

1999 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1057

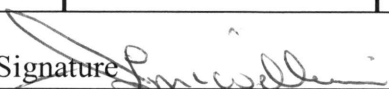
1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1057

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 1-14-1999

Tape Number	Side A	Side B	Meter #
2	X		32.6 - 56.8
Committee Clerk Signature 			

Minutes: Some of the individuals testifying submit written testimony. When noted please refer to it for more detailed information.

Representative Klein, Chairman of the GVA Committee opened the hearing on January 14, 1999.

Summary of the Bill: Relating to the powers and duties of the industrial commission in operating the North Dakota Mill and Elevator Association.

Testimony in Favor:

Representative Dorso, Appeared before the committee to discuss the bill. This bill was compiled over two issues, 1. bonding and 2. wheat pool. The bill does limit the powers of the Industrial Commission. The Industrial Commission could have created a wheat pool and bonds without legislative approval. It would be better to get legislative approval and that's why this bill is in front of you.

Representative Kliniske, Subsection 4, it say's in excess of 150,000 dollars and other than capital construction projects, so does that mean that capital construction issues they may issue bonds in excess of the 150,000.

Dorso, They could issue the bonds, but would need unanimous vote of the industrial commission. Today it would only take 2 people on the commission.

Representative Cleary, Isn't that a democratic majority?

Dorso, There was another way to approach this and that's to take the powers completely away and rather than go that far we thought this should be contained.

Representative Kelvin, Remodel capital construction projects it has to a unanimous decision.

Dorso, Yes. Unanimous consent you would have to ask legislative council.

Representative Winrich, I am not sure of the logic why this would cause the industrial commission to seek legislative approval for these actions. If they could just vote on it.

Dorso, I gave you an example with the mill. But in the future, two people could go out and approve a sum of money and spend it. I think they should seek the legislature for this. This would limit the ability and give us some sense of caution, but still allow them to be creative.

Representative Klein, Didn't the mill and elevator hold off on that expansion project.

Dorso, I don't know, but they could have. Were would that leave us, the legislature with our budget.

Representative Brekke, This would allow some sort of credibility for the commission to go ahead and do this.

Representative Dorso, The intent of this is if your going to have a major thing like this, it would seem to me that it should be a business decision. They've got a good plan and they deal with major money and there should be a right to stop it if it's not for the good.

Representative Klein, This doesn't effect the day to day operation of the mill?

Dorso, No.

Testimony in Opposition:

Dennis Johnson, ND Farmer Union stated that a simple majority has always worked, and wasn't the industrial commission established for agriculture.

Representative Winrich, Have there been recent decisions of the industrial commission where this bill would have changed something that they did?

Johnson, I can't think of any.

Representative Klein, Closed the hearing on HB 1057.

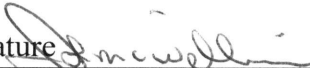
1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1057

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 1-22-1999

Tape Number	Side A	Side B	Meter #
1		X	29.0 - 45.2
Committee Clerk Signature 			

Minutes: Representative Klein, instructed the committee to take some action on HB 1057.

Summary of the Bill: Relating to the powers and duties of the industrial commission in operating the North Dakota Mill and Elevator Association.

Committee Action:

Representative Grande, Made a motion for a Do Pass on the amendments.

Representative Devlin, Seconded the motion.

Representative Winrich, How often do they make these types of decisions on bonds in excess of \$100,000?

Representative Klein, I think the issue came to head on this last go around of 19 million in bonds and deferred until the legislature came into session and now it's being run through as a bill to do that.

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House Government and Veterans Affairs Committee

Bill/Resolution Number HB 1057 2

Hearing Date 1-22-1999

Representative Fairfield, What's the point of doing it then? Why are we punishing them for something that they have not done.

Representative Devlin, I and some others where shocked that just two people had the authority to spend 20 million dollars without the legislative appropriations.

Representative Fairfield, I don't see the problem and why were doing it.

Representative Winrich, Dorso said the intent of the bill was for the industrial commission to come to the legislature for these bonding (approvals). The industrial commission is doing that. If we pass this bill, then they might not be so forth right. We should spell out what they have to come to the legislature for.

Motion Passes: Do Pass on the amendments **10-5** roll call vote.

Representative Devlin, Made a motion for a Do Pass on the amended bill.

Representative Grande, Seconded the motion.

Motion Passes: Do Pass **9-6**.

Representative Kliniske, Is the carrier for the bill.

90182.0101  
Title.0200

Adopted by the Government and Veterans  
Affairs Committee  
January 22, 1999

VR  
1/22/99

**HOUSE** AMENDMENTS TO HOUSE BILL NO. 1057 **GVA 1-22-99**

Page 2, line 10, remove "for purposes other than capital construction projects"

Renumber accordingly

Roll Call Vote #: 1 Date: 1-22-99

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1057

House GOVERNMENT AND VETERANS AFFAIRS Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DO PASS ON THE AMENDMENT

Motion Made By GRANDE Seconded By DEVLIN

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN	✓		REP. WINRICH		✓
VICE-CHAIR KLINISKE	✓				
REP. BREKKE	✓				
REP. CLEARY		✓			
REP. DEVLIN	✓				
REP. FAIRFIELD		✓			
REP. GORDER	✓				
REP. GRANDE	✓				
REP. HAAS	✓				
REP. HAWKEN	✓				
REP. KLEMIN	✓				
REP. KROEBER		✓			
REP. METCALF		✓			
REP. THORESON	✓				

Total (Yes) 10 No 5

Absent 0

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:



Roll Call Vote #: 2 Date: 1-22-99

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1051

House GOVERNMENT AND VETERANS AFFAIRS Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DP AMENDED

Motion Made By DEVLIN Seconded By GRANDE

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN	✓		REP. WINRICH		✓
VICE-CHAIR KLINISKE	✓				
REP. BREKKE	✓				
REP. CLEARY		✓			
REP. DEVLIN	✓	⊗			
REP. FAIRFIELD		✓			
REP. GORDER		✓			
REP. GRANDE	✓				
REP. HAAS	✓				
REP. HAWKEN	✓				
REP. KLEMIN	✓				
REP. KROEBER		✓			
REP. METCALF		✓			
REP. THORESON	✓				

Total (Yes) 9 No 6

Absent 0

Floor Assignment KLINISKE

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1057: Government and Veterans Affairs Committee (Rep. Klein, Chairman)**  
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends  
**DO PASS** (9 YEAS, 6 NAYS, 0 ABSENT AND NOT VOTING). HB 1057 was placed  
on the Sixth order on the calendar.

Page 2, line 10, remove "for purposes other than capital construction projects"

Renumber accordingly

**1999 SENATE GOVERNMENT AND VETERANS AFFAIRS**

**HB 1057**


1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1057

Senate Government and Veterans Affairs Committee

Conference Committee

Hearing Date March 12, 1999

Tape Number	Side A	Side B	Meter #
1	X		0-1685
Committee Clerk Signature 			

Minutes: CHAIRMAN KREBSBACH called the committee to order. The clerk called the roll.

At this time CHAIRMAN KREBSBACH opened the hearing on HB 1057 which relates to the powers and duties of the industrial commission in operating the North Dakota mill and elevator association. Appearing before the committee to explain this bill was REPRESENTATIVE

JOHN DORSO, District 46, Fargo, Speaker of the House and prime sponsor of this legislation.

One of the reasons for this bill is his concerns about the profits of the bank. There have been any

number of bills that have come in in the last couple of sessions dealing with what he referred to

as the cream can called the profits of the bank. He thinks that the legislature ought to be awfully

concerned about the fact that there are attempts from any number of different areas to use the

profits of the bank before they go through the legislative process and that he thinks should

concern all legislators. Historically the profits of the bank have always been accrued to the

general fund and then appropriated by the legislature. There are a number of bills that would

obligate the profits of the bank without an appropriation or would tie the hands of the legislature in such a way that in fact the profits would be obligated before we even got here. He thinks that is a very dangerous precedent for the legislature to be setting. As concerns the industrial commission, what happened was, and I don't want this to become partisan, but if you look at what the industrial commission is going to do with the profits of the bank especially as concerns the mill and elevator. When we had the legislative council do the research, they could actually sell bonds for the mill and elevator and have used the profits of the bank to pay off those bonds without any legislative approval. Now, as it happened the industrial commission didn't decide to do that. Which I think was smart on their part, because I think we would have been very upset with them. But, we will not always have the industrial commission made up the way it is, with the people that are there. I think now that we were aware that that could be done, we should do something about that and that is what this bill tries to address. The industrial commission could not obligate profits without legislative approval. SENATOR WARDNER, what are some examples of what they are trying to do in these bills? REPRESENTATIVE DORSO, If the wheat pool had been financed by the mill and elevator through the sale of bonds, they would have been able to use the profits of the bank to pay off the bonds and they could have done that by industrial commission action alone without the approval of the legislature. The legislative council did do a memo on that for us. They could have done that. The industrial commission was responsible and said we can do this, and in fact I remember the attorney general was quoted in the paper as saying she thought that they could do this, but they decided not to do that without legislative approval, which I think we have to applaud all those members of the industrial commission for understanding that that would have upset the legislature a lot. As the legislature

I don't think we want this possibility to be out there. Now of course everybody knows it could be done and who knows what the next industrial commission might do. I don't think we should allow any agency to obligate the profits of the bank. I think that is for the legislature to do.

SENATOR STENEHJEM asked Representative Dorso if he had a copy of the memo which he has referred to and if so could a copy be sent to the members of the committee. A discussion between SENATOR STENEHJEM and REPRESENTATIVE DORSO took place (Meter #'s 609-1064, Tape 1, Side A, March 12, 1999). KARLENE FINE, Executive Director and Secretary for the Industrial Commission appeared before the committee to address some questions on the issues at hand. She indicated that the commission has not taken position on this bill. She indicated she did want to comment on a couple of things. Her understanding of the industrial commission is they can not issue bonds without legislative authority. They can borrow money from the Bank of North Dakota which they do, they have a line of credit with the Bank of North Dakota. The commission in wanting to look at the various options of financing its expansion project thought it might be able to obtain financing at a lower cost if it could issue tax exempt bonds so that is why the industrial commission came to the legislature to find the lowest cost financing we could for that project. SENATOR STENEHJEM, there is no question in your mind that for these tax exempt bonds you had to come to the legislature for approval?

KARLENE FINE, Yes, No question in my mind. For bonding authority we would have to come back to the legislature to seek authority for the bonds. Questions and responses continued.

(Meter #'s 1170-1680, Tape 1, Side A, March 12, 1999). No further testimony was presented in support of, in neutral position, or in opposition to HB 1057. The hearing was closed at this time.

The committee did not take any action on the bill at this time.

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Senate Government and Veterans Affairs Committee

Bill/Resolution Number HB 1057 Minutes

Hearing Date March 12, 1999

*COMMITTEE ACTION, MARCH 18, 1999, Tape 2, Side A, Meter #'s 4858-5838. A motion for*

*DO NOT PASS was made by SENATOR W. STENEHJEM, seconded by SENATOR THANE.*

*Comments were offered by SENATORS W. STENEHJEM, WARDNER, KILZER, DEMERS,*

*and CHAIRMAN KREBSBACH. ROLL CALL VOTE indicated 7 Yeas, 0 Nays, and 0 Absent*

*or Not Voting. SENATOR KREBSBACH will carry the bill.*

Date: 3/18/99  
Roll Call Vote #:

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1057

Senate GOVERNMENT AND VETERAN'S AFFAIRS Committee

Subcommittee on \_\_\_\_\_

or

Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Not Pass

Motion Made By Sen. W Stenehjem Seconded By Sen. Thane

Senators	Yes	No	Senators	Yes	No
SENATOR KREBSBACH	✓				
SENATOR WARDNER	✓				
SENATOR KILZER	✓				
SENATOR STENEHJEM	✓				
SENATOR THANE	✓				
SENATOR DEMERS	✓				
SENATOR MUTZENBERGER	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Sen. Krebsbach

If the vote is on an amendment, briefly indicate intent:



REPORT OF STANDING COMMITTEE (410)  
March 18, 1999 3:42 p.m.

Module No: SR-49-5139  
Carrier: Krebsbach  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

HB 1057, as engrossed: **Government and Veterans Affairs Committee (Sen. Krebsbach, Chairman)** recommends **DO NOT PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1057 was placed on the Fourteenth order on the calendar.