

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

Thursday, November 1, 2001
Harvest Room, State Capitol
Bismarck, North Dakota

Representative Scot Kelsh, Chairman, called the meeting to order at 9:00 a.m.

Members present: Representatives Scot Kelsh, Kim Koppelman; Senator Herb Urlacher; Citizen Members Randy Bina, Bob Frantsvog, Les Korgel, Donny L. Malcolmb, Jon Martinson, Maxine Olson-Hill, Devra Smestad

Members absent: Senator Dennis Bercier; Governor John Hoeven

Others present: Bryan Hoime, North Dakota Township Officers Association, Edmore

Jerry Hjelmstad, North Dakota League of Cities, Bismarck

Terry Traynor, North Dakota Association of Counties, Bismarck

Wayne Entze, Mercer County Commissioner, Zap
Sophia Preszler, Bismarck

At the request of Chairman Kelsh, Mr. John Bjornson, commission counsel, reviewed the *Supplementary Rules of Operation and Procedure of the North Dakota Legislative Council* and the *Advisory Commission on Intergovernmental Relations - Background Memorandum*.

Commission counsel reviewed the statutory membership and the powers and duties of the Advisory Commission on Intergovernmental Relations. He said in addition to the general statutory study provisions, the Legislative Council assigned the commission the responsibility of studying the feasibility and desirability of creating cost-sharing or funding mechanisms for the unexpected discovery of cultural or paleontological resources within local road projects as directed by House Concurrent Resolution No. 3037.

Commission counsel said in establishing the topics of study, the commission members may want to consider reviewing the studies assigned to other interim committees and the areas studied by the commission during the 1999-2000 interim. He said the Legislative Council serves as a repository for local agreements, and commission members may access these agreements to use as resources for drafting future agreements.

Chairman Kelsh invited commission discussion regarding areas of interest the commission members may wish to study during the interim.

Citizen Member Bina said although the North Dakota Recreation and Park Association has not

identified any specific areas of interest to study, the board will be meeting soon and will then inform the commission of specific areas of interest. He thanked the commission for the work it did last interim and the success of the bill that consolidated park district mill levies.

Citizen Member Frantsvog said the North Dakota League of Cities is interested in studying state aid distribution; establishing a disaster relief fund, which would be a continuation of the work done by the commission last interim; and studying the classification of nursing homes as charitable institutions for tax purposes, which would be a continuation of the work done by the commission last interim. He thanked the commission for the work it did last interim in the area of tobacco education and cessation, which resulted in the city of Minot receiving a \$17 million grant to establish a tobacco education and cessation program.

Citizen Member Korgel said the North Dakota Association of Counties is interested in receiving status reports on the success of Minot's tobacco education and cessation program. Additionally, he said, the commission's assigned study of cultural or paleontological resources and the issue of "smart growth" as it pertains to zoning in counties and cities are areas of interest. He said at a future meeting he will bring examples of possible ways to address the zoning issue.

Citizen Member Martinson said the North Dakota School Boards Association is interested in studying local and state tax issues as they relate to public education and the issue of transportation of students. He said with the demographic changes in the state, children are riding on schoolbuses for longer periods of time.

Citizen Member Malcomb said the North Dakota Township Officers Association has not identified specific issues for the commission to study.

Representative Kelsh said it might be helpful for the commission to receive reports from other interim committees regarding studies relating to the commission's areas of interest.

Senator Urlacher said it would be helpful to receive a synopsis of issues being studied by other interim committees in order to prevent overlap in the areas studied and to allow the commission to work in conjunction with the other committees. He said the

issues of zoning and public school busing are important. Additionally, he said, the issue of cooperation between counties, cities, and townships is an area the commission may want to consider studying.

Representative Kelsh said the commission may want to consider studying wind energy and its impact on city and county revenues and land use. He said issues other committees are studying which might be helpful for the commission to receive reports on include funding for schools, the Racing Commission, clerk of court unification, and highway funds.

Representative Koppelman said it may be helpful for the commission to receive reports on state and local taxing for public education and the availability of funding for alcohol use and treatment and tobacco education and cessation. He said the issue of taxation of e-commerce would be a good area for study. The federal government, he said, recently decided not to extend the moratorium on taxation of e-commerce; therefore, the taxation issue will become an issue nationwide. He said if state and local governments do not address the e-commerce taxation issue, the federal government will. He said he supports studying emergency management and disaster preparedness.

Senator Urlacher said there is a meeting in Denver on November 29, 2001, regarding interstate commerce, and he recently attended an energy conference in Denver.

Representative Kelsh said he supports the idea of studying emergency management and disaster preparedness, wind energy, and e-commerce taxation.

Chairman Kelsh called on Mr. Jerry Hjelmstad, North Dakota League of Cities, for comments regarding the commission's studies. Mr. Hjelmstad said the North Dakota League of Cities recently elected new members and its legislative committee will be meeting next week to identify areas of interest. He said the areas of interest will be brought to the commission. He said areas that will likely be of interest include the state aid distribution formula, budget flexibility for local governments, taxation of e-commerce, emergency management services, and cooperation between cities and counties.

In response to a question from Representative Kelsh, Mr. Hjelmstad said he will try to provide the commission with specific suggestions regarding these areas of study.

Chairman Kelsh called on Mr. Terry Traynor, North Dakota Association of Counties, for comments regarding the commission's studies. Mr. Traynor said the counties are interested in the commission's study of cultural or paleontological resources and support

the idea of studying budget flexibility for local governments. He said it may be helpful for the commission to monitor the consolidation of the park district mill levies.

Chairman Kelsh called on Mr. Bryan Hoime, North Dakota Township Officers Association, for comments regarding the commission's studies. Mr. Hoime said Citizen Member Malcomb is replacing Mr. Ken Yantes as the representative for the townships because Mr. Yantes is retiring. He said he would like to see the commission study the system in place for townships to levy taxes. He said he supports a study of establishing a disaster relief fund--a continuation of the work performed by the commission during the previous interim. He said a disaster relief fund could allow a taxpayer property tax relief by allowing local governments to access money in the fund to make up for losses in revenue. The fund, he said, could be funded by establishing a surcharge on insurance policies.

Chairman Kelsh said he anticipates the next commission meeting will be in January 2002. He requested that the Tax Department be invited to the next meeting to address the commission on the areas of e-commerce taxation, state aid distribution, public school funding, and mill levy consolidation. He also requested information regarding emergency preparedness within the state and information regarding wind energy. He requested that commission members come to the next meeting with more specifics on their requested areas of study and possible recommendations.

Chairman Kelsh called on Ms. Sophia Preszler, Bismarck, for comments. Ms. Preszler provided written testimony, a copy of which is on file in the Legislative Council office.

It was moved by Senator Urlacher, seconded by Citizen Member Martinson, and carried on a voice vote that the meeting be adjourned. No further business appearing, Chairman Kelsh adjourned the meeting at 10:20 a.m.

Jennifer S. N. Clark
Counsel

John D. Bjornson
Commission Counsel