

1999 HOUSE POLITICAL SUBDIVISIONS

HB 1408

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1408

House Political Subdivisions Committee

Conference Committee

Hearing Date 2-4-99

Tape Number	Side A	Side B	Meter #
1	x		1.0-23.8
2	x		0.0-0.4
Committee Clerk Signature <i>Pam Dever</i>			

Minutes: BILL SUMMARY: A bill for an Act to provide for repayment of a coal development impact loan. Chairman Froseth called the hearing to order with all committee members.

Rep. John Mahoney, Dist. 33 : I am here in support of HB1408 on behalf of Oliver, Mercer, and Dunn County, which are all in the heart of coal country. Three sessions ago we ended out coal impact fund. We've seen now that our coal industry impact has not ended in our area, especially in Oliver County. Our roads are still used heavily by the coal industry. We are a small county with a small tax base. We can't keep up the repairs. One road in particular is by Nelson Lake, a recreational area, plus the road is used by BNI Coal Mine. We fixed it awhile back and used some experimental things and it did not last long. It cost a lot, but now the road is coming apart. Two years ago, I came to you to ask for money. We have a trust fund that we can get loans out of. Coal tax dollars go into it, and it earns interest. That interest, every two years, is transferred into the general fund. That runs between \$4-6 M each year. I asked two years ago, to have a grant out of that interest money. The legislature turned me down, but we came up with a

compromise of a 2% loan out of that. What HB1408 would refer back to the loan provision from two years ago, and allows for the trust fund money's interest to go to general fund and a portion to pay off the \$300,000 loan. It's a form of giving us an impact grant.

Chairman Froseth : This has a fiscal note, so we would have to refer it to appropriations.

Rep. Eckre : Has anyone ever borrowed from this before?

Rep. Mahoney : 5.1 There have been loans before, quite a few loans and grants. Several loans are still being paid back.

Rep. Severson : 5.6 Have any of those loans that have been granted in the past been forgiven?

Rep. Mahoney : 5.8 No, the way they are set up is, if the mines are closed, the loans are forgiven. They are paid out of coal impact revenue.

Rep. Glassheim : 6.2 As the language is now, this would apply to your situation but also all loans outstanding?

Rep. Mahoney : No, only applies to this loan for this road.

Sen. Randy Christmann, Dist 33 : 6.8 Here in support. I don't live in Oliver, but I live close and know that Oliver County has a small tax base.

Donald Albers, Chair of Oliver County Commission : 8.0 testified in support of the bill. (See attached testimony) The main problem is roads are still needed, but there is less tax money to keep them up.

Chairman Froseth : 9.7 How many miles of road and what are the county's payments on this obligation?

Don : The road isn't complete yet. On loan we've had to take is around \$500,000 total of the section we have completed. We need to fix about a mile yet which will cost around \$400,000.

We have to redo the road much thicker than ordinary road, because the traffic load is much too heavy to last the ordinary way of construction.

Rep. Koppelman : 12.1 Explain the coal severance tax on trucks?

Don : The coal trucks that haul coal out for heating purposes to institutions, do not pay any severance tax on that. They only pay sales tax.

Vice Chair Maragos : 12.7 There is no way to pass the cost along to the coal user to help defray the cost of the road repair?

Don : Maybe if we run a home rule charter and levy a 1 cent sale tax.

Rep. Glassheim : You do get some moneys from other people who use the road?

Don : Any one who needs to get to and from the mine. We get severance tax from the mine for the coal that isn't used for heating.

Mike Schneider, Kadrmas, Leet, & Jackson Engineers : 17.0 testified in support of the bill. This road, in question, is unique. Because of the thickness needed to accommodate the heavy loads, the cost is twice as much as a normal road construction.

Jim Luptak, State Land Development , : I am neutral on the bill. We prepared the fiscal note.

If I can answer any questions. We have many loans out in coal county.

Chairman Froseth : What is the normal interest that the coal trust fund charges?

Jim : We may not charge more than 6%, but we also have 6% as the floor. The 2% on this loan came about by legislative action.

Chairman Froseth : What kind of reserves do you carry in the coal trust fund.

Jim : The balance of principle, including amounts loaned out, is \$55M total.

Rep. Severson : This can't just be forgiven? Your trust fund has to repaid from somewhere?

Jim : That's correct.

Rep. Glassheim : There is no way to handle this internally?

Jim : This fund is constitutionally protected. Any loss of interest earning to repay the principal is automatically a loss to the state general fund. The coal impact grant program ended in 1987.

Chairman Froseth : Hearing no testimony in opposition , the hearing was closed.

Discussion was brought up later. Chairman Froseth asked what the committee wished. Rep.

Delmore made a motion of DO PASS, Rep. Disrud seconded the motion.

Rep. N. Johnson : I really think we will have every county coming back and wanting money if this should pass.

Rep. Severson : I agree, and I don't think we want to set a precedence here.

ROLL CALL VOTE : 6 YES and 8 NO and 1 ABSENT. Failed.

Rep. Severson made a motion of DO NOT PASS, Rep. B. Thoreson seconded the motion.

ROLL CALL VOTE-2 8 YES and 6 NO and 1 ABSENT. Rep. Severson will carry the bill.

FISCAL NOTE

JAN 26 1999

(Return original and 10 copies)

Bill/Resolution No.: HB 1408 Amendment to: _____

Requested by Legislative Council Date of Request: 1-20-99

- 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:

As of July 1, 1999, the outstanding principal and interest balance remaining on this loan will be \$264,027.00. If passed, this bill would reduce revenue for the General Fund by this amount, and Oliver County would benefit by this amount.

- 2. State fiscal effect in dollar amounts:

Table with 7 columns: 1997-99 Biennium (General Fund, Special Funds), 1999-2001 Biennium (General Fund, Special Funds), 2001-03 Biennium (General Fund, Special Funds). Rows: Revenues, Expenditures.

- 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: None
b. For the 1999-2001 biennium: None
c. For the 2001-03 biennium: None

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

Table with 9 columns: 1997-99 Biennium (Counties, Cities, School Districts), 1999-2001 Biennium (Counties, Cities, School Districts), 2001-03 Biennium (Counties, Cities, School Districts). Row: Counties, Cities, School Districts.

If additional space is needed, attach a supplemental sheet.

Signed Robert J. Olheiser

Typed Name Robert J. Olheiser

Department State Land Department

Phone Number 328-2800

Date Prepared: 1-22-99

Please type or use black pen to complete

Date 2-4-99
Roll call vote # 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1408

House POLITICAL SUBDIVISIONS Committee

- Subcommittee on _____
 - Conference Committee
- } Identify or check where appropriate

Legislative Council Amendment Number _____

Action Taken Also Pass ~~_____~~ failed

Motion Made By Rep Hillmore Seconded By Rep Disrud

Representatives	Yes	No	Representatives	Yes	No
Chairman Froseth		/	Rep. Wikenheiser		/
Vice Chair Maragos	/				
Rep. Delmore	/				
Rep. Disrud		/			
Rep. Eckre					
Rep. Ekstrom	/				
Rep. Glassheim	/				
Rep. Gunter		/			
Rep. Johnson, N		/			
Rep. Koppelman		/			
Rep. Niemeier	/				
Rep. Rose	/				
Rep. Severson		/			
Rep. Thoreson, B		/			

Total 6 8
(Yes) (No)

Absent 1

Floor Assignment _____

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

DO NOT USE HIGHLIGHTER ON ANY FORMS

Please type or use black pen to complete

Date 2-4-99
Roll call vote # 2

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1408

House POLITICAL SUBDIVISIONS Committee

- Subcommittee on _____
 - Conference Committee
- } Identify or check where appropriate

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Rep. Severson Seconded By Rep. Thoreson

Representatives	Yes	No	Representatives	Yes	No
Chairman Froseth	/		Rep. Wikenheiser	/	
Vice Chair Maragos		/			
Rep. Delmore		/			
Rep. Disrud	/				
Rep. Eckre					
Rep. Ekstrom		/			
Rep. Glassheim		/			
Rep. Gunter	/				
Rep. Johnson, N	/				
Rep. Koppelman	/				
Rep. Niemeier		/			
Rep. Rose		/			
Rep. Severson	/				
Rep. Thoreson, B	/				

Total 8 6
(Yes) (No)

Absent -1

Floor Assignment Rep. Severson

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

DO NOT USE HIGHLIGHTER ON ANY FORMS

REPORT OF STANDING COMMITTEE (410)
February 4, 1999 12:24 p.m.

Module No: HR-23-1920
Carrier: Severson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1408: Political Subdivisions Committee (Rep. Froseth, Chairman) recommends DO NOT PASS (8 YEAS, 6 NAYS, 1 ABSENT AND NOT VOTING). HB 1408 was placed on the Eleventh order on the calendar.

1999 TESTIMONY

HB 1408

**AN ACT TO PROVIDE FOR REPAYMENT
OF A COAL DEVELOPMENT IMPACT LOAN
House Bill No. 1408**

Chairman Froseth and members of the Committee:

Thank you for allowing me to testify before your committee today . My name is Donald Albers, Chairman of the Oliver County Commission and I am here to support this bill, number 1408.

We are asking that funds be allocated to repay the Coal Development Impact Loan that Oliver County received to rebuild the BNI Road. This road is vital to the Minnkota Power Plant, the BNI Coal Mine and to the employees of each. Oliver County is in the cross-roads for the employees, suppliers and repair personnel, who need access to the plant and to all other plants in connecting Counties. Large coal trucks hauling for the purpose of heating homes and educational institutions throughout the State, from a privately owned Coal Mine, also depend on this road. (The County receives no Severance Tax from coal mined for heating purposes.)

Since the closing of the Basin Services Coal Mine, which resulted in a loss of approximately One Hundred and Fifty Thousand Dollars (\$150,000.00) a year, resources have been stressed severely. Roads are still needed and repairs are necessary to maintain highway safety ; only we have less tax dollars to work with.

We, in Oliver County, expend almost 100% of the severance tax for our road program and the revenues for the coming year are the lowest during the 14 years that I have served as a Commissioner. The maintenance of our road program will be in jeopardy without some assistance.

Thank you again. Your support would be very much appreciated.

Donald Albers, Chairman

Oliver County Commission
Center, North Dakota 58530