cross the railroad at grade prior to entering the stockyards. On certain days, the truck queues are quite significant and could create an increased hazard condition with the railroad crossing.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 11, after line 4, insert:

"SECTION 26. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$10,000,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of completing preparatory planning to establish truck reliever routes to ease traffic loads in and near western North Dakota cities, including right-of-way planning and acquisition, preliminary planning, environmental documentation, and other necessary preparatory analysis to establish the most efficient truck reliever routes feasible, for the biennium beginning July 1, 2011, and ending June 30, 2013."

Re-number accordingly

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 1, line 1, replace "a new section" with "two new sections"

Page 1, line 3, after "program" insert "and a school district capital projects loan program"

Page 3, after line 8, insert:

"SECTION 2. A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

School districts capital projects loan program - Loan fund - Continuing appropriation - Requirements.

1. The Bank of North Dakota shall maintain a loan fund to make or participate in loans to North Dakota school districts to provide partial funding for school district capital projects. All moneys transferred into the fund, interest upon moneys in the fund, and payments to the fund of principal and interest on loans made from the fund are appropriated for the purpose of providing loans in accordance with this section.
2. The Bank shall administer and supervise the loan fund and loans made from the fund. The Bank may deduct, from interest payments received on loans, a service fee for administering the fund for the Bank and originating financial institutions. An application for a loan from the fund must be made to the Bank or originating financial institution and, upon approval, a loan must be made from the fund in accordance with this section.
3. A loan may be made from the fund only to an eligible school district in this state. A loan for a capital project under this section may not be made in an amount exceeding twenty-five percent of a single capital project's cost or an amount exceeding twenty-five million dollars for a single capital project. The total of all loans to a school district under this section may not exceed seventy-five million dollars. For purposes of this section, "eligible school district" means a school district:
 - a. With student enrollment of more than two thousand two hundred in kindergarten through grade twelve;
 - b. That has experienced unprecedented growth in student enrollment as a result of its location in an oil and gas development-impacted area;
 - c. That has experienced a five-year kindergarten through grade six enrollment increase exceeding thirty percent and is projected to experience a ten-year enrollment increase exceeding fifty percent;
 - d. That has completed study and approval of a master plan identifying its ongoing capital construction needs; and
 - e. That without access to loans from the fund will have its ability to continue providing a quality education to its students jeopardized.

4. A loan from the fund must have the interest rate fixed at one percent per year for no more than twenty years.
5. The Bank shall adopt policies to implement this section."

Page 4, after line 18, insert:

"SECTION 8. TRANSFER - BANK OF NORTH DAKOTA - SCHOOL DISTRICTS CAPITAL PROJECTS LOAN FUND. The Bank of North Dakota shall transfer the sum of \$75,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the school districts capital projects loan fund during the period beginning with the effective date of this Act and ending June 30, 2013.

SECTION 9. CONTINGENT TRANSFER - INDUSTRIAL COMMISSION - SCHOOL DISTRICTS CAPITAL PROJECTS LOAN FUND. In the event moneys transferred pursuant to section 8 of this Act are fully obligated prior to June 30, 2013, the industrial commission shall transfer the sum of \$75,000,000, or so much of the sum as may be necessary, from the state general fund to the school districts capital projects loan fund during the period beginning with the effective date of this Act and ending June 30, 2013."

Page 9, line 20, replace "22" with "26"

Page 11, line 6, replace "8" with "11"

Page 11, line 6, replace "11" with "14"

Page 11, line 10, replace "5" with "6"

Page 11, line 13, replace "2" with "3"

Page 11, line 14, replace "3" with "4"

Page 11, line 14, replace "4" with "5"

Renumber accordingly

21

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 1, line 4, after "reenact" insert "section 11-18-02.2,"

Page 1, line 4, after "57-35.3-05" insert a comma

Page 1, line 6, after "to" insert "disclosure of certain information on property sales prices in flood zones to licensed attorneys, appraisers, and real estate brokers or real estate salespersons"

Page 3, after line 8, insert:

"SECTION 2. AMENDMENT. Section 11-18-02.2 of the North Dakota Century Code is amended and reenacted as follows:

11-18-02.2. Statements of full consideration to be filed with state board of equalization or recorder - Procedure - Secrecy of information - Penalty.

1. Any grantee or grantee's authorized agent who presents a deed in the office of the county recorder shall certify on the face of the deed any one of the following:
 - a. A statement that the grantee has filed a report of the full consideration paid for the property conveyed with the state board of equalization.
 - b. A statement that the grantee has filed a report of the full consideration paid for the property conveyed with the recorder.
 - c. A statement of the full consideration paid for the property conveyed.
 - d. A statement designating one of the exemptions in subsection 7 which the grantee believes applies to the transaction.
2. Any party who presents an affidavit of affixation to real property of a manufactured home in the office of the county recorder in accordance with section 47-10-27 and who acquired the manufactured home before the affixation of the manufactured home to the real property shall either contain in or present in addition to the affidavit of affixation any one of the following:
 - a. A statement that the party has filed with the state board of equalization a report of the full consideration paid for the manufactured home before the affixation.
 - b. A statement that the party has filed with the recorder a report of the full consideration paid for the manufactured home before the affixation.
 - c. A statement of the full consideration paid by the party for the manufactured home before the affixation.
3. The recorder may not record any deed unless the deed contains one of the statements required by subsection 1 or record any affidavit of affixation

unless the affidavit contains or is accompanied by one of the statements required by subsection 2.

4. The recorder shall accumulate and at least monthly forward to the state board of equalization a report containing the information filed in the recorder's office pursuant to subsection 1 or subsection 2.
5. The state board of equalization shall prescribe the necessary forms for the statements and reports to be used in carrying out this section, and the forms must contain a space for the explanation of special circumstances that may have contributed to the amount of the consideration.
6. For purposes of subsection 1, the word "deed" means an instrument or writing whereby any real property or interest therein is granted, conveyed, or otherwise transferred to the grantee, purchaser, or other person, except any instrument or writing that transfers any ownership in minerals or interests in minerals underlying land if that ownership has been severed from the ownership of the overlying land surface or any instrument or writing for the easement, lease, or rental of real property or any interest therein.
7. This section does not apply to deeds transferring title to the following types of property, or to deeds relating to the following transactions:
 - a. Property owned or used by public utilities.
 - b. Property classified as personal property.
 - c. A sale when the grantor and the grantee are of the same family or corporate affiliate, if known.
 - d. A sale that resulted as a settlement of an estate.
 - e. All sales to or from a government or governmental agency.
 - f. All forced sales, mortgage foreclosures, and tax sales.
 - g. All sales to or from religious, charitable, or nonprofit organizations.
 - h. All sales when there is an indicated change of use by the new owners.
 - i. All transfer of ownership of property for which is given a quitclaim deed.
 - j. Sales of property not assessable by law.
 - k. Agricultural lands of less than eighty acres [32.37 hectares].
 - l. A transfer that is pursuant to a judgment.
8. a. The state board of equalization shall guard the secrecy of information contained on statements filed with the board under subsection 1 or subsection 2, and any information contained on statements and any information provided by local officials must be limited to data necessary to perform official duties and may not include the names of any grantors or grantees to deeds or of any parties to affidavits of affixation. Any reports made available to the public must be made in a manner that will not reveal the names of any grantors, grantees, or

parties. The recorder shall guard the secrecy of information contained on reports filed in the recorder's office under subdivision b of subsection 1 or subdivision b of subsection 2.

b. For any deed filed in the office of the county recorder during the period from August 1, 2011, through July 31, 2012, for the sale of property located within a disaster or emergency area as declared by the governor in 2011 containing the statement described in subdivision a or b of subsection 1, information contained on such statements may be disclosed upon request of an attorney, appraiser, or real estate broker or real estate salesperson licensed in this state, in a manner that will not reveal the names of any grantors, grantees, or parties to the sale.

9. Any person that, in the statements provided for in subsection 1 or subsection 2, willfully falsifies the consideration paid for the transferred real property or the manufactured home, as applicable, or interest therein or that falsely certifies that the person has filed a report of full consideration with the state board of equalization is guilty of a class B misdemeanor."

Page 11, line 6, replace "8" with "9"

Page 11, line 6, replace "11" with "12"

Page 11, line 10, replace "5" with "6"

Page 11, line 13, after the second boldfaced period insert "Section 2 of this Act is effective through July 31, 2012, and is thereafter ineffective."

Page 11, line 13, replace "2" with "3"

Page 11, line 14, replace "3" with "4"

Page 11, line 14, replace "4" with "5"

Renumber accordingly

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 11, after line 4, insert:

"SECTION 26. APPROPRIATION - INSURANCE COMMISSIONER. There is appropriated out of any moneys in the insurance tax distribution fund in the state treasury, not otherwise appropriated, the sum of \$6,870,000, or so much of the sum as may be necessary, to the insurance commissioner for the purpose of providing additional insurance tax distribution payments to fire departments and for additional grants to the North Dakota firefighters association, for the period beginning with the effective date of this Act and ending June 30, 2013. Of the funds provided in this section, \$6,200,000 is to be distributed to fire departments in accordance with chapter 18-04 and \$670,000 is to be provided to the North Dakota firefighters association in two equal grant payments."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides \$6,870,000 to the Insurance Commissioner from the insurance tax distribution fund for \$6,200,000 in payments to fire departments and \$670,000 in grants to the North Dakota Firefighters Association. This funding is in addition to funding provided by the Legislative Assembly during the regular session from the insurance tax distribution of \$6,200,000 for payments to fire departments and \$670,000 for grants to the North Dakota Firefighters Association.

**ND INSURANCE DEPARTMENT
INSURANCE PREMIUM TAX DISTRIBUTION FUND
GRANTS TO FIRE DISTRICT HISTORY
FOR THE PERIOD ENDING SEPTEMBER 30, 2011**

YEAR	GROSS PREMIUM REPORTED	TAX COLLECTED	GRANTS TO FIRE DISTRICTS	NDFA	IMPACT TO GEN. FUND	% OF TAX DISTRIBUTED TO FIRE DISTRICTS & NDFA
1987	\$ 121,369,231	\$ 2,123,962	\$ 2,335,604	\$ -	\$ (211,642)	110%
1988	\$ 133,863,933	\$ 2,342,619	\$ 2,598,516	\$ -	\$ (255,897)	111%
1989	\$ 153,050,055	\$ 2,678,376	\$ 2,599,940	\$ -	\$ 78,436	97%
1990	\$ 170,291,097	\$ 2,980,094	\$ 2,599,999	\$ -	\$ 380,095	87%
1991	\$ 184,659,681	\$ 3,231,544	\$ 2,600,150	\$ -	\$ 631,394	80%
1992	\$ 173,755,314	\$ 3,040,718	\$ 2,599,850	\$ -	\$ 440,868	86%
1993	\$ 179,597,488	\$ 3,142,956	\$ 2,640,083	\$ -	\$ 502,873	84%
1994	\$ 183,353,013	\$ 3,280,677	\$ 2,695,289	\$ -	\$ 585,388	82%
1995	\$ 147,192,961	\$ 2,575,877	\$ 2,600,000	\$ -	\$ (24,123)	101%
1996	\$ 157,217,737	\$ 2,751,310	\$ 2,600,000	\$ -	\$ 151,310	95%
1997	\$ 185,221,314	\$ 3,241,373	\$ 2,600,000	\$ -	\$ 641,373	80%
1998	\$ 173,337,518	\$ 3,033,406	\$ 2,600,000	\$ -	\$ 433,406	86%
1999	\$ 181,779,209	\$ 3,180,996	\$ 2,600,000	\$ -	\$ 580,996	82%
2000	\$ 170,693,175	\$ 2,987,131	\$ 2,600,000	\$ -	\$ 387,131	87%
2001	\$ 194,626,506	\$ 3,405,964	\$ 2,600,000	\$ -	\$ 805,964	76%
2002	\$ 211,549,219	\$ 3,702,111	\$ 2,600,000	\$ 52,000	\$ 1,050,111	72%
2003	\$ 239,182,413	\$ 4,185,692	\$ 2,600,000	\$ 52,000	\$ 1,533,692	63%
2004	\$ 279,024,462	\$ 4,882,928	\$ 2,600,000	\$ 52,000	\$ 2,230,928	54%
2005	\$ 269,876,034	\$ 4,722,831	\$ 3,100,000	\$ 60,000	\$ 1,562,831	67%
2006	\$ 292,456,078	\$ 5,117,964	\$ 3,100,000	\$ 60,000	\$ 1,957,964	62%
2007	\$ 290,322,343	\$ 5,080,641	\$ 3,100,000	\$ 60,000	\$ 1,920,641	62%
2008	\$ 306,862,744	\$ 5,370,098	\$ 3,100,000	\$ 60,000	\$ 2,210,098	59%
2009	\$ 328,770,097	\$ 5,753,477	\$ 3,100,000	\$ 310,000	\$ 2,343,477	59%
2010	\$ 351,089,411	\$ 6,144,065	\$ 3,100,000	\$ 310,000	\$ 2,734,065	56%
2011	\$ 371,993,871	\$ 6,509,893	\$ 3,100,000	\$ 335,000	\$ 3,074,893	53%

Note:

The gross premium amounts are taken from amount reported by insurance companies. The tax collected is calculated at 1.75% of the gross premiums reported in accordance with NDCC 26.1-03-17. The above amounts do not include any adjustments or corrections made to submitted reconciled tax returns. The Department does not track tax collected on individuals lines of insurance.

CHAPTER 18-04
DISTRIBUTION OF INSURANCE TAX TO FIRE DEPARTMENTS

18-04-01. Eligibility for participation in fund created from premium tax on fire insurance companies.

To become eligible for the benefits provided under this chapter, a city, or one or more townships or fire districts, shall maintain therein for a period of at least eight months before the filing of the certificate required under section 18-04-02 an organized fire district or department which:

1. Has been in actual existence for the period specified in this section;
2. Meets the minimum requirements for class 9 protection or better; and
3. Has been in compliance with the requirements to report fires as set forth in section 18-01-06.

Change in a fire department's name, or incorporation into a fire district, must be deemed a waiver of the eight-month waiting period for filing a certificate of existence under section 18-04-02.

18-04-02. City auditor or secretary of rural fire department to file certificate with state fire marshal and insurance commissioner.

On or before the thirty-first day of October in each year, the auditor or secretary of any city or rural fire department that has an organized fire department shall file with the state fire marshal and with the insurance commissioner the auditor's or secretary's certificate stating the existence of the fire department, the date of its organization, the number of fire engines, hook and ladder trucks, and the system of water supply in use by the department, with such other facts as the state fire marshal or commissioner may require.

18-04-03. Failure to file certificate deemed waiver - Exception.

If the certificate required by section 18-04-02 is not filed with the office of management and budget and insurance commissioner on or before the thirty-first day of October, the city or rural fire department failing to file the same must be deemed to have waived and relinquished its right for such year to the benefits of this chapter. If, however, the city or rural fire department has filed its certificate for three successive years and has drawn money thereunder for such time, the certificate may be filed at any time up to and including March first of the succeeding year without waiving the right to the benefits provided in this chapter.

18-04-04. Insurance companies to report fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, and commercial multiple peril insurance premium collections - Form furnished by insurance commissioner.

The insurance commissioner, when the commissioner forwards to an insurance company which is issuing policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, and commercial multiple peril insurance in this state the form to be used in submitting its annual statement, shall forward a form containing the names of all cities and all rural fire protection districts or rural fire departments entitled to benefits under the provisions of this chapter. Every insurance company issuing policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, and commercial multiple peril insurance within this state shall complete such form by showing thereon the amount of all premiums received by it upon such policies issued on property within the corporate limits of each city shown on such form and on ~~property within the boundaries of each rural fire protection district shown~~ on such form or property within the boundaries of each rural fire department as certified by the state fire marshal during the year ending on the preceding thirty-first day of December and shall file the same as a part of its annual statement.

18-04-04.1. Insurance tax distribution fund.

The insurance tax distribution fund is a special fund in the state treasury. The portion of revenue provided in section 26.1-03-17 must be deposited in the fund for disbursement as provided in this chapter and chapter 23-40, subject to legislative appropriation.

18-04-05. Amount due cities, rural fire protection districts, or rural fire departments - Payments by insurance commissioner.

The insurance commissioner shall compute the amounts due to the city fire departments, certified rural fire departments, or fire protection districts entitled to benefits under this chapter on or before October first of each year. The insurance commissioner shall allocate one-half of the biennial legislative appropriation for distribution under this section to each eligible city not within a fire protection district, each rural fire protection district organized under this title, and each rural fire department certified by the state fire marshal, and pay the amount allocated in September of each year. The allocation must be made in proportion to the amount of insurance company premiums received by insurance companies pursuant to section 26.1-03-17 for policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, commercial multiple peril, and crop hail insurance on property within the city, rural fire protection district, or area served by the certified rural fire department to the total of those premiums for those policies in the state.

18-04-06. Office of management and budget to issue warrants on state treasurer for benefits.

Repealed by S.L. 1971, ch. 230, § 3.

18-04-07. Disbursement of fund by city auditor.

Moneys received by the city auditor under the provisions of this chapter must be disbursed as follows:

1. In a city having a paid fire department, the money must be placed in a fund to be disbursed by the governing body of the municipality in maintaining the fire department. If the municipality has a duly organized and incorporated firefighters relief association, the money must be disbursed in accordance with section 18-05-04.
2. In a city or rural fire protection district having no paid fire department, the money must be paid over to the treasurer of the fire department, or to the treasurer of each separately organized fire company that satisfies the requirements of section 18-04-01 in equal proportions when there is more than one in the municipality or rural fire protection district, upon the written order of the department or companies approved by the governing body of the municipality or rural fire protection district. If the municipality or rural fire protection district has a duly organized and incorporated firefighters relief association, the amount must be disbursed in accordance with section 18-05-04.
3. For the purpose of this section, a nonpaid or volunteer fire department is any department in which less than fifty percent of the personnel of the department are full-time regularly salaried firefighters. A volunteer firefighter is a firefighter who does not receive a regular monthly salary though the firefighter may receive compensation for each fire call the firefighter responds to.

18-04-08. Notification of municipalities entitled to benefits.

Repealed by S.L. 2011, ch. 159, § 1.



One-Stop Data Shop
 Fire Analysis and Research Division
 One Batterymarch Park, Quincy, MA 02169
 Email: osds@nfpa.org
 www.nfpa.org

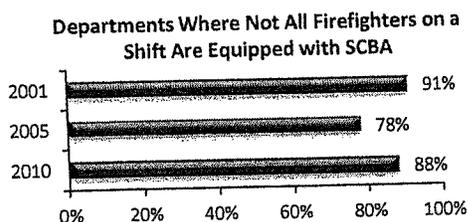
Fact Sheet North Dakota Fire Service Needs Assessment

There has been substantial progress in reducing many fire department needs, although more remains to be done.

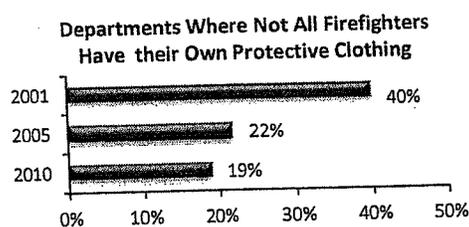
Protective Equipment and Clothing

The 2010 percentage of North Dakota departments **without enough equipment to equip all personnel** (or all personnel on a shift, as appropriate) was:

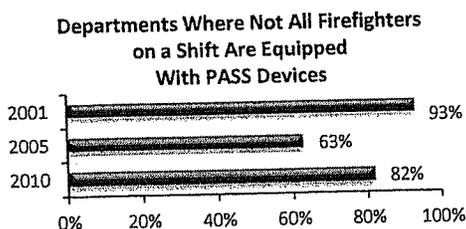
- 88% for **self-contained breathing apparatus (SCBA)**, compared to 91% in 2001 and 78% in 2005;



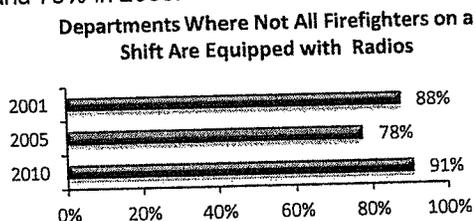
- 19% for **personal protective clothing**, compared to 40% in 2001 and 22% in 2005; and



- 82% for **personal alert safety system devices (PASS)**, compared to 93% in 2001 and 63% in 2005;



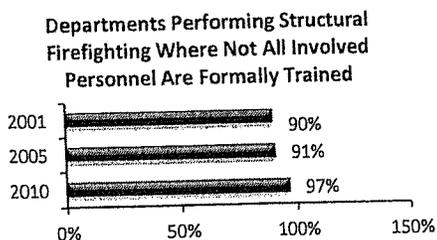
- 91% for **portable radios**, compared to 88% in 2001 and 78% in 2005.



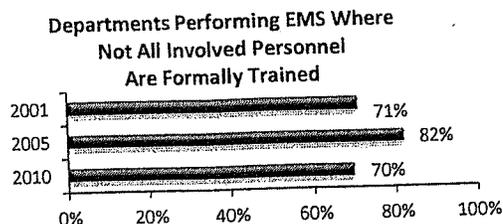
Training

In many fire departments, **not all involved personnel have been formally trained** in their emergency response duties. The 2010 percentage of North Dakota departments in which not all involved personnel have been formally trained was:

- 97% for **structural firefighting**, compared to 90% in 2001 and 91% in 2005; and



- 70% for **emergency medical service (EMS)**, compared to 71% in 2001 and 82% in 2005.



PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 8, line 30, replace "\$681,870" with "\$1,290,774"

Page 8, line 31, replace "hiring additional patrol officers" with "adding four traffic trooper positions and three motor carrier trooper positions"

Page 9, line 2, replace "four additional" with "seven"

Page 9, line 2, after "positions" insert "for the purposes provided in this section"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment adds \$608,904 of funding from the general fund for three full-time equivalent (FTE) Highway Patrol motor carrier trooper positions. This provides for a total appropriation of \$1,290,774 from the general fund to the Highway Patrol for three FTE motor carrier trooper positions and four FTE traffic trooper positions.

**SENATE BILL NO. 2371 -
 PROPOSED AMENDMENTS TO BE CONSIDERED BY THE JOINT APPROPRIATIONS COMMITTEE**

Section	LC No.	Proposed Amendment	Appropriation Impact		
			General Fund Revenue Impact	General Fund	Special Funds
1	N/A	<p>Amend subsection 1 to:</p> <ul style="list-style-type: none"> Remove the reference to "new" on page 1, line 22 Allow up to 20 percent of loan proceeds to be used for the purchase of flood insurance <p>Revise subsection 3 to provide that a loan may be made from the fund only to a homeowner residing in the state who has received Federal Emergency Management Agency individual assistance in accordance with a presidentially-declared disaster in the state as a result of a flood event occurring during the period beginning January 1, 2011, and ending December 31, 2011. The loan may not exceed the amount of federal individual assistance received by the homeowner.</p> <p>Revise subsection 7 to provide that the city or county in which a homeowner resides submit to the Bank of North Dakota a payment equivalent to the annual principal reductions granted by the city or county to homeowners for which loans were made and receive reimbursement from the Adjutant General (Bank of North Dakota)</p> <p>Add a section to the bill to amend Section 4 of Chapter 12 of the 2011 Session Laws to increase the amount of funding that the Department of Transportation is authorized to borrow from the Bank of North Dakota during the 2011-13 biennium for emergency relief projects. The 62nd Legislative Assembly previously authorized the Department of Transportation to borrow up to \$120 million for emergency relief projects during the 2011-13 biennium. This increases the amount of borrowing authority to \$200 million. The funding is also appropriated to the department to use for emergency relief projects. (Senator Wanzek)</p>	No	No	\$80,000,000
New	11.0826.04015		No	No	

SENATE BILL NO. 2371 - PROPOSED AMENDMENTS TO BE CONSIDERED BY SENATE APPROPRIATIONS

The following is a summary of proposed amendments to Senate Bill No. 2371 that have been presented to Senate and House Appropriations Committees:

Section	LC No.	Proposed Amendment	General Fund Revenue Impact	Appropriation Impact	
				General Fund	Special Funds
25	11.0826.04008	Remove Section 25 providing a contingent appropriation to the Industrial Commission relating to the Environmental Protection Agency's regulation of hydraulic fracturing (Senator Mather)	No	(\$500,000)	(\$500,000)
New	11.0826.04016	Add a section to the bill to amend North Dakota Century Code Section 54-17-40 to clarify that multifamily housing needs are addressed under the housing incentive fund (Senator Mather)	No	No	No

The following is a summary of proposed amendments to Senate Bill No. 2371 that were provided by the sponsors for inclusion in this list but have not been presented to Senate and House Appropriations Committees:

Section	LC No.	Proposed Amendment	General Fund Revenue Impact	Appropriation Impact	
				General Fund	Special Funds
1	11.0826.04003	Amend subsection 5 to provide that the principal and interest payments must be deferred for the first 60 months of the loan instead of the first 12 months and remove subsection 7 relating to principal reductions (Senator Christmann)	No	No	No
1	11.0826.04004	Amend subsection 3 to provide that a homeowner who obtains a loan under this section is to obtain and maintain adequate flood insurance coverage for the property until the loan is repaid (Senator Christmann)	No	No	No
12	11.0826.04033	Amend the section to change the definition of an eligible township from townships with a general fund levy of at least 18 mills to townships with a general fund levy of at least 18 mills or that take action to increase the levy to 18 mills by June 30, 2013 (Senator Bowman)	No	No	No
22, 23, and new	11.0826.04025	Amend the sections to increase the contingent transfer from the general fund to the oil and gas impact grant fund and the contingent appropriation from the oil and gas impact grant fund to the Land Department from \$50 million to \$50 million - Add a section to the bill to provide for a legislative initiative for North Dakota's lasting harvest (Senator Taylor)	No	\$20,000,000	\$20,000,000
New	11.0826.04014	Add a section to the bill to create a new section to Chapter 57-39.2 to provide for a sales tax rebate for certain purchases of replacement property for property damaged or destroyed by 2011 flooding (Senator Krebsbach)	Yes - Not known at this time	No	No
New	11.0826.04026	Add a section to the bill to appropriate \$235 million from the general fund to the Department of Commerce for loans and grants to flood-impacted individuals and communities and property acquisitions. The funding is available only to the extent federal funds received by the department and appropriated are less than \$235 million. (Senator Taylor)	No	\$235,000,000	No

SENATE BILL NO. 2371 - PROPOSED AMENDMENTS TO BE CONSIDERED BY HOUSE APPROPRIATIONS

The following is a summary of proposed amendments to Senate Bill No. 2371 that have been presented to Senate and House Appropriations Committees:

Section	LC No.	Proposed Amendment	General Fund Revenue Impact	Appropriation Impact	
				General Fund	Special Funds
17 and new	11.0826.04002	Adds a section to provide a special funds appropriation of \$18 million from the state disaster relief fund to the Adjutant General for providing emergency relief grants for any portion of the local match required to receive the federal emergency relief funding which has not previously been provided by the state and amends Section 17 to increase the transfer from the general fund to the state disaster relief fund by \$18 million from \$68.7 million to \$86.7 million (Representative Porter)	No	\$18,000,000	\$18,000,000
20	11.0826.04007	Amends the section to increase the general fund appropriation for the Highway Patrol by \$608,904 from \$681,870 to \$1,290,774 for three additional full-time equivalent (FTE) positions. The total appropriation of \$1,290,774 provides for four FTE traffic positions and three FTE motor carrier trooper positions. (Representative Gruchalla)	No	\$608,904	No
New	11.0826.04019	Adds new sections to create a new section to North Dakota Century Code Chapter 6-09 to establish a rebuilders commercial property loan fund, transfer \$30 million from the Bank of North Dakota's profits to the rebuilders commercial property loan fund, and provide a contingent appropriation of \$30 million from the general fund to make up any shortfall in the transfer from the Bank of North Dakota (Representative Louser)	No	\$30,000,000	No
New	11.0826.04012	Adds new sections to provide for a flood damage relief property tax funding initiative and provide an appropriation of \$4,636,062 from the general fund to the Tax Commissioner for the initiative (Representative Nathe)	No	\$4,636,062	No
New	11.0826.04023	Adds a section to provide an appropriation of \$10 million from the general fund to the Department of Transportation for completing preparatory planning to establish truck reliever routes to ease traffic loads in and near western North Dakota cities (Representative Schatz)	No	\$10,000,000	No
New	11.0826.04006	Adds new sections to create a school districts capital projects loan program, transfer \$75 million from the Bank of North Dakota's profits to the school districts capital projects loan fund, and provide a contingent transfer of \$75 million from the general fund to make up any shortfall in the transfer from the Bank of North Dakota (Representative R. Kelsch)	No	\$75,000,000	No
New	11.0826.04005	Adds a section to amend Section 11-18-02.2 to provide for disclosure of certain information on property sales prices in flood zones (Representative Louser)	No	No	No
New	11.0826.04010	Adds a section to provide an appropriation of \$6,870,000 from the insurance tax distribution fund to the Insurance Commissioner for payments to fire districts and grants to the North Dakota Firefighters Association (Representative Guggsberg)	(\$6,870,000)	No	\$6,870,000

The following is a summary of proposed amendments to Senate Bill No. 2371 that were provided by the sponsors for inclusion in this list but have not been presented to Senate and House Appropriations Committees:

Section	LC No.	Proposed Amendment	Appropriation Impact		
			General Fund Revenue Impact	General Fund	Special Funds
1	11.0826.04017	Removes subsection 7 relating to principal reductions for the rebuilders loan program (Representative Carlson)	No	No	No
1, 7, 17, and new	11.0826.04028	Amends the provisions in Section 1 relating to the rebuilders loan program to exclude homeowners receiving flood insurance benefits, to limit loan proceeds to the lesser of \$30,000 or actual documented damage, and to require the balance of the loan and any unpaid interest be paid upon closing if the property is sold Adds a section to provide a contingent transfer of \$20 million from the general fund to the rebuilders loan program fund. The funds are to be made available if the \$30 million transferred to the rebuilders loan program fund from the Bank of North Dakota are fully obligated prior to June 30, 2013. Amends Section 7 to decrease funding provided from the state disaster relief fund to the Adjutant General for transfer from the rebuilders loan program fund and for city and county flood-impacted housing rehabilitation by \$20 million to provide a total of \$10 million Amends Section 17 to decrease the funding transfer from the general fund to the state disaster relief fund by \$20 million to provide a transfer of \$48.7 million (Representative Porter)	No	No	(\$10,000,000)
11, 12, 22, and 24	11.0826.04035	Removes Sections 11 and 12 relating to financial stabilization grants to flood-impacted townships Changes the criteria for contingent appropriations for oil and gas impact grants and for transportation funding distributions to require that oil and gas tax revenue collections exceed estimates by \$53 million rather than \$48 million during the period July 1, 2011, through February 29, 2012 Amends Section 24 relating to transportation funding distribution amounts to political subdivisions in non-oil-producing counties to provide that \$7.2 million be distributed to counties and cites pursuant to subsection 4 of Section 54-27-19 and \$1.8 million be distributed to counties and townships pursuant to Section 54-27-19.1. The amendment provides \$14 million for a \$10,000 distribution to each organized township and a \$10,000 distribution for each unorganized township to the county in which the unorganized township is located. (Representative Delzer)	No	No	No
12	11.0826.04034	Amends the section to change the definition of an eligible township from townships with a general fund levy of at least 18 mills to townships with a general fund levy of at least 12 mills (Representative Monson)	No	No	No
23	11.0826.04022	Amends the section to increase the oil and gas impact grant funds allocated for emergency medical services by \$3.5 million, from \$3.5 million to \$7 million, and expands the use of these funds to other emergency services providers, including fire departments, sheriff offices, and police departments (Representative Kempnich)	No	No	No

Section	LC No.	Proposed Amendment	General Fund Revenue Impact	Appropriation Impact	
				General Fund	Special Funds
25	11.0826.04018	<p>Amends the section to:</p> <ul style="list-style-type: none"> • Increase funding from the general fund by \$500,000, from \$500,000 to \$1,000,000, for Industrial Commission expenses associated with litigation or other administrative proceedings involving the Environmental Protection Agency's regulation of hydraulic fracturing • Remove authority for the Industrial Commission to access up to \$500,000 from a line of credit at the Bank of North Dakota • Remove the contingency language relating to approval by the Attorney General • Provide that the funding may be spent only for the purposes identified in the section and requires any unspent appropriations to be canceled at the end of the biennium (Representative Delzer) 	No	\$500,000	(\$500,000)
New	11.0826.04009	Adds a section to amend subsection 4 of Section 52-06-02 to provide for unemployment insurance eligibility in the case of a lockout (Representative Kaldor)	No	No	No
New	11.0826.04013	Adds a section to provide an appropriation of \$913,430 from the general fund to the Tax Commissioner for replacement of anticipated school district property tax revenues that became unavailable due to 2011 property tax assessment reductions and abatements for flood-damaged property (Representative Bellwe)	No	\$913,430	No
New	11.0826.04021	Adds sections to provide for the transfer of \$5 million from the general fund to the oil and gas impact grant fund to allow for grants of \$1,250,000 for each new major oil-producing county after November 2011 to address the impact from new oil and gas development (Representative Skarphol)	No	\$5,000,000	\$5,000,000

11.0826.04017
Title.

Prepared by the Legislative Council staff for
Representative Carlson
November 8, 2011

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 2, line 27, remove "In consideration of labors of residents to recover from disaster impacts, restore and"

Page 2, remove lines 28 through 31

Page 3, remove lines 1 through 4

Page 3, line 5, remove "8."

Page 3, line 8, replace "9." with "8."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

The amendment removes subsection 7 of Section 1 of the bill relating to principal reductions for the rebuilders loan program.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 2, line 14, after "state" insert "who did not receive proceeds from a flood insurance policy relating to flood damage in 2011 and"

Page 2, line 19, after "dollars" insert "or the actual amount of documented damage, whichever is less"

Page 3, after line 4, insert:

"8. If, subsequent to receiving a loan from the fund, the property for which the loan was made is purchased for flood mitigation purposes or otherwise sold, the balance of the loan and any interest accrued on the loan must be repaid to the fund upon the closing of the sale."

Page 3, line 5, replace "8." with "9."

Page 3, line 8, replace "9." with "10."

Page 4, after line 18, insert:

"SECTION 7. CONTINGENT APPROPRIATION - TRANSFER - REBUILDERS LOAN PROGRAM FUND. In the event moneys transferred pursuant to section 6 of this Act are fully obligated prior to June 30, 2013, there is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$20,000,000, or so much of the sum as may be necessary, which the office of management and budget shall transfer to the rebuilders loan program fund during the period beginning with the effective date of this Act and ending June 30, 2013."

Page 4, line 22, replace "\$30,000,000" with "\$10,000,000"

Page 8, line 7, replace "\$68,700,000" with "\$48,700,000"

Page 9, line 20, replace "22" with "23"

Page 11, line 6, replace "8" with "9"

Page 11, line 6, replace "11" with "12"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Modifies the provisions of the rebuilders loan program to exclude homeowners receiving flood insurance benefits, to limit loan proceeds to the lesser of \$30,000 or actual documented damage, and to require the balance of the loan and any unpaid interest be paid upon closing if the property is sold.
- Provides a contingent transfer of \$20 million from the general fund to the rebuilders loan program fund. The funds are to be made available if the \$30 million transferred to the rebuilders loan program fund from the Bank of North Dakota are fully obligated prior to June 30, 2013.
- Decreases funding provided from the state disaster relief fund to the Adjutant General for transfer to the rebuilders loan program fund and for city and county flood-impacted housing

rehabilitation by \$20 million to provide a total of \$10 million.

- Decreases the funding transfer from the state general fund to the state disaster relief fund by \$20 million to provide a transfer of \$48.7 million.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 1, line 9, remove "township"

Page 1, line 10, remove "financial stabilization grant program,"

Page 6, remove lines 12 through 31

Page 7, remove lines 1 through 6

Page 9, line 20, replace "22" with "20"

Page 9, line 16, replace "\$48,000,000" with "\$53,000,000"

Page 10, line 1, replace "\$48,000,000" with "\$53,000,000"

Page 10, line 4, replace "\$18,000,000" with "\$23,000,000"

Page 10, line 9, replace "Eighty percent" with "Seven million two hundred thousand dollars"

Page 10, line 11, replace "Twenty percent" with "One million eight hundred thousand dollars"

Page 10, after line 13, insert:

- "3. Fourteen million dollars to counties and townships in non-oil-producing counties through a distribution of ten thousand dollars to each organized township and a distribution of ten thousand dollars for each unorganized township to the county in which the unorganized township is located. If any funds remain after the distributions provided under this subsection, the state treasurer shall distribute eighty percent of the remaining funds to counties and cities pursuant to the method provided in subsection 1 of this section and shall distribute twenty percent of the remaining funds to counties and townships pursuant to the method provided in subsection 2 of this section."

Page 10, line 16, after the period insert "Any funds received by a county under this section for an unorganized township distribution must be used for roadway purposes in those unorganized townships located in the county."

Page 11, line 5, replace "amounts" with "amount"

Page 11, line 6, remove "and the office of the adjutant general"

Page 11, line 6, replace "sections" with "section"

Page 11, line 6, remove "and 11"

Page 11, line 7, replace "are" with "is"

Page 11, line 7, remove "these"

Page 11, line 8, replace "appropriations" with "this appropriation"

Page 11, line 8, replace "programs" with "program"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Removes Sections 11 and 12 relating to financial stabilization grants to flood-impacted townships.
- Changes the criteria for contingent appropriations for oil and gas impact grants and transportation funding distributions to political subdivisions in non-oil-producing counties to require that oil and gas revenues exceed estimates by \$53 million rather than \$48 million during the period from July 1, 2011, through February 29, 2012.
- Changes the transportation funding distribution amounts provided to political subdivisions in non-oil-producing counties. This amendment provides that \$7.2 million be distributed to counties and cities pursuant to North Dakota Century Code Section 54-27-19(4) and \$1.8 million be distributed to counties and townships pursuant to Section 54-27-19.1. The amendment also provides \$14 million for a \$10,000 distribution to each organized township and a \$10,000 distribution for each unorganized township to the county in which the unorganized township is located.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 10, line 17, remove "**CONTINGENT**"

Page 10, line 17, remove "**AND BANK OF NORTH DAKOTA LINE**"

Page 10, line 18, remove "**OF CREDIT**"

Page 10, line 20, replace "\$500,000" with "\$1,000,000"

Page 10, line 24, remove "In addition, the industrial"

Page 10, remove lines 25 through 31

Page 11, line 1, remove "approval by the attorney general."

Page 11, line 1, after the period insert "The industrial commission may spend the general fund moneys appropriated in this section only for expenses relating to possible litigation and other administrative proceedings involving the United States environmental protection agency's efforts to regulate hydraulic fracturing and any moneys not spent must be canceled pursuant to section 54-44.1-11."

Page 11, line 3, remove "The industrial commission will request a deficiency appropriation to repay any"

Page 11, remove line 4

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Increases funding from the general fund by \$500,000, from \$500,000 to \$1,000,000, for Industrial Commission expenses associated with litigation or other administrative proceedings involving the United States Environmental Protection Agency's regulation of hydraulic fracturing.
- Removes authority for the Industrial Commission to access up to \$500,000 from a line of credit at the Bank of North Dakota.
- Removes the contingency language relating to approval by the Attorney General.
- Provides that the funding may be spent only for the purposes identified in the section and requires any unspent appropriations to be canceled at the end of the biennium.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 1, line 4, after "reenact" insert "subsection 4 of section 52-06-02,"

Page 1, line 4, after "57-35.3-05" insert a comma

Page 1, line 6, after "to" insert "unemployment insurance eligibility in the case of a lockout,"

Page 3, after line 15, insert:

"SECTION 3. AMENDMENT. Subsection 4 of section 52-06-02 of the North Dakota Century Code is amended and reenacted as follows:

4. For any week with respect to which it is found that the individual's unemployment is due to a strike, sympathy strike, or a claimant's work stoppage dispute of any kind which exists because of a labor dispute at the factory, establishment, or other premises at which the individual is or was last employed; provided, that this subsection does not apply if it is shown that:
 - a. The individual is not participating in or directly interested in the labor dispute which caused the strike, sympathy strike, or a claimant's work stoppage dispute of any kind; and
 - b. The individual does not belong to a grade or class of workers of which, immediately before the commencement of the stoppage, there were members employed at the premises at which the strike, sympathy strike, or a claimant's work stoppage dispute of any kind occurs, any of whom are participating in or directly interested in the dispute; provided, that if in any case separate branches of work, which are commonly conducted as separate businesses in separate premises, are conducted in separate departments of the same premises, each such department must, for the purpose of this subsection, be deemed to be a separate factory, establishment, or other premises; or
 - b. The individual has been locked out by that individual's employer and prevented from working for that employer."

Page 9, line 20, replace "22" with "23"

Page 11, line 6, replace "8" with "9"

Page 11, line 6, replace "11" with "12"

Page 11, line 10, replace "5" with "6"

Page 11, line 14, replace "3" with "4"

Page 11, line 14, replace "4" with "5"

Renumber accordingly

Good Morning, Mr. Chairman and Committee Members, I am Terry Holm speaking on my own behalf.

I rise in support of SB 2371, for needed relief for flood victims, those affected by oil impact, and other impact efforts. In addition, I ask for your support for the amendment being brought by Representative Kaldor to assist those who are ineligible for unemployment. I am a locked out sugar worker. Up until this go around, past practice has been to continue to work under the status quo past the contract expiration date while negotiations continue. Instead we were locked out.

Since May 15, 2011 laid-off bargaining unit workers of Crystal Sugar received ND Unemployment benefits for several weeks after all other bargaining unit workers were locked out on July 31, This brings us to this question, why did ND Unemployment Insurance continue to pay some Crystal Sugar bargaining unit workers and not the bargaining unit workers locked out on July 31? Once again not one bargaining unit worker wants to be locked out.

This lockout is putting a strain on county, state and federal assistance programs. Why is the cost of this lockout being passed on to the taxpayers of this state when the unemployment benefits that have already been funded in these locked out employees names are available but are tied up by the North Dakota Unemployment Insurance agency's application of the unemployment law. Is it fair that the costs of the lockout are being borne by the taxpayers of this state? Clearly the hardship is taking its toll not just on the locked out workers and their families, but on the communities where they live as well.

The following are examples from other states that help support my opinion as to why North Dakota Unemployment benefits should not have been denied:

Iowa Unemployment Law Section 96.5-4 mirrors North Dakota Law, and when challenged the ruling was "A lockout is not a work stoppage if the workers are willing to continue work under the status quo past the end of the contract while negotiations continue but the employer is unwilling to do so". See Alexander v. EAB, 420 N.W.2d 812 (Iowa 1988).

Ohio

If he/she is unemployed because of a labor dispute (not a lockout), may the applicant be eligible for benefits?

If you are unemployed because of a labor dispute other than a lockout, you will be disqualified from unemployment benefits during the dispute. On the other hand, if you become unemployed because of a lockout, the labor dispute will not disqualify you from eligibility of benefits.

The National Federation of Independent Business, NFIB, in their Legislative Guide to Unemployment Insurance Reform in the States, section on Labor Dispute Disqualification states – “Workers, unemployed, not because of their action but because their employer locked them out, should not be denied benefits”.

In closing I respectfully ask for your support for Representative Kaldor’s amendment.

Thank you for allowing me the opportunity to testify.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 1, line 11, remove "and"

Page 1, line 11, after "enhancement" insert ", and school district property tax revenue shortfall replacement"

Page 11, after line 4, insert:

"SECTION 26. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$913,430, or so much of the sum as may be necessary, to the tax commissioner for the purpose of replacement of anticipated school district property tax revenues that became unavailable due to 2011 property tax assessment reductions and abatements for flood-damaged property, for the period beginning with the effective date of this Act and ending June 30, 2013. Allocation of funds under this section is available to the public school district comprising most of the area of the city having the greatest number of homeowners displaced by 2011 flooding. The tax commissioner shall determine and allocate from the appropriation provided by this section the amount of anticipated school district property tax revenues that became unavailable due to property within that school district receiving a reduction in 2011 in true and full valuation from the property's preflood value by an assessment reduction pursuant to the governor's executive order 2011-22 or by an abatement for flood-damaged property granted by the board of county commissioners."

Renumber accordingly

Dr. David Looyesen
Supt. of Minot Public Schools

11.

Chairman Holmberg, Chairmen Delzer, and members of the House and Senate Joint Appropriations Committee. On behalf of Minot Public Schools, I would like to take this opportunity to thank you for your time, and to tell a little bit about the story of Minot Public Schools and our determination to rebuild after the flood of 2011.

Minot Public Schools had 6 school buildings severely damaged --Erik Ramstad Middle School and Lincoln Elementary have been determined as unrepairable, and will be replaced. We continue to work with FEMA to determine replacement costs and options for the rebuilding of a school district that continues to grow, in a community that continues to grow.

Five years ago, Minot Public Schools was a declining enrollment district. If the flood took place in 2006, our response would have been relatively simple. We would have rebuilt Ramstad Middle School and Lincoln Elementary and repaired damaged buildings. Minot Public Schools continues to grow - from the fall of 2008 to May of 2011, Minot Public Schools gained nearly 800 students. This fall, MPS had declined only by 42 students. Research shows that had the Mouse River not inundated our beautiful valley, we would have gained another 250 students this year.

While we deal with the loss of buildings and the planning for temporary classroom settings, work on damage estimates and the writing of project worksheets to receive reimbursement for damages, we continue to plan for a future that anticipates substantial growth. The school board voted to build a new Erik Ramstad Middle School, and to build additions to Lewis and Clark Elementary and Longfellow Elementary to meet the student growth in North Minot. These projects will be paid in part with funds from FEMA and Emergency Disaster Services of North Dakota, as well as 19,000,000 in locally funded, general obligation bonds.

In the mean time, we are also dealing with the loss of taxable valuation in the district of 6.8 millions dollars, directly resulting in the shortfall of over \$900,000.00 in local property tax based contributions. While it's true that the numbers do show

an increase in the taxable valuation from 2010 to 2011 even after the flood, please know that we based our current budget on the facts known to us before the flood, an expected increase in taxable valuation of \$9.5 million.

In the wake of this disaster, the Minot Public School District has taken every effort to scrutinize budgets, place a freeze on hiring, and limit expenditures. Despite all, we are facing a 3% local cost share for disaster related services – a total cost that may exceed \$65,000,000 - - nearly \$2,000,000 is scheduled to be paid at the local level. Bills are piling up, a once healthy interim balance fund is being depleted, and we continue to wait for federal reimbursement. To date, we have received apx. \$432,000.00 from FEMA through North Dakota Emergency Services – a small part of the total cost of flood recovery costs to date.

Any consideration and assistance the state of North Dakota might be able to provide to offset the anticipated revenue shortfalls that will be experienced by the Minot Public School District would be much appreciated. Again, I thank you for the opportunity to visit today, and would entertain any questions at this time.

<u>School</u>	<u>Estimated 2011 Valuation After Flood Values</u>	<u>Estimated 2011 Valuation</u>	<u>2010 Valuation</u>
Minot SD 01	130,003,716	136,849,987	127,362,513
Velva SD 02	177,419	167,195	171,342
Nedrose SD 04	10,921,403	11,233,820	9,728,064
United SD 07	10,933,733	11,440,127	10,736,347
Bowbells SD 14	80,904	77,489	75,932
Sawyer SD 16	4,047,449	4,071,684	3,831,888
Glenburn SD 26	2,296,469	2,296,470	2,229,405
Kenmare SD 28	6,349,591	6,349,266	6,156,342
Surrey SD 41	4,835,665	4,841,898	4,554,768
Max SD 50	2,633,495	2,633,495	2,536,342
Garrison SD 51	37,478	37,479	36,732
Lewis & Clark 161	9,164,124	9,160,618	8,828,048
South Prairie SD 70	8,649,879	8,680,291	7,705,808
	190,131,325	197,839,819	183,953,531
Estimated as per Katie 9-21-2011			

Katie Rodman
 Accounting Technician
 Ward County Auditor/Treasurer Office
 Phone: 701-857-6423
 Fax: 701-857-6424

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 9, after line 27, insert:

"SECTION 24. APPROPRIATION - TRANSFER - OIL AND GAS IMPACT

GRANT FUND. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, which the office of management and budget shall transfer to the oil and gas impact grant fund only as necessary to provide funding for grants distributed under section 25 of this Act during the period beginning with the effective date of this Act and ending June 30, 2013.

SECTION 25. APPROPRIATION - LAND DEPARTMENT - OIL AND GAS

IMPACT GRANT FUND. There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, to the commissioner of university and school lands for the purpose of providing grants to eligible counties experiencing new oil and gas development activities, for the period beginning with the effective date of this Act and ending June 30, 2013. As determined by the director of the department of mineral resources, a county is eligible for a grant under this section if the county produced fewer than one hundred thousand barrels of oil for the month of November 2011, and after November 2011 the number of active oil rigs operating in the county in any one month exceeds four rigs. Upon the determination by the director of the department of mineral resources that a county is eligible for a grant under this section, the commissioner of university and school lands shall provide \$1,250,000 to the county for defraying expenses associated with oil and gas development impacts in the county. The county, in determining the use of the funds received, shall consider, and to the extent possible, address the needs of other political subdivisions in the county resulting from the impact of oil and gas development."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides for the transfer of up to \$5 million from the general fund to the oil and gas impact grant fund to allow for grants of \$1,250,000 for each new major oil-producing county after November 2011 to address the impact from new oil and gas development.

11.0826.04003
Title.

Prepared by the Legislative Council staff for
Senator Christmann
November 7, 2011

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 2, line 25, replace "twelve" with "sixty"

Page 2, line 27, remove "In consideration of labors of residents to recover from disaster impacts, restore and"

Page 2, remove lines 28 through 31

Page 3, remove lines 1 through 4

Page 3, line 5, remove "8."

Page 3, line 8, replace "9." with "8."

Renumber accordingly

14

11.0826.04004
Title.

Prepared by the Legislative Council staff for
Senator Christmann
November 7, 2011

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 2, line 17, after the underscored period insert "A homeowner who obtains a loan under this section shall obtain and agree to maintain, until the loan is repaid, adequate flood insurance coverage for the property for which that loan is obtained."

Re-number accordingly

11.0826.04033
Title.

Prepared by the Legislative Council staff for
Senator Bowman
November 8, 2011

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 7, line 1, after "mills" insert "or take action to increase the levy to eighteen mills by
June 30, 2013"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment relates to grants to flood-impacted townships, changing the definition of an eligible township from townships with a general fund levy of at least eighteen mills to townships with a general fund levy of at least eighteen mills or that take action to increase the levy to eighteen mills by June 30, 2013.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 1, line 1, replace the second "and" with a comma

Page 1, line 2, after "39-12-02" insert ", and a new section to chapter 57-39.2"

Page 1, line 3, replace "and to" with a comma

Page 1, line 3, after "weight" insert ", and a sales tax rebate for certain purchases of replacement property for property damaged or destroyed by 2011 flooding"

Page 4, after line 3, insert:

"SECTION 5. A new section to chapter 57-39.2 of the North Dakota Century Code is created and enacted as follows:

Sales tax rebate for certain purchases of replacement property for property damaged or destroyed by 2011 flooding.

1. For purposes of this section:

- a. "Claimant" means an individual whose primary residence is in an identified flood zone and who has been approved to receive disaster assistance through the federal emergency management agency due to 2011 river flooding within a disaster or emergency area as declared by the governor in 2011, including ground water incursion resulting from an abnormally high water table in an area threatened by river flooding disaster in this state.
- b. "Major appliance" means any heating, ventilation, or cooling equipment and any water heater, dishwasher, washer, dryer, refrigerator, freezer, stove, range, oven, cooktop, microwave, vacuum, or fan that is purchased for use in the claimant's primary residence to replace an appliance that was damaged or destroyed due to a 2011 flood disaster in a disaster or emergency area as declared by the governor, provided that the rebate under this section applies only against the tax under this chapter on the first three thousand two hundred dollars of the purchase price of a major appliance.
- c. "Residential building supplies" means any of the following items if used in the claimant's primary residence and determined by the tax commissioner to be reasonably related to purposes of restoration, repair, replacement, or rebuilding due to a 2011 flood disaster in this state, provided that the rebate under this section applies only against the tax under this chapter on the first five hundred dollars of the purchase price of a residential building supply item, which includes:
 - (1) Cleaning and disinfecting materials as determined by the tax commissioner;
 - (2) Trash bags, boxes, construction tools, and hardware, as determined by the tax commissioner; and

- (3) Roofing shingles, roofing paper, gutters, downspouts, vents, doors, windows, sheetrock, drywall, insulation, paint and paint materials, flooring, and other necessary building materials, as determined by the tax commissioner.
- d. "Residential furniture" means furniture commonly used in a residential dwelling, as determined by the tax commissioner, which is used in the claimant's primary residence to replace furniture that was damaged or destroyed due to a 2011 flood disaster in this state, provided that the rebate under this section applies only against the tax under this chapter on the first three thousand two hundred dollars of the purchase price of the residential furniture item.
2. a. This section applies to the claimant's qualifying purchases that occur between June 10, 2011, and December 31, 2013.
- b. The total amount refunded under this section in connection with any one residence may not exceed two thousand five hundred dollars.
3. To claim a refund under this section, a claimant shall file a single application with the tax commissioner on or before December 31, 2013, in a format prescribed by the tax commissioner which must include the aggregate amount requested by the claimant in connection with all eligible purchases under this section. Only one application per residence is allowed. The tax commissioner shall make an approved refund directly to the claimant. An application for refund must include satisfactory proof of receipt of federal disaster assistance, eligible purchases, and taxes under this chapter paid on such purchases and any other information or documentation that the tax commissioner may require, including store receipts and copies of payment documents such as checks, credit card receipts, or a sworn statement under penalty of perjury to support any purchases made using cash. If purchases were made by a contractor, the claimant must provide with the application a copy of an invoice or receipt from the contractor which separately itemizes the price of each item, sales taxes paid on that purchase and included in the claimant's billing, and labor charges. The tax commissioner shall develop guidelines concerning the administration of this section, which must be posted on the website of the tax department. The tax commissioner is granted broad discretion to administer the refund process in a manner that the tax commissioner determines necessary to quickly, efficiently, and accurately carry out the purposes of this section.
4. The tax commissioner may assess a civil penalty not to exceed twenty-five thousand dollars against any claimant that knowingly files a false or fraudulent application for refund under this section."

Page 9, line 20, replace "22" with "23"

Page 11, line 6, replace "8" with "9"

Page 11, line 6, replace "11" with "12"

Page 11, line 10, replace "5" with "6"

Page 11, line 15, after the period insert "Section 5 of this Act is effective through December 31, 2013, and is thereafter ineffective."

Renumber accordingly

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 7, after line 12, insert:

"SECTION 14. CONTINGENT APPROPRIATION - DEPARTMENT OF COMMERCE - FLOOD-RELATED COSTS. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$235,000,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing loans or grants to flood-impacted individuals, property acquisitions, and infrastructure development grants to flood-impacted communities, for the period beginning with the effective date of this Act and ending June 30, 2013. The funding provided in this section is available only to the extent federal funds received by the department and appropriated in section 13 of this Act is less than \$235,000,000, for the period beginning with the effective date of this Act and ending June 30, 2013."

Page 9, line 20, replace "22" with "23"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides up to \$235,000,000 from the general fund to the Department of Commerce for loans and grants to flood-impacted individuals and communities and property acquisitions. The funding is available only to the extent federal funds received by the department and appropriated for this purpose is less than \$235,000,000 during the biennium ended June 30, 2013.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 1, line 13, after the third semicolon insert "to provide for a legislative initiative for North Dakota's lasting harvest;"

Page 9, line 10, replace "\$30,000,000" with "\$50,000,000"

Page 9, line 19, replace "\$30,000,000" with "\$50,000,000"

Page 9, line 22, replace "\$30,000,000" with "\$50,000,000"

Page 11, after line 4, insert:

"SECTION 26. LEGISLATIVE INITIATIVE - NORTH DAKOTA'S LASTING HARVEST.

1. During the 2011-13 and 2013-15 bienniums, the legislative management shall contract with a private third party with experience in facilitating long-range planning to assist the legislative management in all phases of the duties established under this section.
2. During the 2011-12 interim, the legislative management shall conduct at least thirty public meetings in communities across the state in order to meet with citizens and other public and private stakeholders to examine the current and anticipated future needs, expectations, and goals in the state in order to gather information that will assist the state in formulating a twenty-year plan for the state. At least fifteen of the thirty public meetings shall be held at locations in the oil-producing counties of the state. The information gathered at these public meetings must include economic as well as social and cultural information that will assist the state in the development of a twenty-year plan that will help the state develop in a strategic manner that creates a nurturing and vibrant environment for business as well as North Dakota families.
3. During the 2011-13 and 2013-15 bienniums, the legislative management shall work with state agencies to evaluate the information gathered at the public meetings and to use this information in establishing a twenty-year plan to assist with multiple facets of strategic growth and development for the state.
 - a. The plan must focus on how to transition from the state's current approach of taking a one-time harvest of the state's minerals and related revenues to a state approach that is based on a lasting harvest of North Dakota resources and entrepreneurship and the resulting healthy and sustainable state growth.
 - b. The plan must include consideration of how the state can utilize the opportunities made available by the North Dakota legacy fund in order to further the state's long-term plan for development, including development and maintenance of the state's infrastructure.

4. The legislative management shall work with state agencies to institutionalize and to develop a legislative proposal to implement the state's twenty-year plan. As the state's twenty-year plan is institutionalized and implemented, the legislative management shall continue to conduct ongoing review of and analyze the strengths, weaknesses, and opportunities associated with the plan and revise the plan accordingly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment increases the contingent transfer from the general fund to the oil and gas impact grant fund and the contingent appropriation from the oil and gas impact grant fund to the Land Department from \$30 million to \$50 million and adds a legislative initiative for North Dakota's lasting harvest.

November 8, 2011

19

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 1, line 13, after "intent" insert "; to provide for a study"

Page 11, after line 9, insert:

"SECTION 27. FLOOD RESPONSE AND COORDINATION STUDY - REPORT TO SIXTY-THIRD LEGISLATIVE ASSEMBLY. The governor shall coordinate an executive branch study of flood response measures and coordination of state, local, and federal resources to mitigate future flooding in the state. The governor shall utilize all relevant executive branch resources in conducting the study. The study must include potential flood plain building restrictions, establishment of permanent levees and diversion works, financial institution lending policies, Bank of North Dakota and housing finance agency acquisition of secondary market loans regarding flood insurance requirements for housing, and any other flood insurance issues affecting property owners in the state. The governor shall report the findings and recommendations of the study to committees designated by the chairman of legislative management and to the sixty-third legislative assembly."

Renumber accordingly

SENATE BILL NO. 2371 - PROPOSED AMENDMENTS ADOPTED BY SENATE APPROPRIATIONS

The following is a summary of amendments to Senate Bill No. 2371 that have been adopted by the Senate Appropriations Committee:

Section	LC No.	Proposed Amendment	General Fund Revenue Impact	Appropriation Impact	
				General Fund	Special Funds
1	11.0826.04003	Amend subsection 5 to provide that the principal and interest payments must be deferred for the first 60 months of the loan instead of the first 12 months and remove subsection 7 relating to principal reductions (Senator Christmann)	No	No	No
1	11.0826.04004	Amend subsection 3 to provide that a homeowner who obtains a loan under this section is to obtain and maintain adequate flood insurance coverage for the property until the loan is repaid (Senator Christmann)	No	No	No
12	11.0826.04033	Amend the section to change the definition of an eligible township from townships with a general fund levy of at least 18 mills to townships with a general fund levy of at least 18 mills or that take action to increase the levy to 18 mills by June 30, 2013 (Senator Bowman)	No	No	No
New	11.0826.04024 (with changes)	Adds a section to provide that the Department of Emergency Services is to coordinate an executive branch study of flood response measures and coordination of state, local, and federal resources to mitigate future flooding in the state (Senator Warner)	No	No	No

2

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 9, line 25, replace "At least \$3,500,000 of the amount" with "The commissioner of university and school lands shall request appropriation authority for the 2013-15 biennium for any grants approved but not distributed by the end of the 2011-13 biennium. In determining grant awards with the funds"

Page 9, line 26, replace "must be made available for" with ", the commissioner shall give priority to"

Page 9, line 26, replace "licensed emergency medical services operations" with "emergency services, including licensed emergency medical services operations, fire districts and departments, sheriff offices, and police departments"

Page 9, line 27, after the period insert "Any amounts made available for emergency services grants under this section are not to be considered in making grant recommendations under section 57-62-05."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment removes the \$3.5 million designation for emergency medical services grants and instead requires that the commissioner give priority to approving grants related to emergency services. This amendment provides that any amounts made available for emergency services grants under this section are not to be considered in making grant recommendations under North Dakota Century Code Section 57-62-05.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 7, line 13, remove "ADJUTANT"

Page 7, line 14, replace "GENERAL" with "DEPARTMENT OF TRANSPORTATION"

Page 7, line 16, replace "adjutant general" with "department of transportation"

Page 7, line 17, after the first "for" insert "federal aid eligible"

Page 7, line 18, after the period insert "The director of the department of transportation shall distribute funds on a prorated basis based on the total federal aid eligible roadway damage occurring in the eligible counties."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment changes Section 14 to provide that the Department of Transportation provide emergency road grade raising grants to eligible counties rather than the Adjutant General. The amendment also provides that the road grade raising project grants may only be provided for federal aid eligible roads and that funds are to be prorated to eligible counties based on the amount of roadway damage occurring in each county.

**SENATE BILL NO. 2371 -
PROPOSED AMENDMENTS TO BE CONSIDERED BY THE JOINT APPROPRIATIONS COMMITTEE**

Section	LC No.	Proposed Amendment	General Fund Revenue Impact	Appropriation Impact	
				General Fund	Special Funds
1	N/A	<p>Amend subsection 1 to:</p> <ul style="list-style-type: none"> Remove the reference to "new" on page 1, line 22 Allow up to 20 percent of loan proceeds to be used for the purchase of flood insurance <p>Revise subsection 3 to provide that a loan may be made from the fund only to a homeowner residing in the state who has received Federal Emergency Management Agency individual assistance in accordance with a presidentially-declared disaster in the state as a result of a flood event occurring during the period beginning January 1, 2011, and ending December 31, 2011. The loan may not exceed the amount of federal individual assistance received by the homeowner.</p> <p>Revise subsection 7 to provide that the city or county in which a homeowner resides submit to the Bank of North Dakota a payment equivalent to the annual principal reductions granted by the city or county to homeowners for which loans were made and receive reimbursement from the Adjutant General (Bank of North Dakota)</p>	No	No	No
25	11.0826.04018	<p>Amends the section to:</p> <ul style="list-style-type: none"> Increase funding from the general fund by \$500,000, from \$500,000 to \$1,000,000, for Industrial Commission expenses associated with litigation or other administrative proceedings involving the Environmental Protection Agency's regulation of hydraulic fracturing Remove authority for the Industrial Commission to access up to \$500,000 from a line of credit at the Bank of North Dakota Remove the contingency language relating to approval by the Attorney General Provide that the funding may be spent only for the purposes identified in the section and requires any unspent appropriations to be canceled at the end of the biennium (Representative Delzer) 	No	\$500,000	(\$500,000)
New	11.0826.04015	<p>Add a section to the bill to amend Section 4 of Chapter 12 of the 2011 Session Laws to increase the amount of funding that the Department of Transportation is authorized to borrow from the Bank of North Dakota during the 2011-13 biennium for emergency relief projects. The 62nd Legislative Assembly previously authorized the Department of Transportation to borrow up to \$120 million for emergency relief projects during the 2011-13 biennium. This increases the amount of borrowing authority to \$200 million. The funding is also appropriated to the department to use for emergency relief projects. (Senator Wanzek)</p>	No	No	\$80,000,000

Not Needed

11.0826.04015

**OFFICE OF URBAN DEVELOPMENT
FLOOD RECOVERY PROGRAMS UPDATE
FINAL REPORT**
Prepared by Office of Urban Development, 1405 1st Avenue North, Grand Forks, ND
(701) 746-2545; (701) 746-2551 (T.D.)

PROGRAM & CDBG BUDGET	DESCRIPTION	DEADLINE	DISPOSITION
Phase III Acquisition and Housing Rehab (6016) Budget - \$1,240,000	Program allows for the acquisition or rehab of homes located outside the floodplain that sustained 50% or greater damage. Assistance is a grant up to \$15,000 for documented repair expenses not reimbursed by other sources. 5-year lien placed on property.	March 31, 1999, deadline for obligation of funds. June 30, 1999, deadline for distribution of funds.	91 grants were approved. Budget reduced by \$45,000.
Phase IV Property Acquisition (6020) Budget - \$9,492,000 for Phase IV residential and commercial buyout program	Phase IV includes homes that are affected because of permanent levy project, along or wet side of the footprint of the dike. This program was amended to allow for the acquisition of dike-line or wet-side commercial properties.	Last day to sign up for Phase IV - December 31, 1998. Deadline for purchase agreement - March 1, 1999.	Commercial - 17 properties closed. 2 properties being leased back to owner/tenant. Budget reduced by \$625,000. Amount transferred to S. 3rd Street Renovation Project (6046).
Phase V Rehab Program (6041) Budget - \$236,791	This program allows for the rehab of homes located within or outside the 100-year flood plain who had main level flooding but received less than 50% damage. Assistance is a grant of up to \$3,000 for documented repair expenses not reimbursed by other sources. A 3-year lien is placed upon the home.	March 31, 1999, deadline for obligation of funds. June 30, 1999, deadline for distribution of funds.	82 grants were approved.
Unmet Needs Housing Rehab Program (6017) Budget - \$1,650,000	This home rehab program was developed to assist families with less than 50% damage to repair essential living space who have not had the resources to do so. The program is run through non-profit agencies who determine building material and volunteer labor needs. Program provides building materials only.	August 31, 1998, deadline for applications to be submitted to non-profits. October 31, 1998, deadline for non-profits to request building materials.	933 homeowners assisted.

PROG 1 & CDBG BUDGET	DESCRIPTION	DEADLINE	DISPOSITION
Voluntary Acquisition in the Central Business District Budget - \$3,950,000 for acquisition (6025); \$1,185,210 for demolition (6013)	Program developed to allow for the voluntary acquisition of flood damaged commercial real estate in the Central Business District.	No deadline	27 properties closed. \$139,790 transferred into program for St. John's Annex from CBD Acquisition and Demo. \$250,000 transferred to Met Rehab project (6045).
Commercial Rehab (6026) Budget - \$4,889,790	The program was developed to help downtown business activity recover from the flood by improving exterior facades and street level interiors of commercial buildings. Provides grants up to \$50/square foot for interior street level improvements and up to \$10,000 for exterior facades, with a maximum of \$250,000 per applicant. Applicants have 180 days from the date of Council approval to complete rehab.	Completion deadlines set for July 30th for most projects (6 projects have deadlines of September 30th). No deadline for application submission for City Center Mall zone	57 businesses assisted. Project underway.
South 3rd Street Renovation Project (6046) Budget - \$1,150,000	Central Business District funds will be used to assist private sector renovation of 15, 23, 25, and 31 South 3rd Street.		Project underway.
Metropolitan Opera Rehab Project (6045) Budget - \$250,000	Renovation of Metropolitan Opera House. Commercial Rehab funds will be used to assist private sector rehab of historic building.		Project underway.
Noah's Ark Building (6008) Budget - \$1,725,000	Built with EDA and CDBG funds to temporarily house businesses that were displaced by the flood and to provide for long term economic recovery through increased industrial activity.	Project completed.	Building leased to Amazon.com in late 1999. Created 150 jobs initially. 536 jobs projected to be created within first year.

PROG 1 & CDBG BUDGET	DESCRIPTION	DEADLINE	DISPOSITION
Business and Industry Disaster Assistance (CDBG Revolving Loan Fund) (6011) Budget - \$1,941,500	This program was developed for businesses that suffered physical loss due to the flood. The program provides loans up to \$20,000 for businesses with up to 10 FTE; or \$2,000 per FTE with maximum of \$50,000 for businesses with greater than 10 FTE. Deferred loan over three year period with interest rate of 8% payable in balloon payment at the end of the three year period. However, if business remains as originally presented for period of 3 years, 25% of the principal and all of the interest will be forgiven.	June 30, 1998	94 businesses assisted.
Flood Insurance Assistance Program (60381) Budget - \$150,000 Expended - \$81,432	Program developed to provide assistance to businesses that are required to obtain flood insurance on their property. Grants up to \$5,000 provided to reimburse flood insurance premiums for five year period.	Program closed.	30 businesses assisted.
Interest Subsidy Program (6039) Budget - \$940,158 Expended - \$940,158	Program developed to assist GF businesses with a subsidy to buy down existing loans by a maximum of 4.25%. Subsidy shall not exceed \$32,000 or buy down the interest to lower than 4.0%.	April 30, 1998	58 businesses assisted.
Business Assistance Program (6050) Budget - \$1,783,000 Expended - \$1,674,000 Workforce Assistance Program Budget - \$187,500; Expended - \$11,861 Co-op Subsidy Budget - \$62,500; Expended - \$20,869	Approved by Council on 9/21/98, this new \$2 million business assistance program consists of two separate parts: (1) <u>Business Assistance Program</u> - \$1.75 million allocated to assist GF businesses who had economic distress as the result of the flood. 0%, 15 year loan with deferred payments for 5 years. Will also provide 40% forgiveness after 3 years. (2) <u>Workforce Assistance and Co-op Subsidy Programs</u> - \$250,000 allocated to be used with various work programs through the Chamber of Commerce, UND, and ND Job Service to assist employers in hiring and training employees.	Application deadline of October 23, 1998.	Business Assistance: 76 businesses assisted. Workforce Assistance: 38 businesses assisted. Co-op Subsidy: 14 businesses assisted.

PROG 1 & CDBG BUDGET	DESCRIPTION	DEADLINE	DISPOSITION
Demolition/Inventory of Bought-Out Properties/ Rehab/Home Relocation Program Home Moving (6018) Budget - \$500,000 Expended - \$3,105	To decide disposition of homes purchased by the City, whether demolition, relocation, or rehabilitation. This program also include the mitigation for the homes deemed historical by the local Historical Commission.	No deadline	Demo: Demolition Bid Package #11 is substantially complete. Contractors on Bid Packages #9 10, & 12 have completed all demo work and are working on landscaping/site reclamation only. City is working with construction manager to expedite completion of this work. Bid Package #13 is being advertised now and bids will be presented to Council for award on 8/16/99. Demo of Elks Condos will be advertised next.
Phase I Demo (6019) Budget - \$800,000 Expended - \$692,114	*Received FEMA reimbursement.		Acquisition Maintenance - Urban Dev. is coordinating with Park District and Engineering Dept. for clean-up & landscaping in greenway/interim dike areas. Housing Authority work order system is now being used to assign and track acquisition maintenance requests/complaints. Staff will begin a comprehensive lot-by-lot survey and review of all acquired properties to establish work programs prior to cold weather.
Phase II Demo (6027) Budget - \$800,000 Expended - \$2,171,880	* Approximately \$2.5 million in DSR's have been submitted to FEMA for reimbursement.		Sales: No additional sales of homes or garages are anticipated in the near future. As demolition proceeds, the inventory of vacant lots is monitored for potential lot sales. Full size lots in historic districts will not be offered for sale until relocation policies are resolved.
Phase III Demo (6028) Budget - \$300,000 Expended - \$315,592			Historic: Staff anticipates authorization from FEMA shortly to permit demolition of unsalvageable historic homes. Along with the properties in Bid Package #13, this will clean up virtually all residential structures that were part of the "dry side" buyouts. Disposition strategy for "wet side" historic homes is underway, pending final decisions in geo-tech study areas.
Phase IV Demo (6031) Budget - \$2,600,000 Expended - \$1,514,564			

Glassheim, Eliot A.

From: PKurtz@grandforksgov.com
Sent: Wednesday, November 09, 2011 10:47 AM
To: Glassheim, Eliot A.
Cc: MRichards@grandforksgov.com; PHaga@grandforksgov.com
Subject: Re: Flood Funding 1997
Attachments: 1997 Flood Recovery Update - Final.pdf

Hi Eliot. The flood files are gone, but I scrounged around and found a flood recovery program update report (I think dated around 2000) that I had put together lo, those many years ago and is most definitely **NOT** the official record/report. It contains brief descriptions of some of the housing-related programs that we managed over here in UD, plus a budget and how many people were assisted, etc. (if the program was completed at the time). The source of funding was CDBG, which, as you know, is very different from other funding sources. You'll have to pick through the programs on the list; some of the business assistance programs are included on it as well.

From what I can remember (and this is dangerous territory lately as it's been 15 years and I'm old!), the Relocation Voucher program had "silent second" mortgages put on the residences for either 5 or 10 years; with either 10% or 20% forgiveness per year until the end of the term (at which time the total amount was forgiven if the homeowner was still residing in the home). The Rental Rehab program was a 10-year 0% loan, which I think was extended another couple of years. Phase III Rehab was a grant with a 5 year lien placed on the property (0% interest, 20% forgiveness per year).

For purchasing a new home in the Congressional subdivisions, I believe there was a \$10,000 homebuyer incentive (0% interest, forgiven 20%/year over 5 years), a \$20,000 low-moderate-income homebuyer incentive (0% interest, forgiven 10%/year over 10 years), and a basement finishing grant as well (although I can't find any details about this program).

There was also a home-moving program, but it had very little interest and/or participation.

Hope this helps.

Peggy Kurtz
Program Compliance Officer
Office of Urban Development
City of Grand Forks
1405 1st Avenue North
Grand Forks, ND 58203

701-746-2545 (office)
701-792-2883 (direct)
701-792-2894 (fax)
pkurtz@grandforksgov.com

From: "Glassheim, Eliot A." <eglassheim@nd.gov>
To: "PKurtz@grandforksgov.com" <PKurtz@grandforksgov.com>
Date: 11/09/2011 09:30 AM
Subject: Flood Funding 1997

Peg,

11.0826.04022
Title.

Prepared by the Legislative Council staff for
Representative Kempenich
November 8, 2011

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 9, line 25, after the period insert "The commissioner of university and school lands shall request appropriation authority for the 2013-15 biennium for any grants approved but not distributed by the end of the 2011-13 biennium."

Page 9, line 25, replace "\$3,500,000" with "\$7,000,000"
at least up to

Page 9, line 26, replace "licensed emergency medical services operations" with "emergency services including licensed emergency medical services operations, fire districts and departments, sheriff offices, and police departments"

Renumber accordingly

STATEMENT OF PURPOSE AMENDMENT:

This amendment increases the oil and gas impact grant funds allocated for emergency medical services by \$3.5 million, from \$3.5 million to \$7 million and expands the use of these funds to other emergency services providers including fire departments, sheriff offices, and police departments.

11.0826.04036
Title.

Attachment 3
Prepared by the Legislative Council staff for
Representative D. Johnson
November 9, 2011

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 7, line 13, remove "ADJUTANT"

Page 7, line 14, replace "GENERAL" with "DEPARTMENT OF TRANSPORTATION"

Page 7, line 16, replace "adjutant general" with "department of transportation"

Page 7, line 17, after the first "for" insert "federal aid eligible"

Page 7, line 18, after the period insert "The director of the department of transportation shall distribute funds on a prorated basis based on the total federal aid eligible roadway damage occurring in the eligible counties."

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment changes Section 14 to provide that the Department of Transportation provide emergency road grade raising grants to eligible counties rather than the Adjutant General. The amendment also provides that the road grade raising project grants may only be provided for federal aid eligible roads and that funds are to be prorated to eligible counties based on the amount of roadway damage occurring in each county.



November 9, 2011

Senator Ray Holberg
Representative Jeff Delzer
North Dakota Legislative Assembly
State Capitol
Bismarck, North Dakota 58505

Dear Senator Holmberg and Representative Delzer:

Attached please find a copy of a resolution passed by the Bismarck Board of City Commissioners at its meeting of November 8, 2011 in support of Senate Bill 2371. The city did not provide testimony at the hearing of November 7, 2011 in part to allow testimony by those who had traveled a distance to participate in the hearing. The City Commission has now had an opportunity to discuss the bill and to endorse the flood recovery activities included in it.

Please include this resolution in the hearing record for Senate Bill 2371.

Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "W. C. Wocken".

W. C. Wocken
City Administrator

RESOLUTION OF SUPPORT

WHEREAS, the North Dakota Legislative Assembly will meet in special session the week of November 7-11, 2011 to discuss important issues in our state; and

WHEREAS, the city of Bismarck faced historic flooding from the Missouri River during the summer of 2011 that greatly impacted its residents; and

WHEREAS, one of the most pressing items of consideration before the Assembly will be recovery from the devastating floods of 2011; and

WHEREAS, the Legislative Assembly will consider legislation that seeks to utilize available state resources to accomplish flood relief; and

WHEREAS, the Legislative Assembly has before it for consideration Senate Bill 2371 which provides a variety of flood relief measures and deals with other critical needs of this state;

THEN, THEREFORE be it resolved by the City of Bismarck City Commission that it does express its support for the flood relief offered by Senate Bill 2371; and

Be it further resolved that a copy of this resolution be furnished to the combined House and Senate Appropriations Committee to be included in the record for the hearing of Senate Bill 2371.

Approved and signed this 8th Day of November, 2011.

A handwritten signature in cursive, appearing to read 'M. A. ...', written over a horizontal line. Below this line is another horizontal line with a handwritten signature in cursive, appearing to read 'W. W. ...'.

SENATE BILL NO. 2371 - PROPOSED AMENDMENTS TO BE CONSIDERED BY HOUSE APPROPRIATIONS

The following is a summary of proposed amendments to Senate Bill No. 2371 that have been presented to Senate and House Appropriations Committees:

Section	LC No.	Proposed Amendment	General Fund Revenue Impact	Appropriation Impact	
				General Fund	Special Funds
17 and new	11.0826.04002	Adds a section to provide a special funds appropriation of \$18 million from the state disaster relief fund to the Adjutant General for providing emergency relief grants for any portion of the local match required to receive the federal emergency relief funding which has not previously been provided by the state and amends Section 17 to increase the transfer from the general fund to the state disaster relief fund by \$18 million from \$68.7 million to \$86.7 million (Representative Porter)	No	\$18,000,000	\$18,000,000
20	11.0826.04007	Amends the section to increase the general fund appropriation for the Highway Patrol by \$608,904 from \$681,870 to \$1,290,774 for three additional full-time equivalent (FTE) positions. The total appropriation of \$1,290,774 provides for four FTE traffic positions and three FTE motor carrier trooper positions. (Representative Gruchalla)	No	\$608,904	No
New	11.0826.04019	Adds new sections to create a new section to North Dakota Century Code Chapter 6-09 to establish a rebuilders commercial property loan fund, transfer \$30 million from the Bank of North Dakota's profits to the rebuilders commercial property loan fund, and provide a contingent appropriation of \$30 million from the general fund to make up any shortfall in the transfer from the Bank of North Dakota (Representative Louser)	No	\$30,000,000	No
New	11.0826.04012	Adds new sections to provide for a flood damage relief property tax funding initiative and provide an appropriation of \$4,636,062 from the general fund to the Tax Commissioner for the initiative (Representative Nathe)	No	\$4,636,062	No
New	11.0826.04023	Adds a section to provide an appropriation of \$10 million from the general fund to the Department of Transportation for completing preparatory planning to establish truck reliever routes to ease traffic loads in and near western North Dakota cities (Representative Schatz)	No	\$10,000,000	No
New	11.0826.04006	Adds new sections to create a school districts capital projects loan program, transfer \$75 million from the Bank of North Dakota's profits to the school districts capital projects loan fund, and provide a contingent transfer of \$75 million from the general fund to make up any shortfall in the transfer from the Bank of North Dakota (Representative R. Kelsch)	No	\$75,000,000	No
New	11.0826.04005	Adds a section to amend Section 11-18-02.2 to provide for disclosure of certain information on property sales prices in flood zones (Representative Louser)	No	No	No
New	11.0826.04010	Adds a section to provide an appropriation of \$6,870,000 from the insurance tax distribution fund to the Insurance Commissioner for payments to fire districts and grants to the North Dakota Firefighters Association (Representative Guggisberg)	(\$6,870,000)	No	\$6,870,000

The following is a summary of proposed amendments to Senate Bill No. 2371 that were provided by the sponsors for inclusion in this list but have not been presented to Senate and House Appropriations Committees:

Section	LC No.	Proposed Amendment	General Fund Revenue Impact	Appropriation Impact	
				General Fund	Special Funds
1	11.0826.04017	Removes subsection 7 relating to principal reductions for the rebuilders loan program (Representative Carlson)	No	No	No
1, 7, 17, and new	11.0826.04028	Amends the provisions in Section 1 relating to the rebuilders loan program to exclude homeowners receiving flood insurance benefits, to limit loan proceeds to the lesser of \$30,000 or actual documented damage, and to require the balance of the loan and any unpaid interest be paid upon closing if the property is sold Adds a section to provide a contingent transfer of \$20 million from the general fund to the rebuilders loan program fund. The funds are to be made available if the \$30 million transferred to the rebuilders loan program fund from the Bank of North Dakota are fully obligated prior to June 30, 2013. Amends Section 7 to decrease funding provided from the state disaster relief fund to the Adjutant General for transfer from the rebuilders loan program fund and for city and county flood-impacted housing rehabilitation by \$20 million to provide a total of \$10 million Amends Section 17 to decrease the funding transfer from the general fund to the state disaster relief fund by \$20 million to provide a transfer of \$48.7 million (Representative Porter)	No	No	(\$10,000,000)
11, 12, 22, and 24	11.0826.04035	Removes Sections 11 and 12 relating to financial stabilization grants to flood-impacted townships Changes the criteria for contingent appropriations for oil and gas impact grants and for transportation funding distributions to require that oil and gas tax revenue collections exceed estimates by \$53 million rather than \$48 million during the period July 1, 2011, through February 29, 2012 Amends Section 24 relating to transportation funding distribution amounts to political subdivisions in non-oil-producing counties to provide that \$7.2 million be distributed to counties and cities pursuant to subsection 4 of Section 54-27-19 and \$1.8 million be distributed to counties and townships pursuant to Section 54-27-19.1. The amendment provides \$14 million for a \$10,000 distribution to each organized township and a \$10,000 distribution for each unorganized township to the county in which the unorganized township is located. (Representative Deizer)	No	No	No
12	11.0826.04034	Amends the section to change the definition of an eligible township from townships with a general fund levy of at least 18 mills to townships with a general fund levy of at least 12 mills (Representative Monson)	No	No	No
23	11.0826.04022	Amends the section to increase the oil and gas impact grant funds allocated for emergency medical services by \$3.5 million, from \$3.5 million to \$7 million, and expands the use of these funds to other emergency services providers, including fire departments, sheriff offices, and police departments (Representative Kempenich)	No	No	No

Section	LC No.	Proposed Amendment	General Fund Revenue Impact	Appropriation Impact	
				General Fund	Special Funds
25	11.0826.04018	Amends the section to: <ul style="list-style-type: none"> • Increase funding from the general fund by \$500,000, from \$500,000 to \$1,000,000, for Industrial Commission expenses associated with litigation or other administrative proceedings involving the Environmental Protection Agency's regulation of hydraulic fracturing • Remove authority for the Industrial Commission to access up to \$500,000 from a line of credit at the Bank of North Dakota • Remove the contingency language relating to approval by the Attorney General • Provide that the funding may be spent only for the purposes identified in the section and requires any unspent appropriations to be canceled at the end of the biennium (Representative Delzer) 	No	\$500,000	(\$500,000)
New	11.0826.04009	Adds a section to amend subsection 4 of Section 52-06-02 to provide for unemployment insurance eligibility in the case of a lockout (Representative Kaldor)	No	No	No
New	11.0826.04013	Adds a section to provide an appropriation of \$913,430 from the general fund to the Tax Commissioner for replacement of anticipated school district property tax revenues that became unavailable due to 2011 property tax assessment reductions and abatements for flood-damaged property (Representative Bellew)	No	\$913,430	No
New	11.0826.04021	Adds sections to provide for the transfer of \$5 million from the general fund to the oil and gas impact grant fund to allow for grants of \$1,250,000 for each new major oil-producing county after November 2011 to address the impact from new oil and gas development (Representative Skarphol)	No	\$5,000,000	\$5,000,000

November 2011

SENATE BILL NO. 2371 - PROPOSED AMENDMENTS TO BE CONSIDERED BY SENATE APPROPRIATIONS

The following is a summary of proposed amendments to Senate Bill No. 2371 that have been presented to Senate and House Appropriations Committees:

Section	LC No.	Proposed Amendment	General Fund Revenue Impact	Appropriation Impact	
				General Fund	Special Funds
25	11.0826.04008	Remove Section 25 providing a contingent appropriation to the Industrial Commission relating to the Environmental Protection Agency's regulation of hydraulic fracturing (Senator Mathern)	No	(\$500,000)	(\$500,000)
New	11.0826.04016	Add a section to the bill to amend North Dakota Century Code Section 54-17-40 to clarify that multifamily housing needs are addressed under the housing incentive fund (Senator Mathern)	No	No	No

The following is a summary of proposed amendments to Senate Bill No. 2371 that were provided by the sponsors for inclusion in this list but have not been presented to Senate and House Appropriations Committees:

Section	LC No.	Proposed Amendment	General Fund Revenue Impact	Appropriation Impact	
				General Fund	Special Funds
1	11.0826.04003	Amend subsection 5 to provide that the principal and interest payments must be deferred for the first 60 months of the loan instead of the first 12 months and remove subsection 7 relating to principal reductions (Senator Christmann)	No	No	No
1	11.0826.04004	Amend subsection 3 to provide that a homeowner who obtains a loan under this section is to obtain and maintain adequate flood insurance coverage for the property until the loan is repaid (Senator Christmann)	No	No	No
12	11.0826.04033	Amend the section to change the definition of an eligible township from townships with a general fund levy of at least 18 mills to townships with a general fund levy of at least 18 mills or that take action to increase the levy to 18 mills by June 30, 2013 (Senator Bowman)	No	No	No
22, 23, and new	11.0826.04025	Amend the sections to increase the contingent transfer from the general fund to the oil and gas impact grant fund and the contingent appropriation from the oil and gas impact grant fund to the Land Department from \$30 million to \$50 million - Add a section to the bill to provide for a legislative initiative for North Dakota's lasting harvest (Senator Taylor)	No	\$20,000,000	\$20,000,000
New	11.0826.04014	Add a section to the bill to create a new section to Chapter 57-39.2 to provide for a sales tax rebate for certain purchases of replacement property for property damaged or destroyed by 2011 flooding (Senator Krebsbach)	Yes - Not known at this time	No	No
New	11.0826.04026	Add a section to the bill to appropriate \$235 million from the general fund to the Department of Commerce for loans and grants to flood-impacted individuals and communities and property acquisitions. The funding is available only to the extent federal funds received by the department and appropriated are less than \$235 million. (Senator Taylor)	No	\$235,000,000	No

**SENATE BILL NO. 2371 -
PROPOSED AMENDMENTS TO BE CONSIDERED BY THE JOINT APPROPRIATIONS COMMITTEE**

Section	LC No.	Proposed Amendment	Appropriation Impact		
			General Fund Revenue Impact	General Fund	Special Funds
1	N/A	<p>Amend subsection 1 to:</p> <ul style="list-style-type: none"> Remove the reference to "new" on page 1, line 22 Allow up to 20 percent of loan proceeds to be used for the purchase of flood insurance <p>Revise subsection 3 to provide that a loan may be made from the fund only to a homeowner residing in the state who has received Federal Emergency Management Agency individual assistance in accordance with a presidentially-declared disaster in the state as a result of a flood event occurring during the period beginning January 1, 2011, and ending December 31, 2011. The loan may not exceed the amount of federal individual assistance received by the homeowner.</p> <p>Revise subsection 7 to provide that the city or county in which a homeowner resides submit to the Bank of North Dakota a payment equivalent to the annual principal reductions granted by the city or county to homeowners for which loans were made and receive reimbursement from the Adjutant General (Bank of North Dakota)</p>	No	No	No
New	11.0826.04015	<p>Add a section to the bill to amend Section 4 of Chapter 12 of the 2011 Session Laws to increase the amount of funding that the Department of Transportation is authorized to borrow from the Bank of North Dakota during the 2011-13 biennium for emergency relief projects. The 62nd Legislative Assembly previously authorized the Department of Transportation to borrow up to \$120 million for emergency relief projects during the 2011-13 biennium. This increases the amount of borrowing authority to \$200 million. The funding is also appropriated to the department to use for emergency relief projects. (Senator Wanzek)</p>	No	No	\$80,000,000

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 7, line 13, remove "**ADJUTANT**"

Page 7, line 14, replace "**GENERAL**" with "**DEPARTMENT OF TRANSPORTATION**"

Page 7, line 16, replace "adjutant general" with "department of transportation"

Page 7, line 17, after the first "for" insert "federal aid eligible"

Page 7, line 18, after the period insert "The director of the department of transportation shall distribute funds on a prorated basis based on the total federal aid eligible roadway damage occurring in the eligible counties."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment changes Section 14 to provide that the Department of Transportation provide emergency road grade raising grants to eligible counties rather than the Adjutant General. The amendment also provides that the road grade raising project grants may only be provided for federal aid eligible roads and that funds are to be prorated to eligible counties based on the amount of roadway damage occurring in each county.