

**2015 SENATE POLITICAL SUBDIVISIONS**

**SB 2195**

# 2015 SENATE STANDING COMMITTEE MINUTES

## Political Subdivisions Committee Red River Room, State Capitol

SB 2195  
1/22/2015  
Job Number 22367

- Subcommittee  
 Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A Bill for an Act to amend and reenact section 57-15-19.2 of the North Dakota Century Code, relating to the township special road fund.

### Minutes:

Attachment #1

**Chairman Burckhard** opened the hearing on SB 2195. Senators Anderson, Bekkedal, Burckhard, Dotzenrod, Grabinger were present. Senator Judy Lee was absent.

**Senator Oehlke** introduced SB 2195 has to do with how much money a congressional township can hold in its coffers and they will be able to do some work. It doesn't have anything to do with any fiscal note or anything like that, it's simply an accumulation. In the past they have been limited to \$30,000 and sometimes when you call up a contractor and tell them you would like some gravel and you've got \$30,000 to spend and they reply don't you want more than one load. So, that really is the reason for this to be able to increase what they can have in their coffers and carryover so they can spend the money. We had a little bit of discussion about congressional townships and I referenced the old time surveyor that had a white mark on the wheel of his wagon and had a bottle in his hand and he counted as the turns went and laid out those original congressional townships in 6 mile squares. Basically, that is what we're talking about. Occasionally, a county might take a couple or three or more congressional townships and lump them together and make one civil township so that dollar amount would actually apply to each congressional township so you might have a township that has two congressional townships within it.

The townships sure like the idea to be able to manage their roads a little bit better and do some maintenance in a meaningful way and I think it is a good idea too.

**Senator Grabinger** I look at a road project and if you want to raise a road, you needed to put in a culvert. Even \$100,000 doesn't go a whole distance but is that a lot of money for a township to have? Are we going to be revisiting this in another two years?

**Senator Oehlke** replied it's been at \$30,000 for a long time. The thing we find about some of the monies that townships have is isn't just to spend the money on putting down gravel or something to maintain that road. A lot of times the money they have in their coffers they

are able to use as match money for road projects too and then you get not only sometimes the federal government involved in farm to market roads. You might also find state involvement, dollars and cents and also FEMA if it happens to be water related flooded land or roads or something like that. We have as a state we've adjusted that match through emergency services to help out townships. You might think that a few thousand dollars is not meaningful, but it can really make a difference.

**Senator Bekkedahl** testified in support SB 2195. I support everything that Senator Oehlke said but in addition to that if I could bring some more information to the committee it would be out in our western areas with the oil development what we're seeing is the \$30,000. Most of my townships in my area purchase gravel every year for their roads and the costs of gravel have escalated enormously because the sources of gravel are basically being mined out of existence. You have to go further and further to get good gravel at this point. So that is a cost escalation they've seen that has impacted them. The other thing is the projects that used to be \$10,000-\$15,000 a year are now way above and beyond the \$30,000 that they are allowed to carry in their road fund at this point. So they are telling me that they have to wait a year, get more money, spend some late in the year some early in the year to kind of playing the game of spending some now or later and it's becoming increasingly difficult to do single projects that way. The third area is that the counties used to be able to really assist the townships a lot on the major projects that they had, so the \$30,000 the match went a long way, but the counties are now so over burdened with the oil development out there that they're not helping or able to assist the townships as much as they have either. This accumulation to \$100,000 will make a huge impact to those townships. I suspect you will see it spent and not saved. To answer Senator Grabinger's concern, if it looks like it is being saved it may be addressed later.

**Chairman Burckhard** asked Senator Bekkedahl is the cost of gravel getting expensive because of the oil impact or having to go farther out to get it, or all of the above?

**Senator Bekkedahl** replied it is all of the above. What we found is the oil industry has created a bubble in a lot of the commodity prices out there, and gravel is an extremely sought commodity at this point. They literally will pay whatever they have to, to get the product to get the well site developed and put the rig up. Their major expense is the rig costs and the rig time and the minor cost to them is getting the gravel on the base to bring the rig in.

**Larry Syverson**, North Dakota Township Officers Association. Written testimony #1.

**Senator Anderson** asked Larry to help him understand the levy, the maximum that a township can do and you say this doesn't increase the amount that they can levy, but yet it's excluded from the calculations. I am not understanding this thoroughly.

**Larry Syverson** replied we would still be limited to our 18 mills basic levy, which we can expand to 36 mill with a 60% majority vote of the electors at our annual meeting. This would cover any carried funds from previous years. If we can put them into this building fund, and not have to subtract them or include them in our cash on hand which must be deducted before we can establish a levy.

**Senator Dotzenrod** it is interesting to see by statute you have been limited in the past to the \$30,000. Do we have any statutory limits that apply to the general fund of a township or is just on this special road fund?

**Larry Syverson** The general fund really is just a result of what we can levy and what one time funding we get from the state and our distributions from the Highway Users Fund whatever that comes in, but as I said, when we develop our budget we list all of our expenses for the coming year and then we have to subtract our cash on hand from that and then we can levy for the un-filled balance of that budget.

**Senator Dotzenrod** just following up, would you really would have a difficult time sort of accumulating if you had a project and you were limited by statute on this and this fund would be very hard to accumulate funds at the township general fund for other big road project? What you're saying is you have to have it within the next annual budget you have to have an accounting that shows the money is going to get spent.

**Larry Syverson** replied, yes, that is correct.

**Scott Rising**, North Dakota Soybean Growers Association. We stand in favor of the bill from the standpoint that in today's world construction costs are somewhere between astronomical and totally outrageous when it comes to many of these rural roads. Bottom line is to be able to scrape together enough money to do something meaningful rather than just put band-aids on everything all the time.

**Kayla Pulvermacher** representing North Dakota Farmers Union; infrastructure funding has been a huge issue for our members for many years and it's a priority of ours this year. I am here giving the mighty "me to" to this bill. We think it will be a very helpful with especially the smaller areas that need that extra help when it comes to infrastructure.

**Senator Anderson** commented that he wanted to thank Mr. Rising and Cheryl for coming here and talking on behalf of the taxpayers and letting us know that at least some taxpayers it's okay to do this.

**Chairman Burckhard** closed the hearing on SB 2195.

Senator Grabinger made a motion for do pass on SB 2195.

Senator Anderson 2<sup>nd</sup>

Senator Judy Lee voted later and it's not recorded on tape

Roll call vote 6 yea, 0 No, 0 absent

Carrier: Senator Bekkedahl

# 2015 SENATE STANDING COMMITTEE MINUTES

Political Subdivisions Committee  
Red River Room, State Capitol

SB 2195  
1/23/2015  
Job Number 22433

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to the township road fund.

## Minutes:

"Click to enter attachment information."

Chairman Burckhard in reviewing the committee's bills verified with Senator Judy Lee that she votes yea on SB2195. It is recorded on this tape.

Date: 1-22-15  
Roll Call Vote: 1

2015 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2195

Senate Political Subdivisions Committee  
 Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
 Place on Consent Calendar  
Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Senator Grabinger Seconded By Senator Anderson

Senators	Yes	No	Senators	Yes	No
Chairman Burckhard	✓				
Senator Anderson	✓		Senator Dotzenrod	✓	
Senator Bekkedahl	✓		Senator Grabinger	✓	
Senator Judy Lee	✓				

Total (Yes) 6 No 0  
Absent 0  
Floor Assignment Senator Bekkedahl

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

**REPORT OF STANDING COMMITTEE**

**SB 2195: Political Subdivisions Committee (Sen. Burckhard, Chairman)** recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2195 was placed on the Eleventh order on the calendar.

**2015 HOUSE POLITICAL SUBDIVISIONS**

**SB 2195**

# 2015 HOUSE STANDING COMMITTEE MINUTES

## Political Subdivisions Committee

Prairie Room, State Capitol

SB 2195  
3/12/2015  
24704

- Subcommittee  
 Conference Committee

*Amanda Muschla*

### Explanation or reason for introduction of bill/resolution:

Relating to the township special road fund

### Minutes:

Testimony 1, 2

Chairman Klemin: Opened hearing on SB 2195

Senator Oehlke: This bill has to do with the money townships can hold in a special fund. At one time they could hold over 30,000 and they would like to increase it so they can hold more than one loan of gravel. The other section would be pertaining what they could use it for. They want to also include snow removal. I also handed in testimony from Senator Bekkedahl (Testimony 1)

Representative Kretschmar: How does the special fund come about?

Senator Oehlke: I would like to defer that to the guy coming up next.

Larry Syverson: Testimony 2

Representative Kretschmar: How does the fund get started? Is there a mill levy for it?

Larry: It has to come from our general levy, which is expandable at the 36 if we have an excess levy valid. It also might come from one-time spending from the state.

Chairman Klemin: Under the surge bill we just had wasn't there money for townships?

Larry: Yes

Chairman Klemin: Where does it go? Could it go here?

Larry: That goes into our road fund- the one we are talking about. Our other funds that we have levied could go in there for an offsetting fund from one-time spending.

Representative Kelsh: Does the township have to spend the 10,000 they got this year? I know the counties are supposed to have the money ready for projects. Does it cover townships also?

Larry: We are not as tightly bound. We are going to be establishing our budgets next Tuesday and we haven't gotten that money yet. It is sometimes difficult to budget because we don't have the money in our books right away.

Chairman Klemin: I thought all of the money had been dispersed by the state treasurer's office. You're saying the townships haven't received it?

Larry: It is dispersed to the county auditors and it is on their schedule of dispersal from their office to the townships.

Chairman Klemin: The county auditors do have the money to disperse to the townships in accordance with the surge bill. You can anticipate you will receive the funds couldn't you?

Larry: Most look at what is in the bank and base the budget on that.

Chairman Klemin: I am wondering what is the point of sending surge money early is going to do if you aren't going to be able to use it this year?

Larry: I am not sure if it won't be used this year. It's is a little difficult to account for it if it hasn't been there.

Representative Hatlestad: If you have your 30,000 account full and have surplus money, can you budget that into road construction and road repair rather than tuck it in the fund?

Larry: This would be a case where it might not get spent in that year. If we budget it, it would have to be spent.

Representative Hatlestad: If at the end of your budget cycle you have extra money could you put it in the road construction instead of putting it in the fund?

Larry: That would be correct

Representative Kelsh: I move a do pass

Representative Hatlestad: Second

A Roll Call Vote Was Taken: Yes 12, No 0, Absent 2 (Beadle, Strinden)

Motion Carries

Representative Kelsh will carry the bill

Date: 3/12/2015  
 Roll Call Vote #: 1

**2015 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2195**

House Political Subdivisions Committee

Subcommittee  Conference Committee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
 Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Kelsh Seconded By Hatlestad

Representative	Yes	No	Representative	Yes	No
Chairman Lawrence R. Klemin	X		Rep. Pamela Anderson	X	
Vice Chair Patrick R. Hatlestad	X		Rep. Jerry Kelsh	X	
Rep. Thomas Beadle	/		Rep. Kylie Oversen	X	
Rep. Rich S. Becker	X		Rep. Marie Strinden	/	
Rep. Matthew M. Klein	X				
Rep. Kim Koppelman	X				
Rep. William E. Kretschmar	X				
Rep. Andrew G. Maragos	X				
Rep. Nathan Toman	X				
Rep. Denton Zubke	X				

Total (Yes) 12 No 0

Absent 2 (Beadle, Strinden)

Floor Assignment Kelsh

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

motion carries

**REPORT OF STANDING COMMITTEE**

**SB 2195: Political Subdivisions Committee (Rep. Klemin, Chairman) recommends DO PASS (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2195 was placed on the Fourteenth order on the calendar.**

**2015 TESTIMONY**

**SB 2195**

SB. 2195  
1-22-15  
#1

Support SB 2195

Senate Political Subdivisions Committee

January 22, 2015

Chairman Burckhard and Committee members,

I am Larry Syverson from Mayville, I raise soybeans on my farm in Traill County, I am the Chairman of the Board of Supervisors of Roseville Township of Traill County and I am now the Executive Secretary of the North Dakota Township Officers Association. NDTOA represents the 6,000 Township Officers that serve in more than 1,100 dues paying member townships.

On December 1, 2014 at the NDTOA annual meeting the membership passed four resolutions, two of which are:

1. *NDTOA proposes a change to Section 57-15-19.2 (N.D.C.C.) regarding Special road funds: Change the special road fund from a \$30,000 maximum to a \$100,000 maximum.*
4. *Be it Resolved that NDTOA supports a bill to allow townships to establish a designated snow removal fund.*

SB 2195 satisfies both of these resolutions and NDTOA is very grateful to Senator Oehlke for sponsoring this bill and Senators Bekkedahl and Dotzenrod for Co-Sponsoring it.

In the normal budget building process that a township must go through each year any carried funds are applied to the budget needs before any funds to meet that budget can be levied. Thus if a township needs to build a construction fund it will only reduce the amount that can be levied. For this reason Section 57-15-19.2 was added, it allows a township, by resolution, to put up to \$30,000 in a special road fund so that it may be excluded from the levy calculation. The special road fund must be kept separate from all other funds and can only be expended for road construction, graveling, or surfacing.

JD. 2175  
1-22-15  
#1.2

For many years this ability had worked well, allowing townships to grow a fund for needed road projects that they could not afford from one year's levy. But over the years, road costs have risen substantially, now thirty thousand dollars would be a very small road project. That is the reason the township officers of North Dakota have asked that the statute be updated to allow an amount more appropriate for today's road cost.

The other issue that township officers would like to see addressed is snow removal funding. Snow fall seems to ignore budgets. So the township officers asked that fund be established that they could put money in when snow expenses are low because we all know that sooner or later that storm will come.

Rather than develop a separate fund that could only be used for snow removal, we thought we would propose simply adding snow removal to the list of acceptable expenses to be paid from the special road fund. That way townships could avoid having money sit unused in a specified account.

SB 2195 does not allow a township to levy any greater amount, they are still subject to the same mill levy restrictions.

On behalf of NDTOA, I ask that you give SB 2195 your favorable recommendation.

Thank you, Chairman Burckhard and Committee members, that concludes my prepared testimony. I will try to answer any questions you may have.

SB 2195

3/12/2015

1.1

SB 2195

March 12, 2015

Testimony by Senator Brad Bekkedahl, District 1

House Political Subdivisions Committee

Representative Lawrence Klemin, Chairman

Chairman Klemin and Committee Members,

Senate Bill 2195 provides two changes in existing statute of the North Dakota Century Code 57-15-19.2, which relates to Township Supervisors authority to transfer funds into the special road fund. The first change takes the amount of funds in the special road fund from a limit of \$30,000 up to \$100,000. This increase in amount of funds available acknowledges the escalation of construction material costs, higher bid submissions for projects, and increasing maintenance expenses for roads in the townships. The other important factor is that as Counties have been burdened with growth and infrastructure demands, they simply do not have the ability they once had to assist the townships on major road projects. Having more funds available allows the townships to move forward on improvements without waiting multiple budget years to fund projects and takes some pressure of the Counties as well. The second change is the addition of "snow removal" to allowable spending of the fund. As everyone knows, we do not control the weather, and having a fund source for extreme weather events should improve the lives of township residents.

Chairman Klemin and Committee, I thank you for your consideration of this testimony and respectfully request a Do Pass on SB 2195. I am ready to address any questions you may have at this time.

SB 2195  
3/12/2015  
E.1

In support of SB 2195

House Political Subdivisions Committee

March 12, 2015

Chairman Klemin and Committee members,

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Rather than develop a separate fund that could only be used for snow removal, we thought we would propose simply adding snow removal to the list of acceptable expenses to be paid from the special road fund. That way, townships could avoid having money sit unused in a specified account when there are bills to pay.

SB 2195 does not allow a township to levy any greater amount, they are still subject to the same mill levy restrictions.

On behalf of NDTOA, I ask that you give SB 2195 your favorable recommendation.

Thank you, Chairman Klemin and Committee members, that concludes my prepared testimony. I will try to answer any questions you may have.