

2015 SENATE POLITICAL SUBDIVISIONS

SB 2260

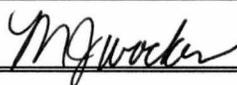
2015 SENATE STANDING COMMITTEE MINUTES

Political Subdivisions Committee Red River Room, State Capitol

SB 2260
1/30/2015
Job Number 22894

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A bill for an act to provide for an economic impact grant program for political subdivisions

Minutes:

Written testimony #1 Casey Bradley
Written testimony # 2 Chad Keiser
Written testimony # 3 Scott Edinger
Written testimony # 4 Brian Paulson
Written testimony # 5 Keith Lund
Written testimony # 6 Mark Lindahl

Chairman Burckhard opened the hearing for SB 2260. All senators were present.

Senator Robinson (:16-2:25) This bill is pretty self-explanatory. Obviously, we have some exciting issues in the government in our part of the state in Stutsman County as well as in Barnes County. The development there is nothing short of exciting. This bill is far more than focusing on one geographical area. This bill is intended to provide some economic impact that can resolve from the excitement that we're going to see in the Stutsman/ Barnes County area. So the thought would be to be pro-active to have in place some dollars to address those impacts. Both of our counties are not in any position to meet the challenges that this type of development is going to bring to the area. Those challenges are broad based roads and bridges, EMT, fire department, police protection, etc. So the effort is one to be prepared, the effort is one to be in a position that we can respond to the best that we can to those challenges that we know are coming. We have other programs that address energy impact areas. They have worked and they haven't been in position to cover 100% of the problems, but to be there and to compliment the efforts of the local political subdivisions. I would encourage support for this bill.

Senator Wanzek (2:40-10:32) Would be an effort by the state to help communities that are facing significant growing pains as a result of the large economic development project in their area. It creates a fund that would provide a pool of state money to be available for use in granting assistance to these communities as they face difficult service and infrastructure demands on their local resources. The fund as stated in the bill would be managed by the Department of Commerce. The Department of Commerce would establish the qualifying criteria and manage the fund to meet the intent of this legislation. The fund is actually patterned after the Oil Impact Fund. It was meant to address other areas of the state that are feeling a similar impact as a result of facing some of the same dynamics that we're

seeing in the oil industry. As I listen to folks back home and local authorities and the discussion about man camps and infrastructure and firefighting demands, and law enforcement demands, I couldn't help but think, boy you would almost think we're visiting with someone from the oil impacted area. So, that is where the idea came from, but I do find economic development kind of an interesting dichotomy. While we spend a lot of time and money on hiring economic development folks and providing incentives yet there is still some consternation when we succeed. And when we succeed to the extent that some of our more recent accomplishments have been, it does result in some impacts and effects on the local economy until we get up to speed. I think most of us want to develop and manage that economic development project in a manageable, under control organized fashion but it doesn't always work that way especially with the projects we've had lately. First part of my intent and it would be to the Department of Commerce, is to identify those projects that are of a nature or size or scope where there is a significant statewide economic benefit. These projects would most likely in my mind be primary jobs or projects. We're not talking about economic development where a community is bringing in a new Dairy Queen. These would tend to be large projects that have a dramatic impact where for instance a sudden influx of maybe 3,000 new people moving into your community and would be putting a strain on local housing, public safety services, infrastructure, schools, EMT's, fire fighters. I know this is targeted towards a project that is actually occurring in our area between Valley City and Jamestown in the Spiritwood area. Besides the fact that we've already had Great River Energy develop an oil electric generating plant which they are in the process of building right now and ethanol plant. These were significant projects in the \$100s and millions of dollars and now we're facing the Cenex Harvest State fertilizer plant. From what I've been told it's going to take nearly 3,000 or more people to help build this. That is going to be a sudden influx of people moving into our community where we are going to have all these needs and services. So it is going to put this extra burden on our area. Part of the problem is those 3,000 won't be around forever as the project becomes complete, a lot of those will move and we will settle down to a more stable number of full time employees. I think it may be around 300. So it does present a problem, how do we handle this sudden need but we don't want to overbuild because it's probably not going to maintain at that level for a long time into the future. Secondly, I want to make sure that it's clear that the funds would be granted for extraordinary expenses incurred as a result of a project of this magnitude. Over and above ordinary expenditures that locals would be accountable for. I guess the question in my mind to ask is, is it fair for local community or local tax payers to bear the total cost of a blooming industry development that essentially is a significant benefit to the whole state. It comes back to the oil impacted areas and what they've done for the state and the fact that we need to help them. This maybe in a small microcosmic way or to a smaller degree is impacting areas in other parts of the state. Lastly, the bill on page 2, line 7, states that determining amounts to be awarded and dispersed to impacted political subdivisions consideration must be given to identified needs and revenue received by each impacted political subdivision from taxes or fund distribution formulas provided by law. This is telling me is that before any state match can be awarded; the locals do have to show that they've made an effort through the local funding or taxation methods to address these problems. They would need to exhibit some local accountability to receive the grant funds. I want to make sure that by listing these intents and what I am expecting out of the bill we are trying to show that we're not just going to throw around money willingly, it's a serious effort from the state to be proactive in the area of economic development where projects are of significant state wide benefit to our economy. We want to help local tax payers. Sometimes

they may be asked to share in the cost of this rapid large development projects of this nature. It is not an ongoing government spending program; it would be a one-time investment from the state into our local communities when there is a state interest involved. I hope that explains to you where I am coming from on this bill and what I am attempting to do and providing some assistance to these local political subs that face these issues when we have these projects which I want to be certain and make it clear too, that I view is very positive projects that we want to move forward with but are asking for a little bit of help from the state when we are in this situation.

Senator Anderson In your discussions with the Department of Commerce about where this money is going to go, I don't see a fiscal note here, so do they have other projects now that there're going to fit in to this same model so that they don't have an additional staff needs to take care of this grant and this money?

Senator Wanzek I did visit with them a little bit. We didn't get to that kind of detail yet. But again, more or less, the idea came from me when we had some local law enforcement folks make an application about 2 years ago, to the oil impacted funds for a grant and they were denied and it came to me that we should pattern this after the oil impact fund. I think we have some guidelines there to go by that would provide a structure where they wouldn't have to spend a lot of money and reinvent the fund. We have an example to follow which I think would make it a lot less difficult in administering it. However, should this bill move forward that might be something we need to address. It kind of came last minute. I think the idea is worth discussing, so we put it in and hopefully as we move forward we can work with the department to make sure that they are comfortable with it.

Senator Judy Lee It says aside for allocation of funding as a result of sub 2 from 57-51:15 what is that?

Senator Wanzek This is targeted toward other areas of the state facing economic development. **Senator Judy Lee** I know that, but what is 57-51:15? I get money in that one.

Senator Wanzek that is essentially the chapter that defines the counties based on their oil revenue collections. So, what it is doing is ruling out the big ten oil counties from receiving this because we are already taking care of them through oil impact funds and other funds. That is essentially what that is.

Senator Judy Lee Are you talking about one project that creates a big economic or are you looking at a percentage of growth or are you looking at whether they have to be related to one another like the fertilizer plant that is there, or something connected to that. How would you determine the criteria for economic impact from a project?

Senator Wanzek We are leaving quite a bit of flexibility within the Department of Commerce to do that. I don't know that I am completely qualified to come up with that number but I do believe that a \$3 B dollar fertilizer plant would qualify, I would sure hope so. I am hoping with their expertise and that, to prioritize these dollars I think we want to identify those ones that have the most significant benefit to all of us within the state.

Representative Brandenburg (14:47-18:35) I can't tell you the frustration when Terry called me when it was found out that non-oil law enforcement would not receive any of the impact money going for law enforcement because as we work that budget last session, I was sure that we had put some language, but found out we discussed but the language is not in there to deal with some of the non-oil needs too. We pursued this and checked it out and sure enough there is nothing there. It all goes to oil and they have their needs too. Back in 1997, when I was in Finance and Tax and we had \$2 Million dollars set up for oil impacted counties and townships. We squeezed \$2 M dollars out to deal with impact and it went \$8 M and now we are at \$200M. But that is where we are at today. We have these same situations happening for non-oil needs, non-oil counties, non-oil townships, cities whatever it may be to deal with the impacts that are coming with these large projects which we welcome. We are happy to see this type of infrastructure and the new projects and buildings and development. North Dakota is being developed. North Dakota is the place where it's happening. We were thinking about maybe taking a percentage of the oil impact which probably won't go over so good there. We need to really address this. I mean it's to a point where we need to put some money aside. The oil impact fund is set up for the people in the oil country. That committee is made up that way, they know the needs; they know the wants they know what needs to be done. This committee here is set up a bit differently, we're not perfect, were not sure, but it's a good start and it's something we can work with to get a pool of money together to deal with these impact areas so we can deal with the issues of law enforcement as well as other issues dealing with that new business coming to town.

Senator Anderson We hold a competition to decide where these things should be decided. In the local communities give their incentives and say we would like to have it here. Now in the oil impact business we have a 11.5% tax that comes off the oil when bring out of the ground to sell it. My sense is that we're going to have a bill which exempts the sales tax from all the stuff they buy to build this plant that you're talking about.

Rep. Brandenburg replied yes, pretty much. **Senator Anderson** that means that we have to collect \$400 million dollars in sales tax, not business, but sales tax off of the impact of this plant to get the \$20 Million dollars back from the people that are going to work there. We have to collect \$400M to get that 5% sales tax, the \$20 Million that you're talking about here. I have a little difficulty understanding the payback on the project to the state of North Dakota. Obviously we're going to have some income taxes from people that are working there and so forth. **Rep. Brandenburg** sometimes we say we gave away the ship, but then you know it may take 5 or 10 or 20 years before you see the payback coming back into the community. So, as you can see I've had this discussion with your seatmate and I give him the same answer.

Senator Bekkedahl You've been very understanding and I would say from the perspective of most of the people in my area, this would be a good thing. We understand when we didn't even get the help early enough in the process how painful that was for us. I commend you all for being proactive and trying to do something before it hits you. It is just the better way to go. I think it's the most economical way to go, dealing with them on the back end is much more expensive. The pain to your citizens will just about kill you. I think this is a good thing. I don't have personally any problem with it coming out of this Strategic Investment Improvement Fund if there is room to do that, the \$20 Million dollars. I to feel like we need

to have some payback to the state on these types of issues. Ultimately what we do is we bring in more citizens to the state of North Dakota and that is a good thing for all of us. That is what we are trying to do to grow the state. I support your efforts. The concept seems good to me. I would say that just to put into a little perspective. Certainly the largest plants were going to see in history of North Dakota with these developments and they are value added to the industry which is good as well. The other thing I would say is do as much as you can to be as creative as you can in your own areas to help out as well because we were limited by state law to the appropriations as Williston's oil taxes was a million and a half dollars per year up until 2010, before the grants kicked into the level you're talking about. Be as creative as you can to help out locally as well.

Representative Brandenburg I can totally appreciate your comments. I can tell you that the city of Jamestown they know how to put sales tax on. The thought is as you look at this, we got \$20 Million in the fund, I don't know if that is the right number, but then we to the appropriation, and where we are at with what's happening with the STIF, we got to come out of here with something. Whether it's \$20 Million or some other number they've got to come out of here with some sort of a structure to deal with these non-oil issues. That is probably the thing that I think is important. Right now I don't know what that number is because right now everyone is getting a little pain.

Senator Bekkedahl I don't know the number either, but, hopefully something comes out of that and continue to work on this because regardless of what we do as a policy committee, I hope something comes to fruition that makes lives better down their too.

Representative Brandenburg These people are here today because they truly feel the pain. They are out there dealing with the issues of dealing with people in accidents out on the roads. This is truly a real life situation. There is a problem out here dealing with law enforcement.

Senator Bekkedahl Do you see this grant program as being applicable to the projects also in Grand Forks and the refinery project in the Devils Lake area?

Representative Brandenburg I see this state wide in all 43 non-oil counties. In fact, it might change, it might be 44 because we're not sure if we'll have 9 or 10 or 8. So when we go home we want to make sure we know what that number is going to be. That is the moving target with the \$5 Million production.

Casey Bradley, Stutsman County Auditor & CEO (26:37-31:10) In support of SB 2260. Written testimony # 1.

Senator Judy Lee My question is whether or not it would be like a single project. I don't have anything special in mind here, but obviously the big projects were talking about are the ones that have been and will be built in the Jamestown area. But if it were another community that had not a \$3 Billion dollar project, but a \$500,000-600,000 project that they were unrelated that ended up contributing to growth and change. What happens to those places? I am not trying to be the devils in the details thing, but how do you sort this out for communities who might be qualified?

Casey Bradley I believe the way that bill is written is you have to justify it related back to economic development. So, whether it's multiple projects or one big project, I think as long as you can justify it, it will go back to the Department of Commerce to determine whether that's a valid request or not.

Chairman Burckhard The Spiritwood Station Power Plant and the Dakota Spirit Ag Ethanol Plant were those tax incentives too good or were they just right in your opinion?

Casey Bradley The Spiritwood Station, the power plant did not receive any proper tax incentive because they do not pay property tax. They pay the Conversion Taxes which are levied by the state so the actual taxes received are minimal because of that. The Dakota Spirit Ag Ethanol plant they did receive and also nets out to about a 7 year property tax exemption because they value added ag. In my opinion, that was a good tax exemption. It was prior to my coming on board with the county that this went into place. But, part of the justification for this is because they are putting in these roads. So, you're looking at instead of the taxpayers spending \$7 Million for industrial grade road, the company absorbed it and they did so through special assessments. So, it's not a burden on the taxpayers, but the ancillary roads are and that is very similar to the basis we use in determining the CHS tax exempt package that we put together. Looking at the value added from the employees that are coming to the community and looking at upwards of \$15 Million dollars of infrastructure that they are going to put in that would've otherwise been a part of the county costs which obviously we don't have. Taking those into consideration, I think it is justified when we can point to public infrastructure that actually opens up other commercial areas for development and other projects. So, it's a benefit for the community and to the project.

Chad Keiser, Stutsman County Sheriff (34:55-39:00) In support of SB 2260. Written testimony #2

Chairman Burckhard what is your turnover been like in your department? **Chad Keiser** Stutsman County has been very good because we haven't had any. Our turnover, we did just lose one deputy to a private entity. He went out of law enforcement totally. So, we really don't have that much turnover in Stutsman County.

Senator Anderson If for example, we put this grant money in here and help your department out over this period of time, theoretically during the construction phase. Then you see you're going to be able to maintain those officers and deputies that you need long term or are we going to have to put a grants program in every session?

Chad Keiser That is one thing I don't want to do is I don't want to go over. When we were looking at these numbers that is my concern. I don't want to have or get 6 deputies and then have to either ask for more money to keep those 6 deputies or let them go. I think with 4, and with the traffic count that is coming, we will be able to sustain 4.

Senator Grabinger Of course this is going to impact the community I represent probably more than any other community. I just wanted to say thank you for your kind words Senator Bekkedahl towards this and I want to thank all those who came to testify. Senator Anderson as far as the impact to the state and everything I don't know if it was elaborated on a lot, but their building a natural gas line to this facility that is going to impact from the west. That is where we're getting the natural gas, so it works for our power plant. The power plant uses

the lignite from out west, so I just wanted to add that there is an impact out there too, to what we're doing here.

Scott Edinger, Chief of Police in the City of Jamestown (41:59-46:24) In support of SB 2260. Written testimony #3.

Senator Bekkedahl You talked about the calls per service and I've got a question relative to that because what I've seen in statistical analysis across the state is there are different definitions, for call for service in different departments. (Ex. Cited) Can you define what your call for service means?

Scott Edinger Our call for service is consistent with what Williston does. You will see that in the numbers. A couple of years ago, we did a study on this with a number of chiefs of police and supervisors from Dickinson, Fargo, BCI and Williston. We did notice that as well. If you look at our annual report you will see that we are actually down about 30 calls from last year. When I say that we did a 700 call increase, it's because one of the things that I've done in the 3 years that I have been chief, is delete some of that fluff. Previously, we would do a call for service and then we would do follow-up and every time you would go back to work on that call for service you would see a number increase because they were going back. We've deleted that. That difference was 700 calls last year, even after deleting those calls for service.

Senator Judy Lee Could you spell your last name for me please? Edinger. Do you have a joint dispatch center with Stutsman County or is it Jamestown Dispatch center?

Scott Edinger No we have a joint dispatch center. **Senator Judy Lee** Locally, we're having quite a bit of impact from Guard deployment? Have you and it may also apply to your sheriff's department as well, have you had an impact from that as well? We have vacancies in local police departments because of their deployment.

Scott Edinger No we have not. We have no guard members in our department right now and in the 21 years that I have been there we have only had one guard member in the department.

Brian Paulson (49:25-52:50) Currently serving as the Assistant Fire Chief of the Jamestown Rural Fire Department; in support of SB 2260. Written testimony #4.

Terry Traynor Association of Counties (no written testimony) In favor of SB 2260. (53:08-54:27) The Association of Counties is in support of this. Obviously a lot of discussion of the development in Jamestown but there's other developments around the state and planned for in the future and we think this is a real good concept. We're a long ways from economic development being someone opening a machine shop or a cheese plant or something like that, these are big projects that have much broader impact than just the township or the county. It is very difficult for the taxpayers in that township and county to deal with those impacts. We think this makes a lot of sense. More on a personal note, I had the pleasure of sitting on a committee for the Attorney General and helping decide where the impact money for law enforcement went last time as you so graciously provided and much needed. But at the end of that conversation I had to have a conversation with Sheriff Keiser and the Chief

of Police and explained that no, we were not recommending awards there although there was obvious need. That was a difficult conversation but this would help that, and I think it is well needed.

Keith Lund (54:46- 56:11) Vice President of the Grand Forks Region Economic Development Corporation. I am here today in the capacity as the President of Economic Development Association of North Dakota. In support of SB 2260. #5

Laney Herauf (56:36- 57:08) Government and Regulatory Affairs Specialist for the Greater North Dakota Chamber; Written testimony # 6. The Greater North Dakota Chamber is really in favor of this bill. We see infrastructure needs as a critical issue for this session and think this bill is a great step toward rectifying and preparing ourselves for all that we need to prepare for.

Senator Anderson From the perspective of the Greater North Dakota Chamber, I am sure you have members all across the state. Do you see or have you ever talked about a better way to get the money to these impact projects and so forth and to take money into the state and then give it back to specific areas? Has your organization talked about a better way to do that?

Laney Herauf I haven't been privy to any of those discussions if they have occurred. I think our main concern is the mechanism as to how the money gets to the impacted areas, but rather that money is getting to the impacted areas. So we would support whatever method the Legislature deems most appropriate but we found this to be a very suitable bill to give the money to the areas that need it.

Senator Anderson The other point is that obviously if one guy is going to get the money somebody else is not going to get it. You know that is always the balance.

Richard Schlosser, North Dakota Farmers Union (58:39-59:40) Most of the conversation has been about the Jamestown project. Just to understand North Dakota Farmers Union was part of that collaborative effort to make sure that we developed a plan and a process with both the Commerce and local economic development folks to bring this project to its fruition or to the point where it is anyway. Obviously, the impact in the area is going to be immense as Senator Wanzek spoke of, and we have in the past been always very supportive of infrastructure needs in rural North Dakota but this impact obviously covers the whole gambit; human services, fire protection and obviously some of the police protection that it needed in the area. We're supportive of the concept.

Larry Syverson North Dakota County Township Officers Association (59:56-1:00:08) We stand in support of SB 2260. It will be very important to continue with the level of fire and police protection. (tape stopped, came from my notes)

Mark Klose Chairman of the Stutsman County Commission in support of SB 2260 (1:00-1:02:01) It is a situation of time of taxes being able to be collected is the big thing here. One thing comes to mind real quickly that we dealt with the other day, with a railroad switch. When you make these forecasts for your expenditures and also your revenues, a wrench gets thrown into the gears sometimes and we had forecast a \$500,000 railroad switch and that got changed to \$1Million and half dollars. So we have to come up with a million dollars

to make this thing viable and working and these are the things that concern us because they are unexpected expenditures. So, I guess from the time that the construction process starts until you realize the revenues could take 3 to 4 years. This is kind of a bridge type situation where it would help us out as far as those kinds of emergency situations. Unforeseen and unplanned for and it's a new venture for everyone. It is the biggest project, I am now referring to the fertilizer part of it, and there is obviously a lot more to that whole park out there. But something brand new to this upper Midwest really in this concept and what it is going to do. So we're going to I am sure run into a lot of unforeseen expenditures. No one really has an idea on what to anticipate. So we would be very much in favor and appreciative of your consideration on this bill.

Senator Judy Lee We have a growing industrial park in West Fargo as well and my question is because we are struggling a little bit because some of the businesses which have just located or are in the process of building, so again it is under construction deal are having problems in getting a signal at an intersection because we know the traffic is going to be there, and yet the rules and laws say that it has to be a current traffic count. I have visited with the Department of Transportation about this because it seems to me more cost effective when the road is a street, a highway is being rebuilt in that area to look at that need first rather than dig that all up in two years when the trucks are running into each other. I am just wondering if you see that, we can't fix that, and are you seeing those same kinds of challenges when you're talking about the railroad switch and some of the traffic? Some of the things you are trying to anticipate that your hand and bound a little bit by some of those rules about it has to reach a certain level of activity before you move into whatever the next thing is you want to do?

Mark Klose these are some of the things that I guess you can't always plan 100% for it. We've been discussing some of these things but as far as the bottom line on monetary issues for us because we haven't received the revenues yet from the growth, you've got to have that upfront money and of course I am proud of the fact that we have a little reserve fund for a rainy day and things of that nature. We need to come up with some cash to make it happen or we don't get the service to the ethanol plant. You have a major company that has invested \$150-160 million dollars in just that one part of it, and you've got no railroad service for it and that was all part of the process. In trying to get back to your question, we've looked and heard scenarios that could happen and we've invested the money that I think that we can, and putting it into the right spot. Great River Energy has been 100% easy company to work with. They special assessed all of the infrastructure off of our county main line road and paid for that. We didn't have that expenditure and I probably think they realized we didn't so they were very cooperative in that regard. As far as any anticipated traffic signals and stuff, I don't know where that will be. We have not done any major reconstruction of that road to date. I understand where you are coming from, look ahead, don't overlay the road, rebuild the road and have to come in next year and put in a bunch of underground stuff and rip it up again. The planning of that road project quite frankly, we haven't got to that point yet.

Senator Anderson Stutsman County is probably in the best position to plan for this as well as the city of Jamestown too. But have you considered for example, a county wide sales tax which you expect these 3,000 workers to come in and the biggest impact in the most sales are going to be while they are there and options are a county wide sales tax with a sunset clause on it after the workers are gone. There are different ways to do this. What

you're asking us to do is bring the money from all the state sales tax collections and give them back to the local community so is that something that you considered?

Mark Klose We haven't talked about a county wide sales tax for that specific reason. There has been some initiated measures and such that have been floating around on different things. We do have a formula, an economic development levy that the county receives and we are the first county in the state of North Dakota that adopted it and in fact had the first Economic Development Board in the state of North Dakota. But, I guess that would be certainly an option to float that by the taxpayers. If it wasn't for the fact that the magnitude of this project of \$3 billion dollars plus with a major impact of the entire region and states of where the dispersements of this product is going to go, I guess we could do that but I feel that it's more than just Stutsman County here that is going to see the benefit of the 25 million bushels of corn, the 20+million bushels of barley brought in and shipped out in the form of malt and ethanol; and the 600,000 tons of lignite that comes in and the 500,000 tons of fly ash that go out to supply power to different state. I think it is more than just us that gain on these projects. So, I guess we can tax ourselves to the point where how much is enough, is it one cent or two cents, or 3 cents, I don't know what that number would be to take care of these costs. We are talking significant amounts of infrastructure.

Chairman Burckhard Mr. Klose if he had a county tax now? **Mr. Klose** We do not have a county sales tax. The city of Jamestown does levy a two cent sales tax.

Chairman Burckhard Continuing on Senator Anderson's thought, that government helps those that help themselves. **Mr. Klose** well I like to think that we help ourselves. I haven't been here for several years asking anything. I don't like to come up here and take somebody else's money and spend it for my own selfish needs and I don't think that is what I am doing today. I hope that I am not. I hope I don't perceive myself to be that way. The size and the nature of these businesses were talking a \$3 billion fertilizer complex it is going to take 80,000 cubic feet of natural gas per day. I don't think were the only ones that benefit by that and we certainly do appreciate the fact that it is in our backyard and we're going to generate the taxes that are paid on those, but we're going to have a tremendous amount of expenditures that go with that.

Chairman Burckhard Not to debate you sir, in North Dakota, the largest revenue producer is sales tax and that has profited big time from the oil boom. So, it's a good generator of income.

Senator Bekkedahl Casey what is the payment in lieu of tax agreement for the county to receive taxes on this facility and what would it have been on the normal taxation level for your county?

Mr. Klose I will defer that question to Casey Bradley. **Casey Bradley** the total payment for CHS will be \$3 million dollars per year in payment lieu of tax and \$235,000 of that on top of that will come from an incentive from the Jamestown, Stutsman Development Corporation in lieu of them utilizing the county and city Jobs Development Fund. So it's basically they are flowing it through as property tax so their subsidizing part of their property tax payment so the total payment back to the taxpayers per year will be \$3,235,000. A survey we did of existing tax payers they will be the largest in the state by 2.3 times.

Senator Bekkedahl what would that have been without the payments in lieu of taxes if the full tax would have been appropriated based on evaluations currently for the county of Stutsman?

Casey Bradley it is debatable. **Senator Bekkedahl** give me your best guess. **Casey Bradley** well, it's tough. This project is 58% of the counties value when it is all said and done. It's two to three hundred times the townships value. So to say that the mill rate that exists today would be the mill rate that existed when it was operational.

Senator Bekkedahl at the current mill rate, what would that be?

Casey Bradley at current mill rate they would pay over \$9 million dollars a year, but you would raise the county would be bringing in 58% more taxes which obviously we can't justify.

Senator Bekkedahl I don't mean to badger you with it, because I don't understand it because I am a city official and I don't get into the county taxes. But the other reason, we are not allowed to tax the oil facilities by state law. They took away that right for us to do that so, I don't know how you tax big infrastructure like this.

Katie Anderson Mayor of Jamestown (1:13:23-15:39) think that most of the high points have been hit here about the significant needs that exist when you have an economic development project come into your area. Whether that's a project like the nitrogen fertilizer plant, with plans to go in Spiritwood, or a project in other corners of the state. West Fargo was mentioned certainly Grand Forks is looking for some great economic development projects as well and clearly out of the oil impact areas. I think what we've tried to do from our perspective was to be proactive in every way we can. So we've been pro-active in policy, we made sure we have the ordinances in place so they can regulate some of the components that are going to come in. We've been proactive in some of the infrastructure development that we've put in. We've up sized things so that were prepared to handle some additional members to our community. But we have a gap for it still seems to be those public safety related services. A lot of it is just filling that gap until the industry really develops. How proactive can you be when you don't have the financial resources to take care of those needs before you actually have the economic development? As soon as we have all those workers in here paying a sales tax, and Jamestown does have a 2% local sales tax, as soon as we have those local workers residing in our communities, and owning homes and property and paying property taxes we should have revenue to maintain a lot of our services. But in the meantime, in that preparation time, is where we are really looking to fill with a grant opportunity to make sure that we have the law enforcement in place, to make sure that we maintain our public safety, to ensure emergency services are there for our fire protection, for ambulance service, so that our quality of life as residence of our community maintains or increases as we see economic development as opposed to seeing a reduction in those services. We think that is really what we are looking for here is to kind of fill that gap and not for it to be a long term application that will need to be renewed every session. This is really for those projects that come in and you have a dramatic impact before you really see the full benefit of them coming to fruition.

Chairman Burckhard Mr. Bradley come forward to educate the committee for a question from Senator Lee.

Senator Judy Lee Mr. Bradley I thought maybe it would be helpful if you gave a very short review of payments in lieu of taxes so that all of us are up to speed on exactly what that entails.

Casey Bradley (1:16:18-1:18:46) The payment in lieu of tax is a mechanism available under North Dakota Century Code. It allows the business or development to make a payment to the local governments and it is distributed back to the local governments. It can be extended up to 20 years in lieu of doing an exemption. In the case of Cenex Harvest States, it is a project that they will have 36 to 42 months of construction. Under current Century Code we have to tax that project during construction at full tax rate. There can be no incentive given to the project until it goes operational. So what we looked at and the commitment from the board and back to Senator Bekkedahl's, question the board looked at it from the standpoint of the tax revenue coming in. We don't want it when it goes into this Pilt agreement and they start making this payment. We don't want the taxes and the mill levies to shoot back up. So in the structure that we looked at, we looked at what the rate is going to be through construction and then once it goes into the payment of lieu their value goes away and they make a payment that keeps the local units of government whole. That plays into an impact with the Barnes County North School District. Obviously we have that 12% cap that is placed on their general fund, so we tried to build that all in and as far as the agreement, every taxing jurisdiction that has a part of this was a part of the committee. They reviewed the information and met with CHS to discuss the request. From the county's perspective we look at what it is going to cost us for the next 20 years to hire four new sheriff's deputies. We know we're going to have to hire additional staff after the fact for demand on services as well. So we built that in to cover those additional costs. We believe the agreement provides us with two to three times what our anticipated cost would be and the remainder would be benefit back to the existing tax base. But the up-front infrastructure that we're really expecting is law enforcement.

Senator Bekkedahl I think you answered the question so the payments would begin in the year construction commences on the project. Correct. Obviously the levy would be the year following the commencement but when would you get your first payment of tax on the facility? So you don't certify February 2, degree of completion like we do on normal construction, didn't you say you get it when commencement of the project begins?

Casey Bradley That is incorrect sir. The payment in lieu of tax is made to the county in the year following the commencement of commercial operation. **Senator Bekkedahl** oh commercial operations, that was what I needed to hear. I thought you meant when they commenced construction. **Casey Bradley** said the first payment in lieu of tax payment will not be made on this project until 2019 or 2020 depending on when they finalize construction.

Senator Bekkedahl Just as a rough estimate what is the distribution of the subdivisions, approximately how much would go to the county auditor's revenue steam and how much would go to the city of Jamestown? **Casey Bradley** the distribution that was agreed to is exactly the same as today's mill.

Senator Bekkedahl which is what? Can you give me a rough guess? **Casey Bradley** you would have about 40% to the county, then the school district would get about \$900,000 but the county would get about \$1.2 M; fire district would get \$65,000; township would get

about \$45,000. The city of Jamestown gets nothing then? **Casey** replied that is correct. It is in Spiritwood Township. It is not in the city.

Senator Bekkedahl Even though you know it is a county levy; the city of Jamestown gets none of that. Casey said the project is not in the city of Jamestown. The other question I have then do you anticipate that the mill levies for the remaining tax base in the county, obviously evaluations goes up so you're going to adjust the mills levied to reflect the increase in evaluations. Do you expect that this brings on enough tax base that all of the other tax payers will see a reduction in not just the mills, but also in the amount of property tax they are levied because of this project evaluation?

Casey Bradley yes that is the way we wrote the agreement. We anticipate the county level for a county wide benefit, if we have other growth than this project would benefit the existing tax base by 25%. Now, as you get into other areas of the county that is going to be more significant. Obviously we have some issues that were working with DPI, in regards to the Barnes County North on how the pill payment works and the funding formula but in the actual township of Spirit wood, you're looking at upwards of 50-60%. Your about 100 times existing tax bases in Spirit wood Township and they currently levy 18 mills so their anticipation is to go down to about 2 mills to continue operating while it is in the pill phase. So, like I said in my testimony, this is an extremely beneficial project from a tax perspective, to the region. Looking at the sales tax this will generate, the income tax that this will generate, there distribution is 200 miles. The planned distribution for this facility is 200 miles so you're looking at benefit to basically every farmer, all the way into Canada down to Nebraska.

Senator Judy Lee Some of us in the room were at a meeting talking about the fertilizer plant and it was stated that school district there is going to be so much influenced by this project that the school district would no longer qualify for state funding. I want to make sure that you understand that is not correct.

Chairman Burckhard closed the hearing on SB 2260.

Committee Discussion: The committee decided they wanted more time to discuss this bill at a later date.

2015 SENATE STANDING COMMITTEE MINUTES

Political Subdivisions Committee Red River Room, State Capitol

SB 2260
2/5/2015
Job Number 23329

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A bill for an act to provide for an economic impact grant program for political subdivisions.

Minutes:

"Click to enter attachment information."

Chairman Burckhard opened SB 2260 for the committee's discussion. This is Senator Wanzek's bill which is asking for the sum of \$20 Million dollars from the SIFF fund for economic impact grants.

Senator Judy Lee I move Do not pass on SB 2260.
Senator Anderson 2nd

Discussion:

Senator Dotzenrod they are setting up this impact fund. Who or where would that decision be made, if there were someone who turned in a request for some economic impact?

Senator Bekkedahl I believe the bill sets it up to go to the Department of Commerce doesn't it? It's on the first definition of Section 1.

Senator Bekkedahl I don't know the intention of the original motion maker on this bill, but I will tell you some of the discussions that I've had. First, I have great sympathy for what they are going to go through and I think they made a great case that some funds should be made available to help with that because obviously I am asking for funds for my area for some of the same reasons. But the part that troubled me about this in Williston we do not grant any economic development funds to oil companies. We don't grant any exemptions, tax wise or income tax to any oil companies. We do not even grant the \$150,000 program for tax exemption for new home construction because it's happening there anyway. So that being said most of that was going to developers and not to the people purchasing the homes by the way. When they were building homes under the exemption in Williston and being used 10 years it was going to the people that built the home and didn't sell it for two years. I don't know if our assessing department was allowing it in the wrong way or what it, but that what was happening. In the Payment of Lieu of Tax Program, specifically, they said that the \$9 Million dollars at the current levy in that area would've been \$9 Million of your Stutsman County and its political subdivisions. The Payment Lieu of Taxes is \$3 Million

dollars per year. So there was room in there I thought for the county to handle the additional needs for law enforcement, needs for roads which are going to be constructed and I thought the grant program was merely going to displace the cost of those issues that they have relative to the development back to the state under this request. Understanding again, the Legislature removed the authority for any taxation of the industry other than the buildings within our communities that are taxed for property tax. The well sites are not able to be taxed because of legislation of 1953.

Chairman Burckhard I spoke with Senator Al Christenson from Great River Energy and he said they contributed \$8 Million dollars towards the road infrastructure on their project.

Senator Anderson It seems to me that we'll probably are going to give it a sales tax exemption for building this fertilizer plant. Now, we say we don't give any exemptions but we give an exemption for sales tax for stuff they use on the drilling rig, for pipelines and all those kinds of things too, right? So those are sales taxes in place. So, we tend to do that and of course those sales tax exemptions affect the local as well as the state. It also takes some money out of the state coffers because we get 5% of that. So, Jamestown said they had a 2% tax, but of course it doesn't go for these things. That goes for economic development. I understand it helps the other states and we're selling natural gas, but I guess I am not particularly in favor of it myself.

Senator Bekkedahl The last note that I had written here, was from the Stutsman County auditor, chief operating officer, Casey Bradley. I asked will any of this payment lieu of taxes grant property tax relief to any of the existing property tax base, because of the evaluation coming up. His response was they were anticipating a 25% decrease in property tax dollar levy to the current residence of the county, because of this valuation coming on line.

Senator Anderson I actually thought I heard that they were going to take 25% of the tax, but I may be wrong.

Senator Judy Lee When they were putting in the big plant down in Wahpeton and they had the special session, we gave them tax relief and we didn't do any of this other stuff. Now, please understand that I recognize all of the challenges that they are going to be looking at, and Jamestown city doesn't get some of that money in the pilot because it's only for the townships and so forth that are outside. There is money to non-oil producing counties, townships and cities in the 3rd bill that we passed, and I want to know what Harvest Cenex is doing that will be comparable when Big Al, we paid \$8 Million bucks to put the road in. I thought well what is Cenex Harvest doing? There is a benefit to them having this plant as well. What kind of partner, never mind just the payment in lieu of taxes, that's different. But they have to be partners in this as well. I don't think that Richland County, and you would know better than I.

Senator Dotzenrod There was a big impact on the county to come up with their share. The state was in there, the highway department and good paved roads, but there was a portion of road improvements that the county had to come up with and there was some concern in the county that was going to be a pretty big hit for them. But, they were happy, and took it as an alternative. If we can get this plant and there was a bidding competition between Minnesota and North Dakota. They were all in on whatever hit we were going to have to

Senate Political Subdivisions Committee

SB 2260

February 5, 2015

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take, we want this for our Richland County. They took some hits on roads. But I will say I expect to support the bill just because I do think what's going on in Spiritwood is something like we may have never seen, quite like that. It's a rural industrial development site that incorporating so many things and the volume of material that is going to be coming in and out of that is going to be something we've never seen before in the state. It is spectacular and I don't know the numbers. It's going to be a very big impact.

Chairman Burckhard Motion is do not pass

Roll call vote 4 yea 1 no 1 absent

Senator Bekkedahl requested the vote be held open for Senator Grabinger.

Chairman Burckhard agreed and then closed the committee discussion.

Senator Grabinger vote is recorded on February 6, 2015, Job number 23396.

2015 SENATE STANDING COMMITTEE MINUTES

Political Subdivisions Committee Red River Room, State Capitol

SB 2260
2/6/2015
Job Number 23396

- Subcommittee
 Conference Committee

Committee Clerk Signature



A bill for an act to provide for an economic impact grant program for political subdivisions.

Minutes:

"Click to enter attachment information."

Chairman Burckhard offered Senator Grabinger the opportunity to discuss SB 2260.

Chairman Burckhard said there was a motion for a do not pass with a vote count of 4-1 in favor of the do not pass.

Senator Grabinger I apologize that I wasn't here yesterday, I didn't expect that this bill would be taken up. I was surprised that it was considering my community is effected more by this probably by anybody else's in the state. I just wanted to give my 2 cents of support to this. This is for more than Stutsman County, it's available to all non-oil impacted counties. I watch as and I support the efforts too, to bring money out to the oil impacted counties and help them. I voted for them and I support that effort, but my community is facing some serious infrastructure issues very quickly. We have the largest development project ever in the history of North Dakota that is going up 13 miles from my community. It is going to bring in a lot of workers. We need help to do the infrastructure. We want to get ahead of the game, this is simply an effort to try and help us do that and get to that point. We've already had a huge development out there with the Cargill Malting Plant which has been there for many years. We have the ethanol plant being constructed right now; the Great River Energy power plant there; and they all work in sync with utilizing the steam and water and power. It is a really good development for North Dakota, it uses natural gas produced out west so we actually are somewhat impacted by oil country. But I just wanted you to hear that I support this bill and this effort. It's not just for our area. It can be utilized by anybody all the way from the west to the east. If we could I would like to reconsider it, but if not, I certainly am not going to support the effort to do not pass and I will make that known if there is no reconsideration.

Chairman Burckhard On the malting plant, how long has that been there, and what did they contribute to the infrastructure? Do you know that?

Senator Grabinger Cargill Malting Plant. I worked there years ago as an apprentice electrician when we expanded and built on a new part. They've been there a long time, it's over 30 years. The whole place, the Spirit wood Energy Park is what we call it now, and there has been serious investment by the citizens of Jamestown and Stutsman County to our economic development efforts. Our 1% sales tax, in fact, I was just talking a little bit ago, about the investment of \$4 Million dollars the city made and the county for the railroads spur to help the development because they needed that for the ethanol plant and the Great River Energy Power Plant. So, these are investments that our community and county have worked together to make to develop this whole place, but what we're going to see with this new plant and new development it certainly going to put a pinch on our area and our community.

Chairman Burckhard I think Casey Bradley the auditor guy said that this project will be 58% of the counties tax assessed value. Did I get that right? **Senator Grabinger** said right. So this is going to be huge. My community actually doesn't get the tax off of that. The school district is in the Barnes County North School District and the people out there voted for that and that is what they decided to do. So, there is little benefit as far as taxing for the city. Now, certainly the county will, after the tax exemptions are done.

Senator Judy Lee I think it's really important you know that we know and understand what is going on, but we really had a lot of good discussion about this including the fact that Great River Energy paid \$8 Million dollars for the road that went to their place and I am really interested to know what Cenex is doing to be a partner in this because this is good for them too.

Senator Grabinger Quite honestly I can't speak to exactly what they are going to do with their roads. They are going to have to help build some. We've had other entities like when the South Dakota Wheat Growers came and built their facility out at Eldridge and they put in their road out there, from our main road to theirs. Also we got some money from the State of North Dakota to help out with our county roads out there because we had actually taken old # 10, which was the highway and it goes right thru Spiritwood. We actually ground it up because we couldn't afford to fix it. Now we've done an overlay on that and we've got County Road 62, right south of Spirit wood and did an overlay on there so there has been quite an investment there already.

Senator Judy Lee Has anybody approached Cenex Harvest about what their role is here? I know that Great River has been more than a good corporate citizen in the part that they played there. There are other projects that have gone forward even a casino, that is down in the Hankinson area. They paved the road down there because nobody was going to pave it for them. So, it seems to me that it would certainly be appropriate for them to be approached about this when other entities have done something. If I were Big Al, I wouldn't be so happy about the fact that the state is going to do it for one place no matter how big and important this is, without, some kind of buying in from the entity itself. Because I am a big capitalist and I want them to make money there and it will be good for the whole state. I get that part. But I think they've got to step up and I am just wondering if the county has approached them about being a partner in this, so that we don't have everybody saying well the state is going to pay when we put up any new kind of economic development project rather than having this partnership exist between the public and private sector.

Senator Grabinger I don't have an answer of what their plans are. I do know that they will be approached if they haven't I would suspect our commissioners have already done that. I am not privy to the plans so I can't give you that information. But I certainly can ask because I know when Great River Energy was asked to help out with their road, and provided the funding for that, that was due to our commissioners asking them to take that step. They were asked to build the road into the park where they are at. I can find the information out, but I don't have it today.

Senator Anderson Here is my position Senator Grabinger on these issues. If you look at comparable situations and here companies pay in lieu of taxes payment for the property taxes in the area. When the plant was built down in S.E. North Dakota, the county picked up those costs and the state didn't have a particular investment in the roads going up to that plant. In our area, the coal taxes of course, we have in lieu of taxes. There is the coal extraction tax and those go to the political subdivisions and they have to use that money to take care of the roads and stuff in the counties. The state doesn't put other money into those areas, so when I compare the situation you have where you spent economic development money to bring these people in and I realize that sometimes the planning doesn't extend to what you eventually end up expecting. But, there is a county sales tax and I am sure you're all in favor of a sales tax exemption for everything that builds this plant. So that means we lose that 5% and yet there may be some 'in lieu of taxes payments' that go to the local people but not to the state in that regard. So when you compare similar projects where somebody is competing to get a plant and then they spent their 2% economic development tax and their successful and then they say now you should help us with this. That doesn't make good sense to me. In other instances this may be a large plant now, but we spent \$2 billion dollars on the coal gasification plant when it was built northwest of Beulah which back in the 1980's that was a lot of money compared to this plant. Now it would look fairly small compared to that \$2 B dollars that we spent to put in that coal gasification plant again and of course again with the extraction tax is in lieu of taxes for that and the county has to take care of whatever going back and forth to that place. So, that is my reasoning for saying that we shouldn't put state money in to these projects necessarily, especially when we maybe don't have that much right now.

Senator Bekkedahl The one thing that I will tell resonated with me, unfortunately was Casey's testimony when he mentioned that the payment in lieu of taxes the normal taxes on that property would've been \$9 Million dollars a year and the payment lieu was negotiated down to \$3 Million dollars and then I believe did the city of Jamestown put something in that as well. That reduction of that \$6 Million and then the sheriff got up and said we need more help for this and the police said we need more help with this and I thought about well, there is some room maybe in that negotiations where you could've may be gotten a million dollars more. I wasn't involved with that so I don't discount that at all, but just a recommendation. Casey also said that as a result of even the \$3 Million dollars, it looked like the property tax base the property tax payers in the county would see a reduction of about 25% of their property tax because of that additional evaluation tax base. If there seeing a benefit of 25% maybe that could've helped out with the law enforcement too. To be constructive, John, I will say I know you're facing the man-camps like we did and I know and I don't know how you've set that up with the county or the city or both but what we did in Williams County and the City of Williston, is we got together early on and said

we're going to assess a per bed fee whether the bed is occupied or not. When it is constructed there is a per-bed fee and it's an annual fee of \$400 per bed. All that money went back to our law enforcement. We just put it back into law enforcement to help out. With the man-camps winding down to some degree, the county and city have now passed a 1 % county wide tax for law enforcement, so that's' how we've handled it.

Senator Anderson I think there is a significant difference between working hard to recruit a plant to your area. You happen to be in the oil fields where things are done to you because you happen to be sitting on the oil pool. You see the difference there and everybody in the state would be happy to have the economic development and probably some of them competed for it. So, when you get it, then say to the rest of them, you didn't get it, but you have to help us. That is a little inconsistent with me.

Senator Grabinger I think and certainly understand Senator Anderson. I think a large part of this comes from the police and sheriffs and the situation. They applied for oil impacted grant funds to try and help us in that sense and were denied. It was kind of frustrating for us when we obviously were seeing the need. Were growing and were going to grow very quickly and we've got to ramp up with law enforcement and everything and we're not able to access some of the funding that the west is seeing it with their expansion. That is the frustration that comes with this. This wasn't an attempt to help combat that, and give us an opportunity to seek some grant funding to take care of some of those needs.

Senator Anderson I do appreciate the fact that you've tried to get out ahead of it a little bit. In western N.D. they didn't get ahead of it and their playing catch-up. But the other issues that I mentioned are still in place and that is my reason for saying that I am not supportive.

Chairman Burckhard Mr. Klose from the county commission said that he would not be in favor of a county tax. I thought that was a little surprising.

Senator Grabinger He probably said that because it has been voted down 3 times. On my last year as a city council I worked on a county road plan because we were at that point in dire straits with our roads. We ended up buying a machine to grind them up because we couldn't afford to fix them. All the paved roads in our county and we have a very large county and anyway we're able to put together this road plan and presented it for a county wide sales tax to the taxpayers and it was voted down. It had been voted down, since then again. That's probably why he made that statement.

Chairman Burckhard the motion was a do not pass, it's 4-1 would you like to enter your vote?

Senator Grabinger I would vote 4-2 motion do not passes.

Senator Bekkedahl Under the formula for how city funding Jamestown is now eligible for a 2% finance from oil and gas. Because most of it is your trucking industry that is out there working I think. If the bill for the formula 60/40 goes through, we change that to a half million dollars for percent. The city would get a million dollars a year off of that. Hopefully that will help.

Senate Political Subdivisions Committee

SB 2260

February 6, 2015

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Senator Grabinger voted no on SB 2260, 2/6/15 Job number 23396.
Carrier Chairman Burckhard

REPORT OF STANDING COMMITTEE

SB 2260: Political Subdivisions Committee (Sen. Burckhard, Chairman) recommends **DO NOT PASS** (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2260 was placed on the Eleventh order on the calendar.

2015 TESTIMONY

SB 2260

SB 2260
1.30.15
#1

TESTIMONY TO THE SENATE POLITICAL SUBDIVISIONS COMMITTEE REGARDING SENEATE BILL 2260

Casey Bradley, Stutsman County Auditor/COO

Mr. Chairman and members of the Senate Political Subdivisions Committee, I am Casey Bradley, Stutsman County Auditor and Chief Operating Officer and have been working in this position since October of 2011. Stutsman County has been extremely fortunate to have experienced or have planned a level of growth rarely seen by such a small community. Since I began my tenure with Stutsman County we have had the \$350 million Spiritwood Station Power plant come online, the \$160 million Dakota Spirit Ag Ethanol plant or DSA near completion, the \$3 billion CHS Fertilizer plant begin construction, and the proposed \$330 million Courtenay Wind Farm propose full construction in fiscal year 2015. All told that will be \$3.8 billion in new heavy industrial development in our area in a span of five to ten years.

While this growth is certainly brings tremendous opportunities to our community, it also brings challenges. The vast majority of these challenges come before the developments are completed and before they become beneficial to the existing tax base, if they are ever allowed to. I'm sure the committee is aware that the 85% taxes paid by Spiritwood Station are retained by the state for use in the general fund and that the state currently gives an 85% tax exemption to windfarms plus depreciation. So the reality is that the existing tax base will be forced to support these development issues.

While the developers of these projects have been exceptional to work with and have been more than accommodating in trying to pay for infrastructure improvements directly relate to their project they are only able to address direct issues not indirect issues that the rest of the community faces. For instance DSA has improved the local roads connecting to the county major collector that connects back to the interstate system. While this is a primary route for their commercial traffic it does not fully address the follow of corn into the facility which will ultimately travel down a variety of county and township roads that will place an additional burden on that system.

From the proposed developments we are looking at an increase of 300,000 vehicles in and out of the Spiritwood area alone per year. The CHS project will actually change the distribution of fertilizer throughout the region, further burdening local roads. Because of these increases we anticipate having to add an additional four Sheriff Deputies to manage the traffic, two of which will also be certified as weight enforcement officers to help preserve our road systems. All of these costs will be incurred long before these projects become operational and contributing to the existing tax base.

There are many other burdens our community will face that are hard to quantify at this time because the total impact of these projects in our community is still an unknown. We know that there will certainly be increased demand for Social Services and our Correctional facility. The area in and around Jamestown will not only see an increase of nearly 2,000 temporary construction workers but also an influx of permanent workers who will all likely use the local government services in some fashion.

I strongly urge you to give SB 2260 a do pass as this bill is a great step in the right direction to help our rural communities with financial assistance to address these tremendous growth opportunities for the betterment of the entire state.

TESTIMONY TO THE SENATE POLITICAL SUBDIVISIONS COMMITTEE REGARDING SENEATE BILL 2260

Chad Kaiser, Stutsman County Sheriff

Mr. Chairman and members of the Senate Political Subdivisions Committee, I am Chad Kaiser, Stutsman County Sheriff and have been with Stutsman County for 17 years last four of which has been as Sheriff. The Sheriff's Office has been busy like every other law enforcement in the state. We started really seeing a difference around 2010 where we were about 3,681 cfs (calls for service) to 6738cfs in 2011, 8175 in 2012, 7755 in 2013 and about looks to be about the same number for 2014. So it looks like we may be leveling off right now as our dispatch numbers are seeing a similar leveling of call numbers. We have been struggling for a few years in handling this volume of call numbers with 7 deputies and myself. We have not been able to do any pro-active policing, community programs in several years.

We have tried to get some oil grant assistance which has not worked out since we do not have an oil rig in Stutsman County we do not qualify. Although the numbers and types of calls indicate that most of the numbers we are currently seeing are a derivative from the West activity. We have been successful in letting our commission know our struggles and we were able to add an additional deputy with my budget. We also applied for an additional deputy through the COPPS grant and was successful in getting the COPPS grant and was granted the approval to add that position as well through the commission. The Commission has been very helpful in getting our office the help that it has needed for some time. The Sheriff's Office is now up to staff to handle the call for service at our current rate which has been a blessing on our stressed staff.

In 2015 Stutsman County is going to be seeing a significant growth in the next few years in new industrial development within the county. With the proposed developments we are looking at an increase of 300,000 vehicles in and out of the Spiritwood area alone per year with the Spirit Ag Ethanol plant near completion, Spiritwood Station Power Plant is on line and CHS just starting construction on a \$3billion fertilizer plant. We also have a proposed Courtenay Wind Farm also that is proposed to be full construction in 2015. With the proposed developments we are looking at peaking 2000+ temporary construction workers.

With all of that being said, all of this development in the Spiritwood area is going to put us behind again with deputies 9not meeting the need. We do not even know yet what the total need is going to be. With the figures we have now we are looking at adding 4 more deputies. Two of those deputies will be trained in weight enforcement to try and help preserve the county and township road system with an estimated 300,000 vehicles coming in and out of Spiritwood by itself. The county's services as a whole are going to be stressed like the Correctional Center, EMS, Social Services, Rural Fire Dept.

The County Commission is not going to be able to meet our need this time as there is going to be too much need from everyone and no immediate tax base to assist with the need.

Please give SB 2260 a do pass as this bill will give communities some financial assistance that's going to be needed to address all of the growth and developments that are coming. This growth and development is not only going to benefit Stutsman County but the whole State Of North Dakota.

Jamestown Police Chief
Scott Edinger

SB 2260
1.30.15
#3

Senate Political Subdivision Committee.

Senate Bill 2260 is long overdue for eastern North Dakota. Specifically in the corridor that runs north and south between Fargo and Bismarck. Agencies to the east such as Fargo and Grand Forks are large enough that they still often qualify for the ever shrinking Homeland Security and Byrne Jag Grants for public safety. While agencies to the west have received state oil impact funds, are now receiving tax based funds from growth, and in some cases receive those same shrinking federal monies.

Governmental Subdivisions in the area between have been excluded from both federal and state funding supplementing their budgets for years. As a result government services from public safety have suffered. Agencies along this corridor are less competitive in the public safety job market and are having difficulties competing for competent public safety officials. Calls for service in several of these agencies are and have been on par with the oil patch for some time. Two areas in particular, Devil's Lake and Jamestown, have historically exceeded some of the call for service per officer rates of the oil patch communities.

Speaking specifically for the numbers of calls for service responded to by the Jamestown Police Department, I can tell you the numbers are much higher than many of those in some of the oil patch communities. In 2014 the Jamestown Police department responded to 16,653 calls for service. That's an observed 700 calls for service increase over 2013*. The Jamestown Police department's authorized strength was 29 officers at that time. However, due to turn over the actual strength for most of the year was only 25, resulting in a call for service per officer ratio of 666/1. In comparison, the Watford City Police Department which was recently featured in a national news article specifically about the overwhelmed law enforcement agencies of the oil patch, took 7404 calls for service with an authorized/actual strength of 19 officers. This resulted in a call for service per officer ration of 389/1. This has been consistent throughout the oil boom, but Stutsman County and the city of Jamestown are not considered "oil impacted."

During this same period of economic boom for North Dakota, all federal grant funding ran out for the Jamestown Police Department. And while the Jamestown city council has done an excellent job of providing funding for equipment and ideas that could make the department more efficient, those improvements have only bought time. Now with impending and unprecedented growth coming in the Jamestown and Stutsman County area, there is an opportunity to not repeat some of the growing pains of the oil patch. This funding, from Senate Bill 2260, if approved can provide some level relief between the immediate demand on local government as a result of rapid growth, until additional funding from growing tax revenues can be realized.

I urge you to support SB 2260. I will certainly stand for any questions.

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**SB 2260 Written Testimony
Senate Political Subdivisions Committee**

Chairman Burckhard and Honorable Committee Members,

My name is Brian Paulson; I am currently serving as the Assistant Fire Chief of the Jamestown Rural Fire Department. I am submitting my testimony today in support of SB 2260 on behalf of the Jamestown Rural Fire Department, the Jamestown Rural Fire District, and the numerous Mutual Aid partners whom we depend on for support in Stutsman County. This bill will provide much needed funding opportunities to fire departments like ours across North Dakota who are feeling the ripple effects of the current economic boom. We have watched from a distance the economic tidal wave that transformed and overwhelmed the emergency services in the western part of North Dakota. The new economic develop that is taking place in my fire district is transforming us in ways we never thought possible, to meet these new and growing responsibilities and non-traditional hazards our department is going to be in great financial need. Adding more volunteer firefighters requires extensive training, equipping them with protective clothing, scab's, & handheld radios all at a cost to our district. The large amount of truck traffic that will be continually moving through our district due to the industrial operations will increase the responses that will require not only extrication, but hazardous materials & fire responses simultaneously which will require additional mutual aid responses with specialized equipment. The addition of a coal fire power & steam plant, ethanol fuel processing plant, wind tower farm, and now anhydrous ammonia plant in our response area requires us to train and purchase equipment to provide fire and rescue services not currently performed in our fire district. The reality of a fire station possibly located near the vicinity of these industrial facilities with one to two additional response vehicles housed there, and remodeling of or current fire station to house more response equipment is now a decision our board of directors has to contemplate. Our fire district currently serves 22 townships and covers approximately 828 square miles; we are funded through mill levy which we are currently at our 5 mill limit. Although our impacts will hopefully not be felt like they have happened over night they are still standing in front of us now, with the support of this legislature we can minimize the impacts on our communities and be proactive in managing our economic growth by helping fund the necessary essential services. I respectfully ask for a DO PASS recommendation from this committee.

Sincerely,
Brian Paulson
Assistant Fire Chief
Jamestown Rural Fire Department

**Testimony of Keith Lund, President
Economic Development Association of North Dakota
In Support of SB 2260
January 30, 2015**

Chairman Burckhard and members of the Senate Political Subdivisions Committee, I'm Keith Lund, vice president of the Grand Forks Region Economic Development and president of the Economic Development Association of North Dakota (EDND). On behalf of EDND, I would like to express our support for SB 2260, which establishes a \$20 million economic impact grant program that will be administered by the Department of Commerce to help fund infrastructure and other essential governmental services.

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The primary purpose of the organization is to support the creation of new wealth and the diversification of North Dakota's economy.

Infrastructure is a key driver of economic growth. Essential infrastructure is critically important to the health and vitality of North Dakota in this time of tremendous growth. EDND supports judicious and progressive investment strategies, such as this, that help maintain existing infrastructure and create infrastructure for future growth. EDND's legislative agenda includes support for enhancements for large economic development infrastructure projects, which is what this bill does.

In many cases, economic development projects are becoming more infrastructure intensive. There are a number of projects across the state in various stages of development that, if successful, will require multi-million dollar infrastructure investments. These infrastructure investments are getting increasingly difficult for individual political subdivisions to fund.

EDND supports SB 2260 and the development of appropriate eligibility criteria and program guidelines to insure the fund is able to support a number of political subdivisions that have the opportunity to develop significant economic development projects that will aid in the diversification of North Dakota's economy.

On behalf of Grand Forks and EDND, I urge the committee's support of SB 2260.

SB2260
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#6



Home of the Bison

Barnes County North Public School District #007
Box 255 Wimbledon ND 58492 701-646-6202 (Tel) 701-646-6566 (Fax)
Mark M. Lindahl Superintendent

Jan. 29, 2015

The Barnes County North Public School is very much in favor of Senate Bill 2260 if it will provide us with possible support for the economic development that will occur in the Spiritwood area.

With a possible influx of students to our school, areas of concern are;

- (1) Railroad crossings that do not have the electronic gate closing capability,
- (2) Construction of a bus barn to house our buses,
- (3) Continued upgrading of our parking lots,
- (4) Equipment for our elementary playground,
- (5) Landscaping for our school grounds.

We also have a concern with the 3 mile stretch of County Road 3 stretching from north of interstate 94 (at exit 272), to old highway 10. This stretch of road is gravel. With the amount travel on this road with cars and buses, this is a major concern. We would like to see this road paved.

These are just a few things that the BCN School District could use in preparation of the economic development that will be occurring in the Spiritwood area.

If you have any further questions, please let me know.

Thank you,

Mark M. Lindahl

Mark M. Lindahl
Superintendent