

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

Wednesday, November 20, 2013
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Brenda Heller, Chairman, called the meeting to order at 10:00 a.m.

Members present: Representatives Brenda Heller, Ron Guggisberg; Senators Dwight Cook, Jessica K. Unruh; Citizen Members Katie Andersen, Don Frye, Vicki Kubat, Dr. Jon Martinson, Mike Schwartz, Larry Syverson; Governor's Designee Brandi Pelham

Member absent: Citizen Member Scott Ouradnik

Others present: See [Appendix A](#)

It was moved by Representative Guggisberg, seconded by Senator Unruh, and carried on a voice vote that the minutes of the August 28, 2013, meeting be approved as distributed.

COUNTY SUPERINTENDENT OF SCHOOLS INFORMATION

Chairman Heller called on Ms. L. Anita Thomas, Counsel, Legislative Council, for testimony ([Appendix B](#)) relating to the office of county superintendent of schools. Ms. Thomas said since 1995, 33 counties have opted to designate the statutory duties of the county superintendent. Representative Heller asked where information can be obtained regarding the counties with superintendents along with the salaries of each superintendent. Ms. Thomas said the Department of Public Instruction and the local county board of commissioners could provide such information.

**POLITICAL SUBDIVISION BUDGET AND PROPERTY TAX RELIEF
INFORMATION ACCESS STUDY**

Chairman Heller called on Ms. Linda Leadbetter, State Supervisor of Assessments, Tax Department, for testimony relating to assessors in the state. Ms. Leadbetter said there are 1,340 organized townships in the state. She said counties perform assessing duties for 508 townships. She said townships assess 832 townships with 511 assessors. She said there are a total of 356 incorporated cities in the state. She said counties perform the assessing duties for 147 of those cities. She said cities assess 209 cities with approximately 140 assessors.

Ms. Leadbetter said there are approximately 125 full-time equivalent (FTE) assessment employees working in the counties and cities. Senator Unruh asked how many county assessors are full time. She said it varies by county and size as many counties do not view assessing as an individual department.

Ms. Leadbetter said the Tax Department survey results found that townships have 555 certified assessors. She said townships also reported 73 are yet to be certified. She said there are four levels of certification. She said township and Class II city assessors must complete a minimum of 24 hours of training and complete a statewide standardized test within 12 months of appointment. She said Class I city assessors, for cities with populations of 5,000 or more, and county directors of tax equalization must complete the required instruction within three years of appointment. She said Class I city assessors must successfully complete 150 hours of training. She said tax directors must complete 190 hours of training. She said to become certified as a county director of tax equalization or Class I city assessor, courses are offered through a three-year rotation. She said dependent upon the date of appointment to the position, the rotation may require three years to complete the necessary coursework. She said those seeking certification are allowed to challenge specific course requirements. She said certification can be completed through other educators.

Ms. Leadbetter said township or small city assessors may be appointed. She said township and small city assessors are required to complete the 24-hour education course within one year in order to continue in the position. She said once certified, continuing education is required for all assessors and tax directors. Senator Cook asked who provides certification training for assessors. Ms. Leadbetter said the 24-hour course required to be a certified local assessor can be taught by a Class I city assessor who has taken the six-week course. Senator Cook asked why the

six-week course cannot be completed in a single session. Ms. Leadbetter said completion of the six-week training course in a single session would be ideal; however, the trainees are also responsible for completing tasks within deadlines in their respective counties. She said the administrative course is most important and is offered once a year.

Mr. Schwartz asked if there is any resistance at the township level for moving the assessing responsibility to the county. Ms. Leadbetter said there has been some, but as a result of the shortage of assessors in the state, the resistance is limited. She said many entities contract with counties to perform assessing duties. She said the amount counties charge for assessment services varies. She said some counties simply perform assessing. She said others charge based on value or parcels. She said the cost for performing the assessing appears to be less of a concern. She said townships reported assessor salaries between \$50 and \$2,000.

Representative Heller asked what the greatest improvement would be. Ms. Leadbetter said in her experience, having one department valuing all property in the county was the most helpful.

Chairman Heller called on Mr. Ryan Rauschenberger, Deputy Tax Commissioner, Tax Department, for testimony ([Appendix C](#)) relating to the Tax Department's experience with development and use of forms for property tax notices and statements under the 2013 legislative changes. Mr. Rauschenberger said the department certified statements for the counties, including one specified line item showing legislative tax relief and separate lines showing the school levies buydown and the 12 percent property tax reduction from 2013 Senate Bill No. 2026. Senator Cook asked if the wide variety of people answering constituent questions will be able to provide an educated answer. Mr. Rauschenberger said he hopes it can be explained in a uniform manner because educating and informing is important.

Mr. Rauschenberger said the department did not have any specific recommendations regarding the changes to assessment notice requirements as 2014 will be the first year the notices will be prescribed by the department, but he will have a better idea in the new year.

POLITICAL SUBDIVISION EFFICIENCY STUDY

Chairman Heller called on Mr. Walstad for presentation of a memorandum entitled [Advisory Commission on Intergovernmental Relations 1991-95 Local Government Efficiency Planning Grant Program History](#).

Chairman Heller called on Mr. Terry Traynor, Assistant Director, North Dakota Association of Counties, for testimony ([Appendix D](#)) relating to uniform accounting system feasibility. Ms. Andersen asked if a uniform system can be accomplished without changing current software. Mr. Traynor said it is possible but may present challenges for smaller counties with fewer programmers. Senator Cook asked how detailed legislation would need to be if the legislature was to implement a uniform system. Mr. Traynor said legislation is necessary to provide authority to enforce the system. He said another agency would develop the requirements. Senator Cook asked how to include all political subdivisions in the uniform system. Mr. Traynor referred the committee to written testimony ([Appendix E](#)) from Mr. Casey Bradley, Auditor/Chief Operating Officer, Stutsman County. Ms. Andersen suggested the State Auditor's office could originate a uniform chart to allow for audits to be uniform.

Mr. Traynor provided testimony ([Appendix D](#)) relating to the submission of county information to the Office of Management and Budget (OMB) website.

Mr. Traynor provided testimony ([Appendix D](#)) relating to unelected boards with the authority to certify tax levies to the county for collection. He said appointed boards do not have levy authority. He said only elected officials have levy authority. Ms. Andersen asked how use of a voter-approved levy is discontinued. Mr. Traynor said the public must vote on the question of discontinuing such a levy. In response to a question from Senator Cook, Mr. Traynor said an airport authority is an appointed board.

Mr. Traynor provided testimony ([Appendix D](#)) relating to county and township assessment services. He said it seems county tax directors believe township resources are too limited for consistent quality assessing, and overall, most tax director's resources are too limited to also assume the township assessment function.

Mr. Traynor provided testimony ([Appendix D](#)) relating to 2013 property tax levy information. Senator Cook asked if clarification of the law to require a link, rather than an annual report, be provided to OMB would be helpful. Mr. Traynor said not all the counties could provide links. He said the information comes in all different formats so it may not be helpful to compare budgets. He said OMB will track website traffic. Mr. Walstad asked if county budgets were provided to OMB through links and whether the linked information would be searchable. Mr. Traynor said until the information is uniform, it may be too varied to search.

Chairman Heller called on Mr. Walstad for presentation of a memorandum entitled [School District Election Schedules and Combination of Elections](#).

Chairman Heller called on Mr. Bill Wocken, City Administrator, Bismarck, to provide testimony ([Appendix F](#)) relating to city evaluation methods for property tax exemptions. Senator Cook asked why it is more costly for the city to keep old buildings in compliance with codes. Mr. Wocken said older buildings require more inspections and tend to have more operational issues.

Chairman Heller called on Mr. Jerry Hjelmstad, Deputy Director, North Dakota League of Cities, to provide testimony ([Appendix G](#)) relating to the 1991-95 local government efficiency planning grant program. Mr. Hjelmstad said the communication program developed through the grant is now obsolete.

Mr. Hjelmstad provided testimony ([Appendix H](#)) relating to the municipal calendar filing and administrative requirements. In a response to a question from Representative Heller, he said, there are always questions with new requirements. He said the change in notices for budget hearings caused a lot of questions.

Mr. Hjelmstad provided testimony ([Appendix I](#)) relating to board members appointed by the city governing body who receive compensation.

Mr. Hjelmstad provided testimony ([Appendix J](#)) relating to the development of a common vision on reporting budget and tax information. Senator Cook asked of the 357 cities, how many have populations fewer than 50. Mr. Hjelmstad said over 180 cities have populations below 200. Senator Cook asked why cities of 35 or fewer population do not dissolve. Mr. Hjelmstad said they prefer to provide their own services. Senator Cook asked how many elected and appointed officials are in the cities with populations fewer than 35. Mr. Hjelmstad said most have only a city auditor or a public works employee. Representative Heller asked if the county has authority when a city dissolves. Mr. Hjelmstad said the authority transfers to the county.

Chairman Heller called on Mr. Ron Merritt, North Dakota Recreation and Park Association, to provide testimony ([Appendix K](#)) relating to park district budget categories, inflationary factors, and comparison of property tax and user fee revenues. Senator Cook asked if there are 224 organized park districts in North Dakota. Mr. Merritt said not necessarily organized park districts, but cities that levy for parks. Senator Cook asked how many park districts are in the state. Mr. Merritt said at least 60 park districts with a board.

Senator Cook asked if park districts have other levies. Mr. Merritt said park districts have general, building, Social Security, pension, and special assessment levies. He said any other levy requires a citizen vote.

Mr. Walstad provided requested information relating to the statutory history for park districts. He said the legislature authorized cities to acquire, through gift or devise, property for park or public grounds in 1890. He said in 1905 the legislature created law allowing park districts as separate entities and allowing them to purchase property. He said in 1947 authority was created allowing cities and townships to establish public recreation systems. He said in 1953 the legislature authorized county park boards.

Mr. Walstad provided requested information ([Appendix L](#)) relating to the surrender of zoning authority. He said political subdivisions can revoke the transfer of zoning authority by following the statutory procedures suggested in the opinion of the Attorney General. He said it seems it would be more straightforward to provide statutory authority for the county to return township zoning authority by agreement.

Mr. Walstad provided requested information relating to questions posed at the August 28, 2013, meeting about what share of school district spending went toward salaries. He said approximately 83 percent of school spending was for salaries according to information ([Appendix M](#)) published by the Department of Public Instruction. He said this percentage has been relatively consistent since 1996.

Mr. Walstad provided requested information ([Appendix N](#)) about South Dakota school funding compared to North Dakota. He said a South Dakota school district is required to reorganize if it has fewer than 100 students and does not meet the definition of a sparse district. He said South Dakota school districts that consolidate are eligible for bonus payments. He said South Dakota's per student aid is \$4,237.72. He said North Dakota's per student aid is almost double that of South Dakota.

Mr. Walstad said the Legislative Council staff was asked for information relating to the bidding limitations of the park districts. He said park districts must bid acquisition of equipment and other nonbuilding purposes over \$25,000. He said school districts have the same limit. He said cities and other political subdivisions must bid building projects exceeding \$100,000, but there appears to be no bid requirement for equipment purchases by the city. He said it appears cities are free to set bid requirements for equipment by ordinance.

Mr. Walstad said the Legislative Council staff was asked for information relating to how the authors of the *Governing* magazine article determined that North Dakota has the highest number of elected officials per capita. He provided a copy ([Appendix O](#)) from the United States Census Bureau 2012 statistics, which appears to be the data source used by the authors. He said it appears the article in question was part of a series of articles based on the "United States Census Bureau, 2012 Census of Governments." Chairman Heller asked if government unit was defined. Mr. Walstad said it was not so verifying the data is difficult.

Ms. Andersen said it would be useful to have a table of types of political subdivisions showing whether each has property tax levy authority.

COMMISSION DISCUSSION

Representative Guggisberg said he worked on preparation of an [amendment](#) during the 2013 legislative session to provide for city special assessments to promote energy efficiency in private buildings. He said he would appreciate having the commission review the draft and discuss the concept. Chairman Heller said it will be discussed at the next meeting.

Senator Unruh requested testimony from local auditors regarding the uniform chart of accounts. She also requested information relating to the history of levy limitations and consolidations.

Senator Unruh requested information from a regional education association regarding the position of county superintendent of schools. She also requested that a current county superintendent of schools provide testimony about the functions of that position.

Senator Cook requested a bill draft requiring all assessors in North Dakota be Class I certified.

Senator Cook requested information on bid requirements for park districts and cities. He asked for inventory of what cities have and what they paid for purchases, including equipment. Senator Cook said last legislative session, the state aid distribution formula was altered when the financial institutions tax was eliminated. He requested an analysis of the effect of the change, particularly with respect to school districts.

Senator Unruh requested information relating to county jail systems. She asked for testimony regarding how the system works.

No further business appearing, Chairman Heller adjourned the meeting at 2:30 p.m.

John Walstad
Code Revisor

Samantha E. Kramer
Commission Counsel

ATTACH:15