

2013 HOUSE INDUSTRY, BUSINESS, AND LABOR

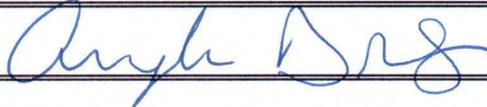
HB 1450

2013 HOUSE STANDING COMMITTEE MINUTES

House Industry, Business and Labor Committee
Peace Garden Room, State Capitol

HB 1450
January 30, 2013
Job 17956

Conference Committee



Explanation or reason for introduction of bill/resolution:

Sale of city real property; sale of county real property

Minutes:

Testimony 1

Hearing opened.

Frank Klein, Stark County park board and fair board testified in support of the bill (Testimony 1).

Representative M. Nelson: Will the appraised value part cause any problems?

Frank Klein: This is strictly for land that the city or county already owns so there shouldn't be a problem with appraisals. I know that other cities and counties around the state will benefit from this.

Representative Ruby: Wouldn't a taxpayer selling land in a county come out better by getting an actual market value for the property which would be determined through the bid process?

Frank Klein: Yes. They possibly would. This saves one step because the park board is the capital improvement agency, and the fair board is basically the policy agency.

Representative Ruby: Basically what this is doing is sheltering property from private ownership as long as another political subdivision wants it.

Frank Klein: That is correct. The government entity would have the first chance at it. It does not require them to sell the land.

Representative Ruby: If they offer it for sale and the governing body that has the right to acquire it wants to pay less for the property, can they refuse the lower price and sell it to the developer?

Frank Klein: Yes.

Representative Becker: Would the appraisal have to be from an independent party? Could it be from the county?

Frank Klein: It could be from the city or the county.

Representative Becker: That leaves room for under appraising. Any land that is sold for less than what you could have obtained for it is essentially taking money from the citizens. For your singular project, why not do a combined project between the city and county?

Frank Klein: We have worked on that project. But the way Section 27 is written, it says the land must be sold. The county commissioner said the land had to go out for bid.

Representative Kreun: If a city owns a piece of property and it is put up for sale, must it be offered to another public entity first at the appraised value?

Frank Klein: Yes.

Representative Kreun: If the value of the land is higher than the appraised value, would that entity lose that portion of the sale? If it was a private sector entity, would it also lose the tax base?

Frank Klein: Not really. The county's taxpayers are going to pay if it is the county park board owns the land or if the county fair board owns it. It will still be in the county. You are correct that if we put it in a public auction, we could tax that land separately.

Representative Kreun: Isn't the idea to put the land back into the private sector to build the tax base and build the economy? Also, could you have a joint powers agreement when you have two properties adjacent to one another and build on it?

Frank Klein: Yes.

Chairman Keiser: Can political subdivisions swap land?

Frank Klein: They can exchange land.

Chairman Keiser: So the school board, which has these acres, could exchange land with the fairgrounds provided the city would get an acceptable amount of land?

Frank Klein: Yes.

Chairman Keiser: So you can do that now, but the school board is saying they want to sell the land? If you're going to sell the property, it has to go to public sale. But you can exchange land. What you're doing is forcing political subdivisions back into the joint powers agreement if it's sold.

Frank Klein: We do not have land which is acceptable to them to offer in an exchange.

Representative Beadle: Is the end goal for this project to have an area of land developed and sold off to a developer?

Frank Klein: Yes.

Representative Beadle: Why not just sell the land to the developer right away and get top dollar for it? You could then use that money to buy cheaper land elsewhere.

Frank Klein: I can't remember why we could not do that.

Representative Frantsvog: If this bill becomes law, do the county commissioners have to estimate the value of those 30 acres as less than \$1000? Can that be challenged?

Frank Klein: I don't that would be realistic.

Representative Frantsvog: As I read the bill, someone has to determine the value of the land to be less than \$1000 for this to take place.

Frank Klein: I would have to disagree with that.

Representative Frantsvog: That was my interpretation.

Chairman Keiser: Does the new language correct that?

Representative M. Nelson: Why "must" it first be offered for sale rather than "may" be offered for sale?

Frank Klein: The Century Code uses the word must.

Representative M. Nelson: How do you know that another city in your county will not want to buy the land? They have to be offered the chance to buy it.

Frank Klein: Another city wouldn't have the funds compared to those Dickinson has.

Chairman Keiser: It must be sold at the appraised value. What if there are two political subdivisions that are both willing to pay the appraised value?

Frank Klein: That might be a chance for the joint powers agreement.

Representative Beadle: If we pass this bill, it would apply to all counties. Is it possible in a county like Cass with Fargo and West Fargo that they could run into a situation by both bidding?

Frank Klein: Yes.

Representative Beadle: This bill says that for the county to sell property it must be offered to the city, but not to the county. But you want to sell land from a county agency to another county agency.

Frank Klein: It could go to the city or the county.

Representative Beadle: Where does it say it could go to the county?

Chairman Keiser: If we want to pass, we'll need an amendment to clarify that.

Representative Kreun: You are excluding school districts and park districts. It is only when the city governing body has a piece of property to sell.

Chairman Keiser: If we decide to move forward, we will clean up the language.

Chairman Keiser: When it comes to property, the market value is everything, not the appraised value. Should we worry about the private person who really needs that property as much as you do?

Frank Klein: In our situation, we'd both be out of luck if the other one gets it.

Chairman Keiser: This bill would apply state wide. We have to balance the rights of our private sector with the public sector.

Chairman Keiser closed the hearing.

Representative Becker motioned Do Not Pass.

Representative Kreun seconded.

Roll Call Vote

Yes: 12

No: 1

Absent: 2

Representative Sukut is carrying the bill.

Date: 1-30-2013

Roll Call Vote #: 1

**2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1450**

House Industry, Business, and Labor Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider Consent Calendar

Motion Made By Becker Seconded By Kreun

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser	✓		Rep. Bill Amerman	✓ ^{ab}	
Vice Chairman Gary Sukut	✓		Rep. Joshua Boschee	✓	
Rep. Thomas Beadle	✓		Rep. Edmund Gruchalla	✓	
Rep. Rick Becker	✓		Rep. Marvin Nelson	✓	
Rep. Robert Frantsvog	✓				
Rep. Nancy Johnson		✓			
Rep. Jim Kasper		^{ab}			
Rep. Curtiss Kreun	✓				
Rep. Scott Louser	✓				
Rep. Dan Ruby	✓				
Rep. Don Vigesaa	✓				

Total Yes 12 No 1

Absent 2

Floor Assignment Sukut

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

REPORT OF STANDING COMMITTEE

HB 1450: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO NOT PASS** (12 YEAS, 1 NAYS, 2 ABSENT AND NOT VOTING).
HB 1450 was placed on the Eleventh order on the calendar.

2013 TESTIMONY

HB 1450

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HB 1450
1-30-2013

Chairman Kaiser and members of the committee:

Sometimes the city gets a good deal; sometimes the county gets a good deal; however, the taxpayers all get a good deal with HB 1450.

HB 1450 will allow cities and counties to sell or exchange land with one another without first having a public bidding process.

This keeps a local project alive, without a developer, who would bid the land up so high, that the project for the government entity would not be possible.

Why should the local taxpayer, who has been paying taxes all these years, have to not receive a city or county improvement because a developer decides they can outbid the local entity?

Aren't you a taxpayer? Don't you want your community to save money on a project?

I urge your favorable vote on HB 1450.

Are there any questions?

Sincerely,
Frank Klein