

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

10211

2001 HOUSE POLITICAL SUBDIVISIONS

HB 1211

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1211

House Political Subdivisions Committee

Conference Committee

Hearing Date 1-25-01

Tape Number	Side A	Side B	Meter #
1		xx	4000--end
2	xx		1--650
Committee Clerk Signature <i>Pam Dever</i>			

Minutes: Chairman Froseth opened hearing on HB1211 and handed the gavel to Vice-Chair Severson.

Chair Froseth, Dist. 6 : testified in support of HB1211. (See Attached Testimony)

Connie Sprynczynatyk, ND League of Cities : testified in support of HB1211. (See attached)

This is a request to delay implementation of the new decennial census in terms of allocation of the state aid money.

Rep. Delmore : (4590) Why not do this at a special session.

Connie : If we had a special session and we had enough lead time, that would be possible.

However, many of the requests were made by legislators themselves and we spent many late nights trying to put the information together quickly. Not all of the data is in. We made predictions. We did not create losers. By changing the formula, we were able to have no losers. As long as the state tax collections continue the slow steady march up, there is no such thing as a loses with aid formula.

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House Political Subdivisions Committee  
Bill/Resolution Number HB1211  
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Mark Johnson, Assoc. Of Counties : We are in support of this bill. If this doesn't pass, the formula won't change and we will have winners and losers. (Tape 2, side A)

Rep. Kretschmar : Wouldn't you want this done during interim session?

Mark : No, we prefer to do it during the regular session.

Ken Yantas, ND Township Assoc. : We support this bill.

Chair Froseth : Any further testimony? Hearing none, hearing is closed. What does the committee wish?

Vice-Chair Severson : I move a DO PASS.

Rep. Disrud : I second.

**VOTE: 13 YES and 0 NO with 2 absent. BILL PASSED. Rep. Severson will carry.**

**FISCAL NOTE**  
 Requested by Legislative Council  
 01/12/2001

Bill/Resolution No.: HB 1211

Amendment to:

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>						
<b>Appropriations</b>						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

HB 1211 defines which population counts to use in distributing revenues from the state aid distribution fund. There is no change in overall revenues, so the fiscal impact is zero.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Tax Department
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	01/17/2001

Date: 1-25-01  
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1211

House POLITICAL SUBDIVISIONS Committee

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

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

Action Taken DO PASS

Motion Made By Vice-Chair Severson Seconded By Rep. Disrud

Representatives	Yes	No	Representatives	Yes	No
Chairman Glen Froseth	/		Rep. Wayne W. Tieman	/	
Vice-Chair Dale C. Severson	/				
Rep. Lois Delmore	/				
Rep. Rachael Disrud	/				
Rep. Bruce Eckre	/				
Rep. Mary Ekstrom		AB			
Rep. April Fairfield	/				
Rep. Michael Grosz	/				
Rep. Jane Gunter	/				
Rep. Gil Herbel		AB			
Rep. Nancy Johnson	/				
Rep. William E. Kretschmar	/				
Rep. Carol A. Niemeyer	/				
Rep. Andrew G. Managos	/				

Total (Yes) 13 No 0

Absent 2

Floor Assignment Vice-Chair Severson

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

**REPORT OF STANDING COMMITTEE (410)**  
January 25, 2001 3:48 p.m.

Module No: HR-13-1662  
Carrier: Severson  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**HB 1211: Political Subdivisions Committee (Rep. Froseth, Chairman) recommends DO PASS (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1211 was placed on the Eleventh order on the calendar.**

2001 SENATE POLITICAL SUBDIVISIONS

HB 1211



2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1211

Senate Political Subdivisions Committee

Conference Committee

Hearing Date February 16, 2001

Tape Number	Side A	Side B	Meter #
1		x	42.2-54.0
2	x		0.0-6.0
March 2, 2001	x		13.2-16.7 ; 44.2-52.1
Committee Clerk Signature <i>Mary Jo Wocken</i>			

Minutes:

The hearing was opened on HB1211; relating to the allocation of revenues among political subdivisions through the state aid distribution fund.

REPRESENTATIVE FROSETH: Sponsor of HB1211 and urge your favorable consideration. This bill was requested by the North Dakota League of Cities and the Association of Counties. See written testimony. SENATOR FLAKOLL: Representative Froseth, so basically we're just looking at the current the 2000 census, we'll be looking at what's currently allowed.

REPRESENTATIVE FROSTED: Yes, the present formula will be in place for the next two years. The problem that exists is in the new census figures that we have received the new census figures for the state as a whole, but the breakdowns that counties and cities doesn't actually come out until April 1st which will be to late for this legislative session to authorize a new distribution formula. So what the Association of Counties and the League of Cities want this operatization to use the present formula until the next legislative session when they can adjust it, and plug in the

new population figures in the counties and cities across the state. SENATOR FLAKOLL: So, couldn't we have kept the same formula but just use whatever data might be coming out, as an example, coming from a, recognizing our represent to you that it grew by a little bit. What is my incentive to vote for this bill? REPRESENTATIVE FROSETH: I would like to defer those questions to the League of Cities and Association of Counties people, but if this present formula is used, what my understanding is they can put in a new population figures, but, the method of the distribution might not give the proper distribution to cities that have either gained or lost populations. CONNIE SPRY: North Dakota League of Cities. Representative Froseth has briefed you on the intent of this bill. This is something that our two associations have requested because in the 1997 session, you will see on the front of the League's testimony. See written testimony. Included is the response to Senator Flakoll's question. So, first of all, we're hear to tell you that it worked very well. But the problem is now we don't have a chance because the data is not finalized. We can't tell you exactly who's going to win and who's going to lose. Understand that when we created the new per capita formula, that the counties and the cities layered out into clear population categories. And what we did was look at whatever everybody was getting before and say well there's, you were getting so much percent of the pool before, and this group was getting this percent of the pool, etc, and less try and make sure you at least get that cut in the future. The problem now is that we can't make those same predictions, we can't tell the cities and counties with assurance what they are going to get, because we don't have those finalized numbers. So were only talking about a two year period. It is clear Senator Flakoll that those political subs have grown considerably, so this requires patience on their part. They've seen there payments increase like everybody else, and probably when the new figures become final there will be an opportunity for yet another jump. Some will shift within the categories. SENATOR FLAKOLL:

I am doing numbers here and I am not sure, if I may get close, but if we go on .4 of 1 cent what in the biennium, through the period here, how much money are we looking at as far as being the total money we are talking about, overall. CONNIE: We use the 1996 numbers for this because when we were working on that was the most complete data that we had. At that time, the sales tax was predicted, our appropriations had been \$51.5 per several biennium's, but .6% of state sales tax was actually supposed to be giving us was \$90 million, and so we said well if we go back up to .4% then we would be getting about \$60 million. SENATOR FLAKOLL: About \$64 million. CONNIE: It has gone up since then, so, we're here to say thank you, its working very well. It is now, a well appreciated and at least a more predictable revenue source for cities, counties, townships and park districts, everybody that participates in that pool. Remember that the State Aid Fund, is both the old personal property tax replacement and state aid which was initiated measure back in the 1970's. It passed with a whopping 78% approval ratings by the way. MARK JOHNSON: State Association of Counties. We promised the leadership and those others involved in the next session that we will come back as the League of Cities and the Association of Counties with as fair and equitable formula as possible. But we do want to spend the time in the next two years working with our various political subdivisions to make sure that they are comfortable with it. And if good census data is available in April, or May, we don't know for sure, it just would not be enough time to work all those things out. This was a well orchestrated attempt to get the cities and the counties funding proposals out of the sheer politics that we've dealt with in previous sessions. The last two sessions its proven to be that and it was an agreement between a bipartisan leadership proposal that we worked with on the House and the Senate. SENATOR POLOVITZ: Is there any chance that in two years that this formula will be changing? MARK JOHNSON: Absolutely. It will change by a slight percentage points on the

high end and the low end, because of the groupings that are in that statute, and I know that is hard to read. That statute can see where everyone fits. But, they will change slightly and the whole goal here will be to keep the winners and losers at a minimum. We think that is possible.

SENATOR POLOVITZ: They are in categories right now? MARK JOHNSON: Yes, the category, for example, on counties, it says that 10.4% of the amount of, which is currently \$ 67 million, Senator Flakoll, is the pot. The total pot is \$67 million, so 10.4 % of that pot goes to Cass County only. And we have kept Cass County in a separate category. So they will not be hurt or helped because of this separate category. They may get more dollars because of the population growth, but it will balance. Everyone gets the entire mix of counties. SENATOR

WATNE: This bill reads, ' population used will be the 1990 unless an official special concessus was conducted between the 1990 federal census in January 1, 1997, we're there any official special census's conducted that affect this bill? MARK JOHNSON: There were a few. Cities that did do some special census and I am not sure how those numbers came out. But the statute would have called for them to have been adjusted slightly as a result of that. SENATOR WATNE:

Without this bill, going through, would the new census figures automatically kick in, under this plain formula? MARK JOHNSON: You hit right on the reason why this bill is here, because what would happen is that the new census data would then be used at the time that it becomes officially available and certified, and then we would have winners and losers on both ends of the spectrum and some in the middle. It would just happen to them. We want to manage it, and orchestrate it with everyone's full participation. So that is what is exactly what would happen. The census would lope in there, boom, the money's would go out differently and we'd have a huge cry from them to do as legislators as well as to our organizations and we want to avoid that.

