Senator Jessica Unruh, Chairman, called the meeting to order at 9:15 a.m.

Members present: Senators Jessica Unruh, Brad Bekkedahl, Dwight Cook, Jim Dotzenrod, Lonnie J. Laffen, Scott Meyer; Representatives Thomas Beadle, Jason Dockter, Jim Grueneich, Ron Guggisberg, Patrick Hatlestad, Craig Headland, Ben Koppelman, Randy A. Schobinger, Vicky Steiner, Nathan Toman

Members absent: Representatives Sebastian Ertelt, Jim Kasper, Alisa Mitskog, Emily O'Brien

Others present: See Appendix A

It was moved by Representative Koppelman, seconded by Representative Dockter, and carried on a voice vote that the minutes of the September 6, 2018, meeting be approved as distributed.

OIL AND GAS REVENUE ALLOCATION REPORT

Chairman Unruh called on Mr. Ryan Rauschenberger, Tax Commissioner, to present a summary (Appendix B) of the information contained in the Report of County Statements of Revenues and Expenditures and Oil and Gas Gross Production Tax Allocations and a summary (Appendix C) of the information contained in the School Districts Report of Gross Production Expenditure Information. Both reports are on file at the Legislative Council office. Mr. Rauschenberger said the county report pertains to calendar year 2017 and the school district report pertains to the fiscal year ending June 30, 2018. He said county representatives are asked to complete surveys to indicate whether gross production tax revenue was used for general operating expenses or capital projects. He said most counties use gross production tax revenue for general operating expenses. He said a few counties use the revenue for capital projects and debt service.

In response to a question from Senator Bekkedahl, Mr. Rauschenberger said the amounts reported by school districts are the gross amounts. He said any imputed reductions are applied later as a function of the school funding formula.

In response to a question from Senator Cook, Mr. Rauschenberger said the Tax Department is required to provide expenditure reports to the Legislative Council pursuant to statute. He said the department collects and compiles the information it receives from counties and school districts but does not audit the information.

Senator Cook said the Legislative Assembly tends to request a large amount of information because at one time the request seemed prudent. He said as a result, the Legislative Management may be receiving reports it no longer needs. He said the report no longer seems valuable and the Legislative Assembly should consider eliminating it.

In response to a question from Chairman Unruh, Mr. Rauschenberger said the Legislative Assembly has not received any requests for the information contained in the reports.

In response to a question from Representative Beadle, Mr. Rauschenberger said not all counties have uniform reporting or accounting systems. He said there have been discussions pertaining to requiring political subdivisions provide uniform revenue and expenditure budget reports but the cost of setting up a uniform system would be significant.

Chairman Unruh called on the Legislative Council staff to present a bill draft [19.0088.01000] to eliminate the reporting requirements for schools and counties that receive oil and gas gross production tax allocations. The Legislative Council staff said the bill draft was requested after the previous county and school district reports were received in December 2017, and the committee learned neither the Tax Department nor the Legislative Council receive outside requests for the reports.
Representative Dockter said he recommends eliminating the report to allow the Tax Department to better use its resources for other purposes.

Chairman Unruh invited comments from interested persons in attendance regarding the bill draft. No comments were received.

It was moved by Senator Bekkedahl, seconded by Representative Steiner, and carried on a roll call vote that the bill draft [19.0088.01000] relating to the elimination of reporting requirements for schools and counties that receive oil and gas gross production tax allocations be approved and recommended to the Legislative Management. Senators Unruh, Bekkedahl, Cook, Dotzenrod, Laffen, and Meyer and Representatives Beadle, Dockter, Grueneich, Guggisberg, Hatlestad, Headland, Koppelman, Schobinger, Steiner, and Toman voted "aye." No negative votes were cast.

ECONOMIC DEVELOPMENT TAX INCENTIVES STUDY

Chairman Unruh called on the Legislative Council staff to present an updated background memorandum entitled Economic Development Tax Incentive Study - Renaissance Zone Tax Credits and Exemptions. The Legislative Council staff said the memorandum has been updated with the additional data and testimony the committee received at previous meetings.

Chairman Unruh said the committee exhausted every resource it had at its disposal to evaluate the renaissance zone program.

Chairman Unruh called on the Legislative Council staff to present a bill draft [19.0294.02000] relating to the development and implementation of a skilled workforce scholarship program. The Legislative Council staff said the next two bill drafts pertain to workforce concerns raised in relation to the committee's study of economic development tax incentives, which included a review of the internship program credit and the workforce recruitment credit. She said the committee reviewed a bill draft [19.0294.01000] at its previous meeting which created two incentives suggested by the Economic Development Association of North Dakota. She said the first incentive took the form of a scholarship program aimed at helping the state address its workforce needs and the second took the form of a tax credit earned for automating a manufacturing process. She said the committee requested the two incentives be split into separate bill drafts and further amended. She said the next two bill drafts contain the changes made to the scholarship incentive and the third bill draft contains the changes made to the manufacturing automation tax credit.

The Legislative Council staff said the committee previously expressed interest in South Dakota's Build Dakota scholarship program and requested a bill draft be prepared to mirror that program. She said South Dakota's Build Dakota scholarship program began in 2014 as a result of a $25 million donation by Thomas Denny Sanford. She said the state contributed $25 million in matching funds from its future fund to start the scholarship program. She said the scholarship program covers the costs of students pursuing a 2-year degree in a high-demand workforce field at one of four technical schools in the state. She said a board composed of South Dakota technical institutes, the South Dakota administrative board, and the South Dakota Department of Education work with the South Dakota Department of Labor & Regulation to publish an annual list (Appendix D) of educational programs that qualify under the scholarship program. She said the technical schools are responsible for selecting scholarship recipients and seeking matching funds from industry partners to help grow the scholarship program. She said scholarship recipients are required to maintain a 2.5 grade point average while enrolled and to work in the state for 3 years following the completion of their degree. She said the scholarship program is available to residents and nonresidents alike but the vast majority of applicants are South Dakota residents. She said a scholarship recipient who fails to maintain the mandatory grade point average requirements, complete the degree program, or remain and work in the state for 3 years following graduation is required to repay the awarded funds, including interest at a rate of 4 percent.

The Legislative Council staff said the skilled workforce scholarship program bill draft [19.0294.02000] is modeled after South Dakota's scholarship program. She said the program would be administered by the Bank of North Dakota in conjunction with the North Dakota University System and the workforce education advisory council for the purpose of attracting and retaining students in high-demand workforce areas. She said the bill draft requires the University System and the workforce education advisory council to publish a list of qualifying programs by August 1 of each year. She said the program would be funded with up to $10 million from the Bank of North Dakota, which requires a dollar-for-dollar private match. She said scholarships would be provided for designated educational programs that can be completed within 2 years. She said scholarship funds would be paid directly to the institution administering the educational program and cover tuition, fees, books, and supplies required to complete the program. She said the bill draft requires the scholarship recipient to maintain a 2.5 grade point average and remain and work in the state for 3 years following the receipt of the recipient's degree or certificate. She said the bill draft
provides an individual who fails to meet these requirements is subject to the repayment provisions specified in the individual's scholarship award agreement.

In response to a question from Representative Koppelman, the Legislative Council staff said a scholarship recipient is not to be precluded from receiving other types of financial aid.

In response to a question from Senator Cook, the Legislative Council staff said the bill draft does not detail whether private sector matching funds may be directed toward a specific recipient or program but allows the Bank of North Dakota to develop rules to implement and administer the scholarship program.

Senator Cook said another legislator may be sponsoring similar legislation and he wondered if the bill draft would be better served as a privately sponsored bill draft rather than a committee bill draft.

Chairman Unruh said she also thought the bill draft would be better served as a privately sponsored bill draft.

In response to a question from Representative Steiner, the Legislative Council staff said the Bank of North Dakota is responsible for developing a method to verify whether students have remained in the state for the required 3-year period following graduation. She said the interest rate applied to scholarship funds that must be repaid by a recipient is determined by the Bank of North Dakota and specified in the recipient's scholarship award agreement.

In response to a question from Representative Beadle, the Legislative Council staff said the bill draft does not specify the priority order in which scholarship funds should be applied if a student is receiving other scholarships or financial aid.

Representative Headland said he understands what the bill draft is seeking to accomplish, and the need to address the state's workforce concerns, but does not want the state to get into the business of paying a student's tuition absent a showing of financial need. He said he is worried about the future unintended consequences of this type of program.

Representative Guggisberg said he does not want this to turn into a reduced-cost job training program for certain businesses.

Chairman Unruh called on the Legislative Council staff to present a bill draft relating to the development and implementation of a talent attraction and retention scholarship program. The Legislative Council staff said the Economic Development Association of North Dakota provided recommended edits to the language in Section 1 of the bill draft reviewed at the committee's previous meeting. She said the edits remove references to the Dollars for Scholars program, clarify scholarships are available only to residents attending an institution of higher education in this state, and allow a student who attended high school outside this state to qualify for the scholarship if the student lived in this state for at least 1 year following graduation. She said the edits also reduce the maximum duration of the scholarship from 4 to 2 years and require the North Dakota Workforce Development Council and Job Service North Dakota to annually identify the eligible high-demand careers that qualify under the program.

Chairman Unruh reminded the committee these bill drafts were recommended to the committee by the Economic Development Association of North Dakota and are somewhat outside of the scope of the committee's study initiatives.

Representative Headland said he has concerns about a scholarship program that does not have need-based requirements and worries the program will take the form of an entitlement over time. He said he understands the desire to meet certain workforce needs but wonders if there is an alternative way to encourage students to pursue high-demand trades without paying a student's costs upfront.

Ms. Ellen Huber, President, Economic Development Association of North Dakota, and Business Development and Communications Director, City of Mandan, said the workforce market is extremely competitive nationwide and this state needs to retain its young people and attract additional workers. She said a number of states, including South Dakota and Washington, have implemented similar scholarship programs. She said 88 percent of individuals who received scholarships under Washington's scholarship program from 2013 to 2016 remained in the state after graduation. She said the association also received statistics from the Department of Public Instruction, which indicated 37 percent of the state's 2016-17 high school graduates did not receive any postsecondary education. She said 14 percent of the 2016-17 graduates attended postsecondary institutions outside this state. She said this pool of graduates represents a potential workforce population the state could target using this type of scholarship.
Representative Beadle said testimony received by the interim Higher Education Committee regarding efforts to attract students to high-demand professions indicated loan forgiveness programs are less effective than grant programs that pay a student's costs upfront. He said data also indicates if a student relocates from out of state to receive education, there is a greater than 50 percent likelihood the student will stay and work in the state following graduation. He said the interim Higher Education Committee has engaged in broader conversations on this topic but is not advancing a bill draft for consideration during the upcoming legislative session. He said he agrees with Representative Headland's comments regarding entitlements and said once a program like this is introduced, it is difficult to withdraw even if budget circumstances warrant its elimination.

In response to a question from Senator Bekkedahl, the Legislative Council staff said the Legislative Assembly would have to appropriate funds each biennium for the program to continue.

Representative Beadle said the interim Higher Education Committee discussed a bill draft relating to loan forgiveness programs for veterinarians, optometrists, and dentists but did not recommend that bill draft for introduction, or any other bill drafts seeking to remedy the state's workforce needs.

Senator Cook said the state has roughly 15,000 unfilled jobs. He said filling those jobs would result in individuals paying income tax and contributing to the state. He said workforce needs are going to be a topic of discussion during the legislative session. He said he questioned whether this bill draft would end up in the Taxation Committee or another committee like the Education Committee or Industry, Business and Labor Committee. He said he agrees with some of the concerns Representative Headland raised but thinks the bill draft could be further refined during the legislative session. He said it would be prudent for the committee to recommend a workforce bill draft in some form for consideration during the legislative session.

Chairman Unruh said Senator Cook made some good points and she is intrigued by the scholarship concept. She said the fact that workforce concerns are such a pressing issue in the state, and no other interim committee appears to be introducing legislation to address the issue, pushes her in the direction of wanting to move this bill draft forward. She said it would have been helpful if the committee had received the followup report containing the Workforce Development Council's recommendations for addressing the state's workforce needs. She said the report would have enabled the committee to make a more informed decision on these bill drafts. She said hopefully the report will be available during the legislative session.

Representative Headland said although he supports the goal the committee is looking to achieve with these bill drafts, he would like to see some revisions. He said another concept that could be explored would be to allow juniors in high school to opt into certain trades early to allow the students to hit the ground running following graduation.

Representative Beadle said, in regard to connecting K-12 schools with technical schools, a bill draft will be proposed during the legislative session to bring Bismarck's career academy model to Fargo and develop other higher education and technical school partnerships.

Representative Grueneich said another bill draft that will be introduced during the legislative session provides a student loan program that allows a recipient's loans to be forgiven in installments for each year the student remains in the state following graduation. He said a recipient will be required to submit income tax returns to the Bank of North Dakota in each of the 3 years following graduation and will receive loan forgiveness in an amount equivalent to one-third of the outstanding loan balance in each of the 3 years the individual's income tax returns verify the individual is working in the state.

In response to a question from Senator Dotzenrod, the Legislative Council staff said the Bank of North Dakota was not involved in preparing the bill draft [19.0294.02000] pertaining to the skilled workforce scholarship program but was heavily involved in the bill draft [19.0294.01000] pertaining to the talent attraction and retention scholarship program, which also requires the Bank to be the administering agency. She said she notified the Bank she was preparing a bill draft modeled after South Dakota's program but did not discuss the Bank's specific administrative capabilities.

Chairman Unruh called on the Legislative Council staff to present a bill draft [19.0389.01000] relating to the establishment of a 21st century manufacturing workforce incentive. The Legislative Council staff said the Economic Development Association of North Dakota provided three recommended edits to the language previously found in
Section 2 of the bill draft [19.0294.01000] reviewed at the committee's previous meeting. She said references to "improved job quality and increased output" were changed to "improved job quality or increased productivity," definitions were provided for "improved job quality" and "increased productivity," and reporting requirements and credit clawback provisions were added to recoup credits if claimants fail to meet required job quality or productivity thresholds.

Ms. Huber said the Economic Development Association of North Dakota received input from six manufacturers regarding the tax credit which resulted in the development of four parameters under which a manufacturer could meet improved job quality or increased productivity requirements. She said a measure of increased output can vary drastically between manufacturers. She said a manufacturer that mass produces items can realize far more savings through a small cost reduction per item than a low-volume manufacturer can realize through a large cost reduction per item. She said the supply produced by certain manufacturers also may vary if it is tied to market demands. She said increased output for these types of manufacturers may be measured better by an increase in the number of items produced per shift rather than an overall increase in the number of items produced. She said various comments regarding methods of measuring increased job quality were received including increased wages and opportunities, improved ergonomics and safety, and less physical stress and wear and tear on the body. She said manufacturers emphasized the importance of the credit in light of the state's inadequate workforce and the occasional need to outsource to other states.

Senator Cook said one of the changes that helped extend the previous automation credit before it expired in 2017 was a reduction in the cumulative credit amount that could be claimed each year from $2 million to $500,000.

Ms. Huber said it is important to reauthorize the credit at levels high enough to have an impact. She said if the amount of claimed credits exceed the cap, the credits are prorated among the claimants.

Chairman Unruh called on the Legislative Council staff to review bill drafts previously presented to the committee relating to the committee's study of economic development tax incentives. The Legislative Council staff reviewed a bill draft [19.0239.01000] to sunset the renaissance zone program effective January 1, 2020. She said the bill draft allows a taxpayer to claim the remaining portion of a renaissance zone incentive earned before the program's sunset date. She said the bill draft was requested as a means to elicit testimony from interested parties.

Chairman Unruh said the committee received extensive testimony regarding the renaissance zone program, which indicated the program is being used and remains valuable.

Representative Dockter said he recommends the committee refrain from taking action on the bill draft.

The Legislative Council staff reviewed a bill draft [19.0164.01000] to repeal the workforce recruitment credit and a bill draft [19.0163.01000] to repeal the internship program credit. She said the bill drafts were requested due to the low volume of taxpayers claiming the credits. She said less than $13,000 in workforce recruitment credits were claimed in 2011, and fewer than five taxpayers claimed the credit from 2012 to 2016. She said, excluding years in which there were fewer than five claimants, less than $50,000 in internship program credits were claimed from 2011 to 2016.

Chairman Unruh said while the credits are not being used widely, the credits are being used. She said in light of the state's workforce needs, she would advise the committee refrain from acting on these bill drafts. She said the state's workforce concerns may lead to these credits being used more often in the future.

Chairman Unruh invited comments from interested persons in attendance regarding the bill drafts. No comments were received.

PROPERTY TAX SYSTEM STUDY

Chairman Unruh called on Ms. Linda Leadbetter, State Supervisor of Assessments, Tax Department, for a presentation (Appendix E) regarding the estimated fiscal impact of a bill draft [19.0286.01000] relating to the homestead tax credit for special assessments. Ms. Leadbetter said there are 28 open applications for the special assessment homestead credit in 12 counties in the state, some of which date back to the 1980s. She said the amount paid on the applications to date is $45,187. She said none of the applications have reached the maximum credit limit of $6,000 so increasing the credit to $15,000 would have no net fiscal impact on the existing applications. She said lowering the interest rate from 9 to 6 percent would have a minimal negative impact on revenues because interest is paid only at the time the property is sold and the lien is satisfied. She said only one or two applications are paid off each year. She said the fiscal impact of the bill draft is expected to be less than $5,000 for the 2019-21 biennium. She said the higher credit amount may encourage additional homestead credit recipients to apply for the special assessment credit and for this reason, the committee may want to consider additional
safeguards to ensure the state's lien is satisfied at the time the property is transferred. She said some of the existing applications are quite old which would suggest the state’s lien was overlooked and property was transferred without the lien being satisfied.

In response to a question from Senator Cook, Ms. Leadbetter said a lien search is conducted on property transferred by a warranty deed. She said property transferred using a quitclaim deed, which is often used in parent-child transfers, is not subject to a lien search. She said the Tax Department can provide recommended language during the legislative session regarding safeguards that could be added to the bill draft.

Chairman Unruh called on the Legislative Council staff to review bill drafts previously presented to the committee relating to the committee's study of the property tax system. The Legislative Council staff reviewed a bill draft [19.0167.01000] requiring excess special assessment funds to be credited to property owners. She said the bill draft requires a city to deposit any excess special assessment funds in the city's general fund. She said the city auditor is required to calculate the amount of excess funds that must be credited to each property owner in the special assessment district from which the funds were generated. She said the bill draft requires excess funds to be credited to property owners in proportion to each property's total liability for the cost of the special assessment district. She said excess funds are provided to property owners in the form of a credit against unpaid special assessments or as a credit against future city tax liability in the case of property owners that have prepaid special assessments. She said the bill draft was prepared initially in response to a report that indicated political subdivisions were funding separate projects using excess special assessment funds. She said testimony received at previous committee meetings indicated that may not be the case.

Senator Bekkedahl said the bill draft may result in an administrative nightmare in terms of tracking the special assessments tied to each parcel.

In response to a question from Senator Bekkedahl, the Legislative Council staff said the committee has not received information regarding the total amount of excess special assessment funds statewide. She said the committee received information from select cities which detailed the administrative difficulties that may arise as a result of the bill draft.

Senator Bekkedahl said larger cities likely would have an easier time than smaller cities in managing the administrative requirements in the bill draft. He said he understands the concept behind the bill draft, and the fairness issue the draft seeks to address, but worries about the burden placed on smaller administrative staffs. He said he is curious about the amount that would be credited to individual parcels and whether this would amount to large sums for individual taxpayers. He said because his community does not certify special assessments until the project is complete, there is little threat of generating excess special assessment funds.

Representative Koppelman said the process would not be as administratively burdensome as some have suggested because political subdivisions track the amount of special assessments tied to each parcel. He said the administrative difficulties lie in using special assessments rather than generating revenue from a general property tax or other broad-based tax source. He said the amount of excess special assessment funds generated on a project-by-project basis may not be large but the accumulation of excess funds over a number of years and a number of projects is what leads to large balances. He said 3 to 5 percent of funds remain on most projects constructed in his community. He said not all communities have adequate cashflow to pay costs upfront and then assess taxpayers the exact amount of those costs. He said most cities sell bonds and then undertake the project.

Representative Beadle said another way cities generate excess special assessment funds is by issuing refinancing bonds at a lower interest rate and retaining the additional revenue generated from assessments charged at the higher rate. He said when cities have issued hundreds of millions in special assessment bonds, the excess funds might result in several million dollars being deposited in a political subdivision's general fund over the years.

Mr. Blake Crosby, Executive Director, North Dakota League of Cities, said he agreed with Senator Bekkedahl. He said the administrative requirements imposed by the bill draft would be very burdensome for smaller cities because many small city auditors only work part time. He said an estimate of the statewide amount of excess special assessment funds would be helpful in determining the scope of this issue. He said special assessments likely will be a topic of discussion this legislative session and he would prefer all the issues be addressed in one bill draft to reduce the number of trips city and county auditors would need to make to attend committee hearings.

In response to a question from Chairman Unruh, Mr. Crosby said he had not polled the membership of the North Dakota League of Cities regarding the amount of excess special assessment funds. He said larger cities would have a greater ability to generate reports regarding the amount of excess special assessment funds.
Ms. Donnell Preskey Hushka, Government/Public Relations Specialist, North Dakota Association of Counties, and Executive Director, County Auditors and Treasurers Associations, said she received responses from county auditors indicating the bill draft would create an administrative nightmare. She said ideally, excess special assessment funds should be remitted to the political subdivision's general fund and applied to offset the total amount of tax that must be levied against the taxpayers within the political subdivision.

Chairman Unruh said the bill draft can be reviewed under two competing perspectives. She said the first is from the taxpayer's point of view for those taxpayers paying additional amounts, even if excess funds are ultimately rolled into the general fund. She said the second is from the point of view of the officials administering special assessments and the burden that may be created to refund amounts that may not be very large on an individual taxpayer basis. She said it is the legislator's job to balance the concerns of both groups.

The Legislative Council staff reviewed a bill draft [19.0238.01000] to exclude property owned by a political subdivision from consideration in protests against the formation of a special improvement district. She said the bill draft removes property owned by a political subdivision from the total area within an improvement district for purposes of calculating whether protests were received from the owners of a majority of the area of the property included in the proposed district. She said receipt of protests from the owners of a majority of the property area within the proposed districts is required to effectively bar the formation of a district. She said the bill draft was modeled after legislation introduced in 2001 after it was determined a district could be drawn so that more than 50 percent of the property area within the district is owned by the political subdivision that would benefit from the creation of the district, thus effectively barring private property owners from protesting the formation of the district. She said the bill draft language was drafted as a means to safeguard against that result.

Representative Koppelman said the inability for private citizens to bar the formation of a district based on how votes were assigned to a political subdivision has occurred on a few occasions in recent years. He said he does not know if the bill draft would be better served as a committee bill draft or as privately sponsored legislation. He said it is difficult to understand why someone would oppose this concept so it may be worth moving forward.

Senator Laffen said the bill draft seems to make sense in principal but there may be unintended consequences. He said the University of North Dakota owns large areas of land and questioned the potential for one private landowner to have the ability to bar the formation of an improvement district otherwise consisting entirely of university land. He said various hypothetical scenarios may need to be addressed if the bill draft is introduced.

In response to a question from Representative Beadle, the Legislative Council staff said the bill draft excludes property owned by all political subdivisions, not just the property of the political subdivision benefiting from the proposed improvement district, when calculating the remaining property area subject to the 50 percent protest threshold.

It was moved by Senator Cook, seconded by Representative Koppelman, and carried on a roll call vote that the bill draft [19.0238.01000] relating to the exclusion of property owned by a political subdivision from consideration in protests against the formation of a special improvement district be approved and recommended to the Legislative Management. Senators Unruh, Bekkedahl, Cook, Dotzenrod, Laffen, and Meyer and Representatives Beadle, Dockter, Grueneich, Hatlestad, Headland, Koppelman, Schoberinger, Steiner, and Toman voted "aye." Representative Guggisberg voted "nay."

The Legislative Council staff reviewed a bill draft [19.0284.01000] relating to the issuance of bonds by the governing body of a park district without an election and a bill draft [19.0166.01000] relating to the issuance of bonds by the governing body of a park district without an election, but allowing for property owner protests. She said both bill drafts would provide park districts with borrowing authority that obligates property tax as a repayment source for park district improvements, while leaving conflicting and differing interpretations of Attorney General Opinion 82-71 unreconciled. She said both proposals remove election provisions that require approval of 60 percent of the voters as a prerequisite to issuing bonds. She said changes to the election requirements were recommend by Mr. Steven Vogelpohl, municipal bond attorney, Bismarck, to make bonding a more economical and viable option for park districts. She said the first bill draft [19.0284.01000] does not provide a property owner the opportunity to bar the park district from issuing bonds. She said the second bill draft [19.0166.01000] allows property owners to bar the park district from issuing bonds through the use of a formal protest process. She said neither bill draft removes any powers a park district currently possesses. She said the drafts simply make bonding a more viable financing option for park districts to provide an alternative to using special assessments.

Senator Cook said the committee did not take action on either bill draft at the last meeting to give park district representatives time to review the bill drafts and provide comments.
Chairman Unruh called on Mr. Randy Bina, Executive Director, Bismarck Parks and Recreation District, for comments regarding the bill drafts.

In response to a question from Representative Koppelman, Mr. Bina said the North Dakota Recreation & Park Association briefly reviewed the bill drafts. He said some park districts use special assessments and allow for a public hearing to gauge the support for, or opposition to, a proposed project. He said the bill drafts may help clarify that process. He said the bill drafts likely will not lead to increased taxes because park districts are subject to limitations regarding the amount by which district budgets can grow on an annual basis.

Senator Cook said either bill draft would help resolve the ambiguity resulting from an Attorney General opinion. He said he would recommend the bill draft [19.0166.01000] that allows for a protest period over the bill draft [19.0284.01000] that does not allow for protests. He said he would like this issue to be discussed during the upcoming legislative session. He said the bill draft can be defeated if any unforeseen concerns arise.

It was moved by Senator Cook, seconded by Senator Bekkedahl, and carried on a roll call vote that the bill draft [19.0166.01000] relating to the issuance of bonds by the governing body of a park district without an election and relating to the allowance of property owner protests be approved and recommended to the Legislative Management. Senators Unruh, Bekkedahl, Cook, Dotzenrod, Laffen, and Meyer and Representatives Beadle, Dockter, Grueneich, Guggisberg, Hatlestad, Headland, Schoibinger, Steiner, and Toman voted "aye." Representative Koppelman voted "nay."

Chairman Unruh invited comments from interested persons in attendance regarding the bill drafts relating to the committee's study of the property tax system. No additional comments were received.

Representative Dockter said in light of the state's growing workforce needs, the committee should move forward with a recommendation on one of the bill drafts pertaining to the creation of a workforce scholarship program.

It was moved by Representative Dockter, seconded by Senator Cook, and carried on a roll call vote that the bill draft [19.0294.02000] relating to the development and implementation of a skilled workforce scholarship program be approved and recommended to the Legislative Management. Senators Unruh, Bekkedahl, Cook, Dotzenrod, Laffen, and Meyer and Representatives Beadle, Dockter, Grueneich, Guggisberg, Hatlestad, Headland, Koppelman, and Steiner voted "aye." Representatives Schoibinger and Toman voted "nay."

It was moved by Representative Steiner and seconded by Senator Cook that the bill draft [19.0389.01000] relating to the establishment of a 21st century manufacturing workforce incentive be approved and recommended to the Legislative Management.

Representative Beadle said the automation tax credit was a good credit prior to its expiration and would be a good tool to revive, especially in light of the state's workforce needs. He said the credit provides manufacturers an incentive that allows a manufacturer to make the capital investments needed to meet production demands, even if manufacturers are not able to bring workers into the fold to meet those demands.

Representative Steiner said the committee improved upon the prior automation tax credit by adding definitions. She said industry representatives may have further suggestions regarding the bill draft during the legislative session, but she would like to see the concept move forward.

The motion carried on a roll call vote. Senators Bekkedahl, Cook, Dotzenrod, Laffen, and Meyer and Representatives Beadle, Grueneich, Hatlestad, Headland, and Steiner voted "aye." Senator Unruh and Representatives Dockter, Guggisberg, Koppelman, Schoibinger, and Toman voted "nay."

Chairman Unruh said the committee's work resulted in six bill drafts recommended to the Legislative Management for introduction. She said the committee's final report will be presented at the Legislative Management meeting in November, and she encouraged all committee members to attend.

It was moved by Representative Beadle, seconded by Representative Dockter, and carried on a voice vote that the Chairman and the Legislative Council staff be requested to prepare a report and the bill drafts recommended by the committee and to present the report and recommended bill drafts to the Legislative Management.

It was moved by Senator Bekkedahl, seconded by Representative Beadle, and carried on a voice vote that the committee be adjourned sine die.
No further business appearing, Chairman Unruh adjourned the committee sine die at 12:00 noon.

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Emily L. Thompson
Code Revisor

ATTACH: 5