

**1999 HOUSE GOVERNMENT AND VETERANS AFFAIRS**

**HB 1066**

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1066

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 1-8-1999

Tape Number	Side A	Side B	Meter #
1		X	0 to 13.8
1		X	21.4 to 24
Committee Clerk Signature <i>[Signature]</i>			

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 8, 1999.

Summary of the Bill: Relating to the authority of the state auditor to conduct audits of the International Peace Garden.

Testimony in Favor:

Representative Svein, President of the International Peace Garden appeared before the committee and gave a historical perspective of how it got it's start and what is going on currently. It's the second leading tourist attraction in ND, attracting 250,000 people a year. The governing board consist of 20 members with two different nations involved (US and Canada). Two different laws, currencies and is hard to control at times. There are 6 permanent members plus other staff. We get \$182,500 from the state, \$125,000 Canadian and \$25,000 Canadian

federal. Our total budget is \$750,000. It's important that we get our audit and a good one at that.

We need something in law so we can get this audit done.

Representative Klein, When they change presidents of the board do they change the country from which the last one was from? Canadian then United States?

Representative Sveen, Yes, biggest mistake we made when we changed the by-laws.

Representative Klemin, Is the board made up equally? Ten from US and ten from Canada? Do the Canadians then have anything to do with the audit?

Representative Sveen, The Canadian side doesn't do the audit. Their trying to make an effort, but currently they do not.

Representative Thoreson, What is the cost of an audit?

Representative Sveen, \$13,500.

Mr. Ed Nagel, Office of the State Auditor appeared before the committee and submitted a written testimony which he read in it's entirety (**please refer to his testimony**). Our office is here as a neutral party. We have submitted an amendment and would encourage you to adopt it.

Representative Klein, Does Representative Sveen know of this amendment.

Nagel, Yes.

Representative Haas, Can the auditors office handle this? Are they in a position to do so?

Nagel, In the past we have always been able to handle the audit once every three years. I think we continue to do this.

Representative Klemin, Are there any other agencies that have the discretion to ask the auditors office to ask for an audit?

Nagle, No. There's a cost involved.

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House Government and Veterans Affairs Committee

Bill/Resolution Number HB 1066

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Representative Klein, This is basically a fix it thing. We need to fix the last bill that came through last session.

Mr. Bob Peterson, We need special language to continue to do this audit.

Representative Klein, Closed the hearing on HB 1066. Tape 1, Side B, Meter #13.7.

Representative Klein, Reopened the hearing on HB 1066. Tape 1, Side B, Meter #21.4.

Committee Action:

Representative Hawken, Made a motion to move the amendments on HB 1066.

Representative Grande, Seconded the motion.

Motion Passes: Yes (verbal).

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

Representative Cleary, Seconded the motion.

Motion Passes: **15-0-0**.

Representative Winrich, Is the carrier for the bill.

**FISCAL NOTE**

(Return original and 10 copies)

Bill/Resolution No.: \_\_\_\_\_ Amendment to: HB 1066

Requested by Legislative Council \_\_\_\_\_ Date of Request: 1-12-99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

**Narrative:**

The fiscal effect stated below presumes that the State Auditor's Office would audit the International Peace Garden only once every two years. If the audit was done annually, the fiscal effect would be approximately double.

2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:	N/A	N/A	N/A	N/A	N/A	N/A
Expenditures:	N/A	N/A	\$13,500	N/A	\$13,500	N/A

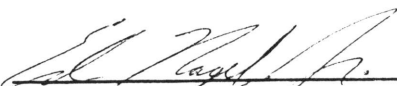
3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: N/A
- b. For the 1999-2001 biennium: Use of general fund appropriation of \$13,500
- c. For the 2001-03 biennium: Use of general fund appropriation of \$13,500

4. County, City, and School District fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

If additional space is needed, attach a supplemental sheet.

Signed 

Typed Name Ed Nagel, Jr.

Date Prepared: 1/12/99

Department Office of the State Auditor

Phone Number 328-4782

JAN 5 1999

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: HB 1066 Amendment to: \_\_\_\_\_

Requested by Legislative Council \_\_\_\_\_ Date of Request: 12-30-98

- 1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

**Narrative:**

The fiscal effect stated below presumes that the State Auditor's Office would audit the International Peace Garden only once every two years. If the audit was done annually, the fiscal effect would be approximately double.

- 2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:	N/A	N/A	N/A	N/A	N/A	N/A
Expenditures:	N/A	N/A	\$13,500	N/A	\$13,500	N/A

- 3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: N/A
- b. For the 1999-2001 biennium: Use of general fund appropriation of \$13,500
- c. For the 2001-03 biennium: Use of general fund appropriation of \$13,500

- 4. County, City, and School District fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

If additional space is needed, attach a supplemental sheet.

Signed *Ed Nagel, Jr.*

Typed Name ED NAGEL, Jr

Date Prepared: 1/4/99

Department OFFICE OF THE STATE AUDITOR

Phone Number 328-4782

**PROPOSED AMENDMENTS TO HOUSE BILL NO. 1066**

Page 2, lines 8 and 9, replace "Perform an audit of the International Peace Garden at the request of the board of directors of the International Peace Garden." with "Be vested with the authority to determine whether to audit the International Peace Garden at the request of the board of directors of the International Peace Garden."

Renumber accordingly

90292.0101  
Title.0200

Adopted by the Government and Veterans  
Affairs Committee  
January 8, 1998

VR  
1/8/98

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1066

Page 2, line 8, replace "Perform an audit of" with "Be vested with the authority to determine whether to audit"

Renumber accordingly



Date: 1-8-99

Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1066

House GOVERNMENT AND VETERANS AFFAIRS Committee

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

or

Conference Committee

Legislative Council Amendment Number AMENDED

Action Taken MOTION DO PASS AS AMENDED

Motion Made By HAAS Seconded By CLEARY

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) 15 No 0

Absent 0

Floor Assignment WINRICH

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

REPORT OF STANDING COMMITTEE (410)  
January 11, 1999 8:11 a.m.

Module No: HR-05-0448  
Carrier: Winrich  
Insert LC: 90292.0101 Title: .0200

**REPORT OF STANDING COMMITTEE**

**HB 1066: Government and Veterans Affairs Committee (Rep. Klein, Chairman)**  
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends  
**DO PASS** (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1066 was placed  
on the Sixth order on the calendar.

Page 2, line 8, replace "Perform an audit of" with "Be vested with the authority to determine  
whether to audit"

Renumber accordingly

**1999 SENATE GOVERNMENT AND VETERANS AFFAIRS**

**HB 1066**

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1066

Senate Government and Veterans Affairs Committee

Conference Committee

Hearing Date March 4, 1999

Tape Number	Side A	Side B	Meter #
1	X		2081-3370
Committee Clerk Signature <i>James A. Krebsbach</i>			

Minutes: CHAIRMAN KREBSBACH opened the hearing on HB 1066 which relates to the authority of the state auditor to conduct audits of the International Peace Garden. Appearing before the committee to introduce the legislation was Representative Gerald Sveen, District 6, prime sponsor of the bill. He indicated to the committee that this bill is the story of Brynhild Haugland. She was a member of the legislature for 65 years and had a lot of power and she was a member of the Peace Garden Board of Directors for 30 some years and she had a lot of power there. About 25 years ago she told Robert Peterson's father to do an audit of the Peace Gardens, period. So Robert Peterson did an audit of the Peace Garden for 25 years and it was not in the law. It is not legal. Our new auditor found that out and said that we better make it a law that would make it legal. We are a semi-government agency, and receive \$182,500 a year from the state of North Dakota and the sum of \$150,000 in Canadian money from the Canadian government. I think we get over a million dollars of expense for each year. The fiscal note then

is what they've been doing the last 25 years. This is a continuation of what they have been doing. What I would ask is that you approve of this so we can continue on. We can't afford to pay this kind of money out of our budget. We hope to continue as it has been done in the past.

SENATOR STENEHJEM indicated that this seems to be a rather pricey audit. It's almost 5% of the whole budget. SENATOR KREBSBACH indicated that REPRESENTATIVE SVEEN is the current Chairman of the Board. He replied that he is for the next three years. A question was offered by SENATOR KILZER, and another by SENATOR DEMERS in regard to the fiscal note. STATE AUDITOR ROBERT PETERSON appeared before the committee to testify in support of HB 1066. The problem with the audit is that we have two currencies that we have to deal with. As such we have to make the currency conversion. There is more to the International Peace Gardens currently than just the Peace Gardens. SENATOR STENEHJEM asked if they bill out their services by the hour. AUDITOR PETERSON indicated we do bill our hours out of the office. We're talking about \$36.00 per hour. The discussion of the audit cost continued.

CHAIRMAN KREBSBACH indicated that SENATOR STENEHJEM does bring up a good point. As you figure this out there are 300 and some hours involved, that's almost a 10 day period, to do an audit. That's I guess more like 7 and half to 8 weeks. AUDITOR PETERSON, We don't send just one person. Well, we start our billing from the point where we leave our office and traveling up there. I think that they spend about a week up there. CHAIRMAN KREBSBACH and would it include meals, rooms, etc.? SENATOR STENEHJEM posed a question about the audit amendment proposed by the house. THE amendment it was indicated was proposed by the State Auditors office because they felt it was a bad president to tell the state auditors office to do this audit. It would be better if they were allowed to do it instead.

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Senate Government and Veterans Affairs Committee

Bill/Resolution Number HB 1066 Minutes

Hearing Date March 4, 1999

There was nothing further and the hearing on HB 1066 was closed. A motion for DO PASS was made by SENATOR DEMERS, seconded by SENATOR WARDNER. ROLL CALL VOTE indicated 7 YEAS, 0 NAYS, 0 ABSENT OR NOT VOTING. SENATOR DEMERS will carry the bill

Date: 3/04/99  
Roll Call Vote #:

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HE 1066

Senate GOVERNMENT AND VETERAN'S AFFAIRS Committee

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

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

Action Taken Do Pass

Motion Made By Sen. DeMers Seconded By Sen. Wardner

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. DeMers

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

REPORT OF STANDING COMMITTEE (410)  
March 4, 1999 1:21 p.m.

Module No: SR-39-4027  
Carrier: DeMers  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

HB 1066, as engrossed: **Government and Veterans Affairs Committee (Sen. Krebsbach, Chairman)** recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1066 was rereferred to the **Appropriations Committee**.



**1999 SENATE APPROPRIATIONS**

**HB 1066**

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. ENGROSSED HB 1066

Senate Appropriations Committee

Conference Committee

Hearing Date 3/15/99; 3/18/99

Tape Number	Side A	Side B	Meter #
1	x		100-730
3/18/99 2	2125-2442		
Committee Clerk Signature <i>Gaudia Anderson</i>			

Minutes:

**SENATOR NETHING:** Opened the hearing on Engrossed HB 1066; a BILL for an Act to amend and reenact section 54-10-01 of the North Dakota Century Code, relating to the authority of the state auditor to conduct audits of the International Peace Garden.

**GERALD SVEEN:** Representative, District 6, as a cosponsor to testify in support of engrossed HB 1066. Initially the Peace Gardens were audited by the state auditor under the tenure of Robert Peterson. However, when Robert Peterson, Jr. was elected and took office, he found this system was not part of the statutes inasmuch as the International Peace Gardens are not a governmental entity. We are seeking reinstatement of that service. (tape 1, A, 100-360)

**SENATOR ST. AUBYN:** What is your budget?

**SVEEN:** The budget is about \$700,000 in American dollars.

**SENATOR NETHING:** Is it unusual to do a state auditor on a non governmental entity?

**SVEEN:** We're a quasi-governmental entity.

**SENATOR TOMAC:** If the state auditor used to do the audits, why is it going to cost an additional \$13,500?

**SVEEN:** The last audit was costly due to some bookkeeping problems.

**ED NAGEL:** Auditor's Office, presented some history noting the Auditor's Office had conducted the audit free of charge since the '70s. There had been discussion during that interim about the appropriateness of conducting the audit free of charge for a non government agency; however, we'd been instructed by the Auditor that it would be done. The newly elected Auditor decided the

office would not conduct the audit unless it was part of the statute. The fiscal note is based on the cost of the last audit. The next audit may not be that high.

**SENATOR SOLBERG:** You have the authority to have others conduct audits, don't you?

**SVEEN:** Yes, we can farm them out.

**SENATOR NETHING:** Closed the hearing on engrossed HB 1066. (tape 1, A, 730)

=====  
3/18/99 (tape 2, 2125-2442)

**SENATOR NETHING:** Reopened the hearing on engrossed HB 1066 and called for the motion.

**SENATOR HOLMBERG:** Moved do pass engrossed HB 1066.

**SENATOR ANDRIST:** Seconded the motion.

**ROLL CALL:** 13 yeas; 1 nay

**MOTION CARRIED TO DO PASS ENGROSSED HB 1066.**

Yeas: Nething; Naaden; Solberg; Lindaas; Tallackson; Tomac; Robinson; St. Aubyn; Grindberg;  
Holmberg; Kringstad; Bowman; Andrist

Nay: Krauter

**CARRIER: SENATOR DeMERS**

**SENATOR NETHING:** Closed the hearing on engrossed HB 1066.

Date: 3-18-99  
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1066

Senate APPROPRIATIONS Committee

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

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

Action Taken DO PASS

Motion Made By SENATOR HOLMBERG Seconded By SENATOR ANDRIST

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman	✓				
Senator Naaden, Vice Chairman	✓				
Senator Solberg	✓				
Senator Lindaas	✓				
Senator Tallackson	✓				
Senator Tomac	✓				
Senator Robinson	✓				
Senator Krauter	<del>✓</del>	✓			
Senator St. Aubyn	✓				
Senator Grindberg	✓				
Senator Holmberg	✓				
Senator Kringstad	✓				
Senator Bowman	✓				
Senator Andrist	✓				

Total (Yes) 13 No 1

Absent 0

Floor Assignment SENATOR DEMERS

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

REPORT OF STANDING COMMITTEE (410)  
March 18, 1999 3:28 p.m.

Module No: SR-49-5135  
Carrier: DeMers  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

HB 1066, as engrossed: Appropriations Committee (Sen. Nething, Chairman)  
recommends **DO PASS** (13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING).  
Engrossed HB 1066 was placed on the Fourteenth order on the calendar.

**1999 TESTIMONY**

**HB 1066**



STATE OF NORTH DAKOTA  
OFFICE OF THE STATE AUDITOR  
STATE CAPITOL  
600 E. BOULEVARD AVENUE  
BISMARCK, NORTH DAKOTA 58505

**TESTIMONY BEFORE THE HOUSE  
GOVERNMENT AND VETERANS AFFAIRS COMMITTEE**  
January 8, 1999

House Bill No. 1066

Testimony - Presented by Ed Nagel, Jr.  
Director

Chairman Klein, members of the committee, my name is Ed Nagel. I'm here to testify on House Bill No. 1066.

It has been a long-standing tradition for the State Auditor's Office to audit the International Peace Garden. There is currently no statute that requires or authorizes our office to conduct this audit.

During the last session HB 1110 was vetoed by the Governor. HB 1110 would have allowed the State Auditor's Office to audit non-profit entities, such as the International Peace Garden. Because the Legislature did not override the Governor's veto, the State Auditor's Office's conclusion is that legislative intent is clear, and we can no longer audit the International Peace Garden.

We are not in favor of the proposed new statutory language because we believe such language requires our office to perform the audit, at the discretion of the International Peace Garden. We believe the State Auditor should have the flexibility to make the decision as to whether or not his office has the resources to conduct this audit.

We believe the proposed law as written would establish a precedent that could encourage other non-state entities to have our office perform their audits, free of charge. Such a precedent would not be in the best interest of the state.

We encourage you to adopt our proposed amendment, which would give the State Auditor the authority to perform the audit of the International Peace Garden, at the discretion of the State Auditor.

**Testimony For HB 1066**  
**Prepared By: Representative Boucher**  
**Friday, January 8, 1998**

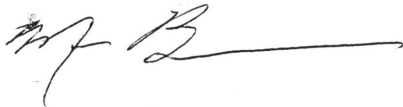
Chairman Klien and members of the Government and Veterans Affairs Committee. For the record I am Merle Boucher, a member of the House of Representatives from District 9, which is the home district for the International Peace Garden.

I submit this testimony in support of HB 1066. HB 1066 amends and reenacts Section 54-10-01 of the North Dakota Century Code. The bill gives authority to the State Auditor to conduct audits of the International Peace Garden.

It has been my understanding that the state auditor's office has in an unofficial status been conducting audits for the International Peace Garden for many years. HB 1066 simply puts into law, the official authority to the State Auditor to do what the office has been doing for a long time.

This Legislation is the appropriate, and the right thing to do. I urge the members of the Government and Veterans Affairs Committee to recommend a due pass for HB 1066.

Respectfully submitted by,



Representative Merle Boucher  
District 9