

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

LEGISLATIVE COUNCIL

Tuesday and Wednesday, November 19-20, 2002
House Chamber, State Capitol
Bismarck, North Dakota

Representative Wesley R. Belter, Chairman, called the meeting to order at 9:00 a.m.

Members present: Representatives Wesley R. Belter, LeRoy G. Bernstein, Merle Boucher, Duane DeKrey, Lois Delmore, Jeff Delzer, Scot Kelsh, John Mahoney, Amy Warnke; Senators John M. Andrist, Dwight Cook, Aaron Krauter, Judy Lee, Tim Mathern, Dave Nething, Larry J. Robinson, Bob Stenejhem

OPENING REMARKS

Chairman Belter welcomed legislators and other persons to the meeting. Newly elected members of the Legislative Assembly were congratulated, and members of the Legislative Assembly who will not be returning to serve as members of the 58th Legislative Assembly were thanked for their past service to the citizens of North Dakota. He introduced the members of the Legislative Council and thanked them for their service as committee chairmen during the 2001-02 interim. He said committee chairmen will present the reports of their committees, and Legislative Council staff members will assist the chairmen in answering questions. He said members of the Legislative Council are the only legislators allowed to make motions or vote on the reports; however, any legislator or legislator-elect in attendance may ask questions concerning the reports.

Chairman Belter called on Mr. John D. Olsrud, Director, Legislative Council, who welcomed all returning and newly elected legislators. He said he and the members of the Legislative Council staff look forward to working with the members of the 58th Legislative Assembly. He said the House majority leader is a member of the Legislative Council by virtue of that person's office. He said party caucuses are not provided by law, but the laws do recognize the roles of majority and minority leaders. He said salary increase provisions take effect December 1 and past records of the Legislative Council indicate that returning members of the Legislative Council who were not reelected or did not run for reelection served until December 1. Thus, he said, the Legislative Council staff has advised Representative Belter and Representative Berg that for purposes of procedural matters concerning the 58th Legislative Assembly, Representative Berg is the House majority leader-elect, but for purposes of composition of the

Legislative Council, Representative Belter is House majority leader and serves on the Legislative Council until December 1.

Mr. Olsrud said there are 17 new legislators and one member of the House who moved to the Senate. He said this is the fewest number of new members in a long time, which he attributed to four-year House terms and the reduction in the size of the Legislative Assembly as the result of redistricting. He said 23 reports will be presented, including reports from 21 interim Legislative Council committees, the Advisory Commission on Intergovernmental Relations, and the Regulatory Reform Review Commission. He said the interim Legislative Redistricting Committee reported to the Legislative Council prior to the 2001 special session of the Legislative Assembly. He said the committees are recommending a total of 66 measures (60 bills and 6 resolutions), compared to 63 measures recommended to the 57th Legislative Assembly. He said the number of measures recommended has trended downward, which he attributed to interim Legislative Council committees putting more emphasis on monitoring the executive branch and the implementation of recently enacted legislation. He said just because an interim Legislative Council committee is not recommending any legislation does not mean the committee was unproductive.

Mr. Olsrud announced the bill room will be open Monday, December 9, 2002. He reminded committee chairmen and members of the interim committees to appear before the standing committee hearing Legislative Council bills and to follow up as these bills make their way through the 58th Legislative Assembly.

Mr. Olsrud said North Dakota is a member of two major organizations--the National Conference of State Legislatures and the Council of State Governments. He said the Council of State Governments is divided into regions and North Dakota is a member of the Midwestern Region. He introduced Ms. Laura Tomaka of the Midwestern Office of the Council of State Governments.

Mr. Olsrud referred to a memorandum entitled *Statutory Interim Committees*, which he commended to the attention of the members of the Legislative Council. He said there has been a trend toward creating statutory interim committees. He said

38 percent of the 2001-02 interim committees were statutory committees, which reduces the flexibility of the Legislative Council. He said members of the Legislative Council should continually review the existence of statutory interim committees to determine whether they are necessary.

Mr. Olsrud pointed out that the 2001 Legislative Assembly enacted legislation closing many retirement and health insurance records, including records revealing which employees participate in the state health insurance program. He said federal law will close many of those same records effective next year. Although federal law takes away flexibility on whether certain records are open or closed, there may be some flexibility in the classification of records as exempt from the open records law or whether the records are confidential. He said under North Dakota law if a record is confidential, breaching that confidentiality is a felony. He questioned whether the Legislative Assembly intended that felony penalties should apply to so many activities.

INTERIM COMMITTEE REPORTS

Employee Benefits Programs Committee

Representative Bette Grande, Chairman, Employee Benefits Programs Committee, presented the committee's report. Representative Grande said the committee has jurisdiction over legislative measures affecting retirement, health insurance, and retiree health insurance programs of public employees. She said the committee solicited and reviewed various proposals affecting these programs and obtained actuarial and fiscal information on each of these proposals and reported this information to each proponent. She said the committee studied the feasibility and desirability of implementing a retirement program for all law enforcement and correctional officers within the state of North Dakota which provides retirement benefits similar to those provided to the members of the Highway Patrolmen's retirement system pursuant to North Dakota Century Code Chapter 39-03.1. She said the committee is recommending a bill to include peace officers and correctional officers in the National Guard retirement plan.

It was moved by Senator Robinson, seconded by Senator Cook, and carried on a roll call vote to accept the report of the Employee Benefits Programs Committee. Representatives Belter, Bernstein, Delmore, Delzer, and Warnke and Senators Andrist, Cook, Krauter, Lee, Mathern, Nething, and Robinson voted "aye." No negative votes were cast.

Higher Education Committee

Senator Dave Nething, Chairman, Higher Education Committee, presented the committee's report. Senator Nething said the committee studied the State Board of Higher Education's implementation of the performance and accountability measures report

required by 2001 Senate Bill No. 2041 and received reports from the State Board of Higher Education with respect to the board's progress in establishing and implementing a long-term enrollment management plan. He said the committee also studied the responsibilities and functions of the College Technical Education Council and the implementation of the workforce training regions.

It was moved by Senator Nething, seconded by Senator Krauter, and carried on a roll call vote to accept the report of the Higher Education Committee. Representatives Belter, Bernstein, Delmore, Delzer, Kelsh, and Warnke and Senators Andrist, Cook, Krauter, Lee, Mathern, Nething, and Robinson voted "aye." No negative votes were cast.

Budget Section

Representative Ken Svedjan, Chairman, Budget Section, presented the Budget Section's report. Representative Svedjan said the Budget Section received reports from the Office of Management and Budget on the status of the state general fund, tobacco settlement proceeds, fiscal irregularities, budget form changes, and homeland security costs. He said the Budget Section approved the distribution of funds from the preliminary planning fund for five capital improvement projects recommended by the Office of Management and Budget. He said the Budget Section approved the request to transfer up to \$25 million from the Bank of North Dakota to the state general fund to the extent necessary to meet the revenue shortfall. He said the Budget Section approved the Fargo Family Healthcare Center plan to address sustainability of programs and services and approved the forgiveness of \$395,000 of debt owed by the Fargo Family Healthcare Center to the University of North Dakota School of Medicine and Health Sciences. He said the Budget Section received reports from the Department of Human Services on the status of actual medical assistance expenditures compared to projections and whether the actual expenditures for the biennium were anticipated to exceed funding appropriated, the reasons for the increase in Medicaid expenditures, and an outline of an approach to deal with the Medicaid budget shortfall.

Representative Svedjan said the Budget Section approved a request for the Workers Compensation Bureau to establish a casualty insurance organization to provide extraterritorial workers' compensation insurance coverage, and also received information from the Workers Compensation Bureau on the status of the risk management workers' compensation program and the progress of construction and proposed rental space of the Workers Compensation Bureau building. He said the Budget Section received reports from the Information Technology Department on performance measures, the 2001-02 annual report, and regarding the procurement and

implementation of the enterprise resource planning system. He said the Budget Section considered 56 requests for increased spending authority or transfers of spending authority which were approved by the Emergency Commission. He said all requests were approved by the Budget Section.

It was moved by Representative Delzer, seconded by Senator Robinson, and carried on a roll call vote to accept the report of the Budget Section. Representatives Belter, Bernstein, Delmore, Delzer, and Warnke and Senators Andrist, Cook, Krauter, Lee, Mathern, Nething, and Robinson voted "aye." No negative votes were cast.

Legislative Audit and Fiscal Review Committee

Senator Ken Solberg, Chairman, Legislative Audit and Fiscal Review Committee, presented the committee's report. Senator Solberg said the committee studied and reviewed the state's financial transactions to assure the collection of state revenues and expenditure of state money was in compliance with law, legislative intent, and sound financial practices. He said the committee reviewed 142 audit reports during the 2001-02 interim, including four performance audit and evaluation reports, 73 financial or information technology application audit reports, and 65 audit reports that were filed with and accepted by the committee but were not formally presented. He said a key report, the performance audit of the Veterans Home, will require followup during the 58th Legislative Assembly by both the Legislative Audit and Fiscal Review Committee and the Legislative Assembly.

It was moved by Senator Nething, seconded by Senator Robinson, and carried on a roll call vote to accept the report of the Legislative Audit and Fiscal Review Committee. Representatives Belter, Bernstein, Delmore, Delzer, Kelsh, and Warnke and Senators Andrist, Cook, Lee, Mathern, Nething, and Robinson voted "aye." No negative votes were cast.

Budget Committee on Government Services

Representative Jeff Delzer, Chairman, Budget Committee on Government Services, presented the committee's report. Representative Delzer said the committee studied programs dealing with risk-associated behavior, received reports from the State Department of Health regarding the implementation of the community health grant program, and received updates on tobacco settlement trust fund collections. He said the committee also monitored the status of state agency appropriations and received reports from the Office of Management and Budget on the status of the general fund. He said agencies that have implemented recruitment and retention bonus pilot programs testified in support of continuation of the program.

It was moved by Senator Robinson, seconded by Representative Delmore, and carried on a roll call vote to accept the report of the Budget Committee on Government Services. Representatives Belter, Bernstein, Delmore, Delzer, Kelsh, and Warnke and Senators Andrist, Cook, Lee, Mathern, Nething, and Robinson voted "aye." No negative votes were cast.

Budget Committee on Government Administration

Senator Tim Mathern, Chairman, Budget Committee on Government Administration, presented the committee's report. Senator Mathern said the committee studied the management structure and oversight of the Veterans Home and the selection process for the commandant or administrator of the home; the Racing Commission, including its authority to schedule, promote, support, and regulate live or simulcast racing in North Dakota; and highway construction and maintenance funding.

It was moved by Senator Mathern, seconded by Senator Krauter, and carried on a roll call vote to accept the report of the Budget Committee on Government Administration. Representatives Belter, Bernstein, Boucher, DeKrey, Delmore, Delzer, Kelsh, and Warnke and Senators Andrist, Cook, Krauter, Lee, Mathern, Nething, and Robinson voted "aye." No negative votes were cast.

Budget Committee on Health Care

Senator Judy Lee, Chairman, Budget Committee on Health Care, presented the committee's report. Senator Lee said the committee studied mandated health insurance coverage, prescription drug prices and possible mechanisms to lower costs to consumers in the state and whether the state should establish a program to assist in the purchase of prescription drugs based upon income, the coordination of the medical assistance and children's health insurance programs, and the coordination of benefits for children with special needs under the age of 21 among the Department of Public Instruction, the Department of Human Services, and private insurance companies with the purpose of optimizing and coordinating resources and expanding services, including augmentative communication devices and therapy services.

Senator Lee said the committee also received an annual report from the Board of Nursing on its study of the nursing educational requirements and the nursing shortage in this state and the implications for rural communities and a report from the Insurance Commissioner regarding motor vehicle insurance independent medical examinations.

It was moved by Senator Robinson, seconded by Senator Krauter, and carried on a roll call vote to accept the report of the Budget Committee on Health Care. Representatives Belter, Bernstein,

Boucher, DeKrey, Delmore, Delzer, Kelsh, and Warnke and Senators Andrist, Cook, Krauter, Lee, Mathern, Nething, and Robinson voted "aye." No negative votes were cast.

The Council recessed at 11:45 a.m. for lunch and reconvened at 1:00 p.m.

Budget Committee on Human Services

Representative Amy Warnke, Chairman, Budget Committee on Human Services, presented the committee's report. Representative Warnke said the committee studied the long-term care needs and nursing facility payment system in North Dakota, the senior citizen mill levy matching grant program, the feasibility and desirability of establishing an alternatives-to-abortion services program, and the issues and concerns of implementing Charitable Choice, the privatization of federally funded welfare services through faith-based organizations. She said the committee also received reports from the Department of Human Services on the temporary assistance for needy families (TANF) program and quarterly reports from the Department of Human Services regarding the progress in preparing a joint recommendation with developmental disabilities services providers regarding a new statewide developmental disabilities services provider reimbursement system.

It was moved by Representative Warnke, seconded by Senator Krauter, and carried on a roll call vote to accept the report of the Budget Committee on Human Services. Representatives Belter, Bernstein, Boucher, DeKrey, Delmore, Delzer, Kelsh, and Warnke and Senators Andrist, Cook, Krauter, Lee, Mathern, Nething, and Robinson voted "aye." No negative votes were cast.

Information Technology Committee

Senator Larry J. Robinson, Chairman, Information Technology Committee, presented the committee's report. Senator Robinson said the committee studied the technological capacity and needs of the state, including the delivery of library services by technology. He said the committee also received reports from the state Chief Information Officer; reviewed the business plan and the annual report of the Information Technology Department; reviewed initiatives of the Information Technology Department, including the statewide information technology network, the enterprise resource planning system initiative, and the geographic information system initiative; reviewed the statewide information technology standards; and received quarterly reports regarding the progress of major information technology projects.

It was moved by Senator Robinson, seconded by Representative DeKrey, and carried on a roll call vote to accept the report of the Information Technology Committee. Representatives Belter, Bernstein, DeKrey, Delmore, Delzer, Kelsh, and

Warnke and Senators Andrist, Cook, Krauter, Mathern, Nething, and Robinson voted "aye." No negative votes were cast.

Garrison Diversion Overview Committee

Senator Aaron Krauter, Chairman, Garrison Diversion Overview Committee, presented the committee's report. Senator Krauter said the committee reviewed the history of the Garrison Diversion Unit Project; received project updates from representatives of the Garrison Diversion Conservancy District, State Water Commission, and United States Bureau of Reclamation concerning project appropriations, the Garrison municipal, rural, and industrial water supply program, the Southwest Pipeline Project, the Northwest Area Water Supply Project, and Bureau of Reclamation activities. He said the committee also reviewed recent developments affecting the Garrison Diversion Unit Project, including the Dakota Water Resources Act, Garrison Diversion Draft Reassessment Report, Red River Valley water supply study, Devils Lake, Devils Lake litigation, the federal Water Pollution Control Act Section 404 program, and Missouri River issues.

It was moved by Senator Krauter, seconded by Senator Robinson, and carried on a roll call vote to accept the report of the Garrison Diversion Overview Committee. Representatives Belter, Bernstein, DeKrey, Delmore, Delzer, Kelsh, and Warnke and Senators Andrist, Cook, Krauter, Mathern, Nething, and Robinson voted "aye." No negative votes were cast.

Electric Industry Competition Committee

Representative Al Carlson, Chairman, Electric Industry Competition Committee, presented the committee's report. Representative Carlson thanked Representative Robert Huether for his years of service on the committee and noted he would be leaving the Legislative Assembly. He said the committee studied the impact of competition on the generation, transmission, and distribution of electric energy within this state, reviewed electric industry restructuring initiatives in other states, and reviewed federal restructuring initiatives, reviewed restructuring of the electric industry in North Dakota, taxation of electric utilities in North Dakota, and regulation of electric cooperatives in North Dakota. He said the committee also reviewed the Lignite Vision 21 program and the history and operation of the Territorial Integrity Act. He said the committee also reviewed wind energy as part of its study of electric industry competition and electric suppliers.

It was moved by Senator Robinson, seconded by Representative Delmore, and carried on a roll call vote to accept the report of the Electric Industry Competition Committee. Representatives Belter, Bernstein, DeKrey, Delmore, Delzer, Kelsh,

and Warnke and Senators Andrist, Cook, Krauter, Mathern, Nething, and Robinson voted "aye." No negative votes were cast.

Agriculture Committee

Senator Terry M. Wanzek, Chairman, Agriculture Committee, presented the committee's report. Senator Wanzek said the committee studied issues related to genetic modifications of agricultural products, methods to encourage the production and consumption of ethanol, the use of biodiesel fuel in this state, and grain shipping rates. He said the committee also received a report from the State Seed Commissioner regarding the regional, national, and international status of genetically enhanced or modified seeds and crops, and a report from the State Board of Agricultural Research and Education regarding ongoing research activities and expenditures.

It was moved by Representative Delzer, seconded by Representative Warnke, and carried on a roll call vote to accept the report of the Agriculture Committee. Representatives Belter, Bernstein, DeKrey, Delmore, Delzer, Kelsh, and Warnke and Senators Andrist, Cook, Krauter, Mathern, Nething, and Robinson voted "aye." No negative votes were cast.

Education Committee

Senator Dwight Cook, Chairman, Education Committee, presented the committee's report. Senator Cook said the committee studied elementary and secondary education during the ensuing 5, 10, and 20 years, with an emphasis on school district structure, reorganization options, the potential for creating alternate administrative units, and the equitable distribution of state aid. He said the committee also studied a teacher compensation system known as knowledge-skills-based pay, the state and local tax structure for funding education, and the safety, efficiency, and cost-effectiveness of school district transportation. He said in addition, the committee received reports regarding annual school district compensation, requests for and waivers of accreditation rules, requests for waivers of instructional time requirements, and student test scores on recent state-wide reading and mathematics tests.

It was moved by Senator Nething, seconded by Senator Krauter, and carried on a roll call vote to accept the report of the Education Committee. Representatives Belter, Bernstein, DeKrey, Delmore, Delzer, Kelsh, and Warnke and Senators Andrist, Cook, Krauter, Lee, Mathern, Nething, and Robinson voted "aye." No negative votes were cast.

Corrections Committee

Representative Duane DeKrey, Chairman, Corrections Committee, presented the committee's report. Representative DeKrey said the committee, with the

use of consultant services, studied the facilities and operations of the Department of Corrections and Rehabilitation. The study included an analysis and evaluation of all current facilities used by the department, the future facility needs, the staffing needs of the department, the anticipated need for additional prison beds, and a cost-benefit analysis of the department's current and proposed programs. He said the committee also studied the treatment needs of controlled substance abusers in this state and the mandatory minimum sentence requirements for drug offenses. He said the committee received a report from the Attorney General on the current status and trends of unlawful drug use and abuse and drug control and enforcement efforts in this state.

It was moved by Representative DeKrey, seconded by Senator Robinson, and carried on a roll call vote to accept the report of the Corrections Committee. Representatives Belter, Bernstein, DeKrey, Delmore, Kelsh, and Warnke and Senators Andrist, Cook, Lee, Mathern, Nething, Robinson, and Stenehjem voted "aye." There were no negative votes.

Judiciary A Committee

Representative John Warner, Vice Chairman, Judiciary A Committee, presented the committee's report. Representative Warner said the committee studied the method of providing legal representation for indigent criminal defendants and the feasibility and desirability of establishing a public defender system. He said the committee studied the implementation of the clerk of court unification, including a review of the delivery of services by clerks of court and the responsibility for restitution collection and enforcement activities. He said the committee studied the commitment procedures for individuals with mental illness. He said the committee also reviewed uniform Acts recommended by the North Dakota Commission on Uniform State Laws and undertook statutory revision responsibilities.

It was moved by Representative DeKrey, seconded by Representative Delmore, and carried on a roll call vote to accept the report of the Judiciary A Committee. Representatives Belter, Bernstein, DeKrey, Delmore, Delzer, Kelsh, and Warnke and Senators Andrist, Cook, Lee, Mathern, Nething, Robinson, and Stenehjem voted "aye." There were no negative votes.

Judiciary B Committee

Representative Lois Delmore, Chairman, Judiciary B Committee, presented the committee's report. Representative Delmore said the committee studied six areas: trusts for individuals with disabilities, educational trusts, fees and points for traffic offenses, a centralized process for noncriminal traffic offense administration, the retention of elk in this state, and hunting issues. In addition, she said the

committee received a report on this state's no pay/no play law. She said the committee recommends a bill to aid in the drafting of trusts for individuals with disabilities. She said the committee recommends a bill to remove the 55-mile-an-hour nighttime speed limit. She said the committee recommends a bill to have a uniform fee for speeding of \$5 for each mile per hour over the limit. She said the committee recommends a resolution urging Congress to pay for depredation and damages caused by elk. She said the committee recommends a bill to limit nonresident waterfowl hunters based on total hunting pressure. In addition, she said the committee recommends a bill to limit nonresident hunters through two 10-day blocks with a maximum of 10,000 hunters per block. She said the report on the no pay/no play law found no significant effect of the law on the purchase of insurance.

It was moved by Representative Delmore, seconded by Senator Mathern, and carried on a roll call vote to accept the report of the Judiciary B Committee. Representatives Belter, Bernstein, DeKrey, Delmore, Delzer, Kelsh, and Warnke and Senators Andrist, Cook, Lee, Mathern, Nething, and Robinson voted "aye." No negative votes were cast.

Regulatory Reform Review Commission

Representative Rick Berg, Chairman, Regulatory Reform Review Commission, presented the commission's report. Representative Berg said the commission studied three areas--a state universal service fund, the performance assurance plan, and extending the duration of the commission. He said the commission recommends a bill to allow the Public Service Commission to spend money collected under the performance assurance plan for monitoring compliance with the plan. He said the commission recommends a bill to extend the duration of the Regulatory Reform Review Commission until 2005.

It was moved by Senator Mathern, seconded by Representative Delzer, and carried on a roll call vote to accept the report of the Regulatory Reform Review Commission. Representatives Belter, Bernstein, DeKrey, Delmore, Delzer, Kelsh, and Warnke and Senators Andrist, Cook, Mathern, Nething, and Robinson voted "aye." No negative votes were cast.

The Council recessed at 4:30 p.m. and reconvened at 9:00 a.m. on Wednesday, November 20, 2002.

Commerce Committee

Senator John M. Andrist, Chairman, Commerce Committee, presented the committee's report. Senator Andrist said the committee studied the ability of occupational and professional boards with fewer than 100 licensees to process disciplinary complaints and carry out other statutory responsibilities; the availability of venture capital, tax credits, and other

financing and research and development programs for new or expanding businesses; the feasibility and desirability of expanding North Dakota's economic development marketing efforts to include international markets and establishing a global marketing division within the Department of Commerce; and the workforce training and development programs in North Dakota.

It was moved by Senator Cook, seconded by Senator Lee, and carried on a roll call vote to accept the report of the Commerce Committee. Representatives Bernstein, DeKrey, Delmore, Delzer, Kelsh, Mahoney, and Warnke and Senators Andrist, Cook, Lee, Mathern, Nething, Robinson, and Stenehjem voted "aye." No negative votes were cast.

Family Law Committee

Representative John Mahoney, Chairman, Family Law Committee, presented the committee's report. Representative Mahoney said the committee studied the feasibility and desirability of state administration of child support, adoption laws, and medical and financial privacy laws.

In response to a question from Senator Nething, Representative Mahoney said the two recommended 2003-04 Legislative Council studies of loss of tax revenues from flooded property and from previously taxable property that is purchased by tax-exempt entities and of the impact of the tax status on the ability of local communities to provide social services and of state and local funding obligations for social services arose from testimony the committee received in the course of the state administration of child support study.

It was moved by Representative DeKrey, seconded by Senator Robinson, and carried on a roll call vote to accept the report of the Family Law Committee. Representatives Belter, Bernstein, DeKrey, Delmore, Delzer, Kelsh, Mahoney, and Warnke and Senators Andrist, Cook, Lee, Mathern, Nething, Robinson, and Stenehjem voted "aye." No negative votes were cast.

Chairman Belter recognized Representative Mahoney's retirement and thanked him for his public service as a member of the North Dakota Legislative Assembly.

Legislative Management Committee

Senator Bob Stenehjem, Chairman, Legislative Management Committee, presented the committee's report. Senator Stenehjem said the committee exercised many responsibilities in making arrangements for the 58th Legislative Assembly. He said the committee recommends re-creation of the Joint Constitutional Revision Committee, reduction in the number of copies of introduced bills printed, a bill to require the Governor to receive a bill presented during normal business hours, a bill to update the statutory requirements for the organizational session agenda,

and acceptance of a single contract for providing the secretarial, telephone message, and bill and journal room services.

It was moved by Senator Stenehjem, seconded by Senator Nething, and carried on a roll call vote to accept the report of the Legislative Management Committee. Representatives Belter, Bernstein, DeKrey, Delzer, Kelsh, and Warnke and Senators Andrist, Cook, Lee, Mathern, Nething, Robinson, and Stenehjem voted "aye." No negative votes were cast.

Taxation Committee

Senator Rich Wardner, Chairman, Taxation Committee, presented the committee's report. Senator Wardner said the committee studied special assessments, property tax assessment and abatements, valuation of subsidized housing, and the homestead tax credit for senior citizens under a single study directive. He said the committee recommends a bill to revise eligibility determination under the homestead property tax credit, a bill to allow imposition of city flood control special assessments against private commercial structures on state land, and to make uniform use of special assessment law terminology relating to estimating costs of projects.

Senator Wardner said the committee studied compliance and jurisdiction issues under tobacco, alcohol, and fuels tax laws. He said the committee studied corporate income tax laws and recommends a bill to eliminate the federal income tax deduction for state corporate income tax purposes and to replace graduated corporate income tax rates with a flat rate of 6.84 percent. He said the committee studied property tax assessment and valuation of agricultural property and recommends a bill to incorporate an effective tax rate calculation in the capitalization rate used for valuation of agricultural property and the change would be phased in over four years.

It was moved by Senator Nething, seconded by Senator Robinson, and carried on a roll call vote to accept the report of the Taxation Committee. Representatives Belter, Bernstein, Delzer, Kelsh, and Warnke and Senators Andrist, Cook, Mathern, Nething, and Robinson voted "aye." No negative votes were cast.

Administrative Rules Committee

Representative LeRoy G. Bernstein, Chairman, Administrative Rules Committee, presented the committee's report. Representative Bernstein said the Administrative Rules Committee is a statutory committee with responsibility to review administrative agency rules and statutes relating to administrative rules. He said the Administrative Rules Committee has statutory authority to void agency rules on specified grounds. He said the Administrative Rules Committee voided rules of the Department of Financial Institutions relating to advertising practices of payday lenders. He said the committee considered

voiding rules of the Department of Transportation, State Water Commission, and Superintendent of Public Instruction but agreed with each agency on appropriate amendments to the rules in question.

It was moved by Representative Bernstein, seconded by Senator Nething, and carried on a roll call vote to accept the report of the Administrative Rules Committee. Representatives Belter, Bernstein, Delmore, Delzer, Kelsh, and Warnke and Senators Andrist, Cook, Lee, Mathern, Nething, and Robinson voted "aye." No negative votes were cast.

Advisory Commission on Intergovernmental Relations

Representative Scot Kelsh, Chairman, Advisory Commission on Intergovernmental Relations, presented the commission's report. Representative Kelsh said the commission's statutory authority provides for the study of local government structure, fiscal and other powers and functions of local governments, relationships between and among local governments and the state or any other government, allocation of state and local resources, and interstate issues involving local governments. He said the Legislative Council referred to the commission a study of the feasibility and desirability of creating cost-sharing mechanisms for the unexpected discovery of cultural and paleontological resources within local road projects. In addition, he said, the commission studied and received reports with respect to county mill levy consolidation, revenue sharing and personal property tax replacement, tobacco education and cessation, homeland security, e-commerce taxation, public school funding and taxation, the tool chest legislation from 1993, and wind energy. He said the commission recommends two bills, one consolidating several special county mill levies into the county general fund levy and one revising the state aid distribution fund formula to account for population changes resulting from the 2000 federal census.

In response to a question from Senator Lee, Representative Kelsh said the commission received a brief overview of the status of tobacco cessation and education programs.

It was moved by Representative Kelsh, seconded by Senator Mathern, and carried on a roll call vote to accept the report of the Advisory Commission on Intergovernmental Relations. Representatives Belter, Bernstein, Delmore, Delzer, Kelsh, and Warnke and Senators Andrist, Cook, Lee, Mathern, Nething, and Robinson voted "aye." No negative votes were cast.

CONCLUDING REMARKS

Chairman Belter said he has appointed a task force to work with the Attorney General to develop a proposal for implementation of the multistate lottery which was approved by the voters at the general election. He said the members of the task force will assist

the Attorney General in gathering information and provide legislative input regarding the lottery prior to the 2003 legislative session. He said he appointed Representative William E. Kretschmar to serve as chairman of the task force and Senator Bill Bowman to serve as vice chairman. He said the other members of the task force are Senators Ray Holmberg and Aaron Krauter and Representatives Andrew G. Maragos, Kim Koppelman, and Lonny Winrich.

The director said the State Employees Compensation Commission is required to provide a report to the Legislative Council at this meeting. He said that report has been submitted as required and has been mailed to all members of the Legislative Assembly.

Chairman Belter thanked the members of the Legislative Council, the interim committee chairmen, and the Legislative Council staff for their work during the interim.

There being no further business, Chairman Belter adjourned the meeting at 11:25 a.m. on Wednesday, November 20, 2002.

John D. Olsrud
Director