

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1298

2001 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1298

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1298

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 1-26-01

Tape Number	Side A	Side B	Meter #
1	X		3922-end
		X	0-1469
		X	2156-3047
Committee Clerk Signature <i>Robin D. Small</i>			

Minutes:

REP. M. KLEIN called the meeting to order, all committee members were present.

In favor:

REP. DEKREY introduces the bill. REP. DEKREY is the sponsor of the bill.

ROBERT L. HALE, SPECTRUM CARE, LLC

Please see attached testimony.

REP. KLEMIN asks about the fiscal note. HALE replies that it should be a third less than that number.

In favor:

JOHN FJELDAHL, PRESIDENT WARD COUNTY FARM BUREAU

Please see attached testimony.

REP. KROEBER asks what would the increased cost be to Ward County? FJELDAHL replies that he is not sure, but it couldn't be that expensive .

Page 2

House Government and Veterans Affairs Committee

Bill/Resolution Number HB 1298

Hearing Date 1-26-01

Neutral:

CONNIE SPRYNZYNATYK, ND LEAGUE OF CITIES

The process of placing a value on every piece of public infrastructure is a monumental undertaking. The larger communities are already working on it. The league of cities are working with the finance officers.

REP. KLEMIN asks about the Gads bee 34 requirements. SPRYNZYNATYK refers to someone else.

EILEEN HOLWEGNER takes the podium, and addresses the committee. HOLWEGNER states that the Gads bee 34 is to capitalize infrastructure. Option to add or opt to do either choice. Significantly changes the way financial statements are prepared, and effects all government agencies.

REP. KLEMIN asks if the task force is compliance with this requirement? HOLWEGNER replies that they are still defining the Gads bee 34.

REP. METCALF asks how many government entities would be phase 1 and 2? HOLWEGNER replies that she is not sure. REP. METCALF asks if most government agencies would be at phase three? HOLWEGNER replies that is just a guess.

REP. GRANDE asks HOLWEGNER to explain the fiscal not to the committee.

REP. M. KLEIN asks about the fiscal impact on the bill and could it possibly double?

HOLWEGNER says that it depends on how intense you would want to audit it.

Opposition:

GREG SUND, CITY OF DICKINSON

SUND states to the committee that he takes this bill very seriously. SUND also talks about funding for depreciation.

Page 3
House Government and Veterans Affairs Committee
Bill/Resolution Number HB 1298
Hearing Date 1-26-01

In favor:

ROBERT HALE stands to the podium to address the committee again. HALE tells the committee that North Dakota is a poor investment and let's do something to change that. Take care of the infrastructure.

JOHN FJELDAHL also talks to the committee again. FJELDAHL wanted to stress some of the same thing that he hit on before.

The hearing was then closed.

Action was taken later that afternoon.

REP. DEVLIN motioned for a DO NOT PASS, seconded by REP. GRANDE. The roll call vote was taken with 15 YES, 0 NO, 0 ABSENT and NOT VOTING. The CARRIER of the bill is REP. HAAS.

HB 1298: DO NOT PASS 15-0-0

CARRIER: REP. HAAS

FISCAL NOTE
 Requested by Legislative Council
 01/17/2001

Bill/Resolution No.: HB 1298

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
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$475,000	\$0	\$450,000	\$0
Appropriations	\$0	\$0	\$475,000	\$0	\$450,000	\$0

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
\$0	\$0	\$0						

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

The bill requires the Governor to appoint an infrastructure audit task force to oversee the performance of audits of the infrastructure of the state. The task force is to employ accounting and financial expertise necessary to properly perform the tasks required by this bill. The bill also requires state agencies, cities, counties and townships to conduct audits of their infrastructure every two years. This fiscal note does not take into account the cost to political sub-divisions.

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.*

None

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.*

The expenditures listed above would be for the task force to employ 2 mid-level accountants, an account technician, and 1 administrative support person, start up costs, and operating expenses. Salaries and benefits are estimated at \$360,000 for the 2001-2003 biennium and \$375,000 for the 2003-2005 biennium. Start-up costs for computers, desks, office supplies, printers, etc. are estimated at \$30,000 with another \$10,000 for asset management software. Routine operating costs of \$75,000 per biennium are included.

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.*

Additional general fund appropriations would be needed to fund the bill. The funds are not provided in the Executive Recommendation. It is possible that a much larger expenditure may be necessary to fulfill the mission of this bill.

Name:	Clare Carlson	Agency:	Governor's Office
Phone Number:	328-2200	Date Prepared:	01/25/2001

Date: 1-26-01

Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. NB 1298

House GOVERNMENT AND VETERANS AFFAIRS Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Devlin Seconded By Grande

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN	✓		REP KROEBER	✓	
VICE CHAIR GRANDE	✓				
REP BELLEW	✓				
REP BRUSEGAARD	✓				
REP CLARK	✓				
REP DEVLIN	✓				
REP HAAS	✓				
REP KASPER	✓				
REP KLEMIN	✓				
REP MEIER	✓				
REP WIKENHEISER	✓				
REP CLEARY	✓				
REP HUNSKOR	✓				
REP METCALF	✓				

Total (Yes) 15 No 0

Absent _____

Floor Assignment Rep. Haas

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

REPORT OF STANDING COMMITTEE (410)
January 26, 2001 12:01 p.m.

Module No: HR-14-1704
Carrier: Haas
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1298: Government and Veterans Affairs Committee (Rep. M. Klein, Chairman)
recommends **DO NOT PASS** (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
HB 1298 was placed on the Eleventh order on the calendar.

2001 TESTIMONY

HB 1298

TESTIMONY ON HB 1298

January 25, 2001 – Before the Government & Veterans Affairs Committee
Representative Matthew Klein, Chairman (Fort Union Room)

Chairman Klein and members of the Government and Veteran Affairs Committee I appreciate the opportunity to address you today and urge your support for the creation of an infrastructure audit taskforce. It is my hope this taskforce will serve as the vehicle to assist North Dakota in meeting its obligations to comply with the National Standards Board for Government Accounting directive known as GASB – 34.

GASB – 34 is the Government Accounting Standards Board requirement for accounting for public infrastructure. GASB – 34 mandates are obligatory if North Dakota is to qualify for favorable bond ratings when it goes into the bond market for funding to construct, maintain and upgrade infrastructure. It is my understanding that substantial compliance with GSBY is required to be met by 2003.

However, HB 1298 goes beyond the minimal requirements of GASB – 34, in two important ways.

FIRST, it creates a TASKFORCE that would work to identify an accounting format that would be consistent for all political subdivisions in the state. This would significantly reduce the costs of maintaining an ongoing and accurate identification of the public infrastructure in our state.

SECOND, it would not just provide the minimal information required under GASB – 34 of a listing of infrastructure at cost and identified current replacement costs. This bill would take the minimal requirements one step further and identify the current state of maintenance requirements (i.e. deferred maintenance) and provide for identification of reserve balances that would be necessary to provide for maintenance and/or replacement of the capital structures.

SECTION ONE, outlines the make-up of the Taskforce. What is envisioned is a Taskforce that would be made up of volunteer professionals such as people like myself. This taskforce would require the services of one accounting professional and one or two staff members. I have discussed the make-up of this taskforce with Rod Backman director of OMB and believe he has prepared a FISCAL NOTE identifying the anticipated cost of this taskforce.

SECTION TWO, outlines the duties and responsibilities of the taskforce. The first responsibility of the taskforce would be to work with OMB to coordinate with its efforts in complying with GASB - 34 and building on that effort. The taskforce would then work with each political subdivision to assist them in meeting the GASB -34 mandates and incorporating the additional audit requirements outlined in Section Three of this bill, particularly subsection (2) and (3) of Section Three.

SECTION THREE, simply defines the infrastructure items that are to be included in the infrastructure listing, identifies the information required to be provided relative to each identified infrastructure item and how the infrastructure is to be categorized and prioritized.

SECTION FOUR & FIVE, state that the audit information is to be presented to the appropriate legislative body in a manner so that body can make informed decisions regarding provision of funding to improve, maintain, operate and replace the infrastructure which the political subdivision has responsibility.

SECTION SIX, sets out a requirement that the political subdivisions update these audits at least once every 24 months so there is adequate information for the legislative body of each political subdivision to make appropriate budgeting decisions.

As each of you is aware North Dakota is facing a very uncertain economic future. Since 1980 our state has lost over 10,000 people. Over the last 10 years we have had an estimated population gain of 3,400 people. Attached to my testimony is a list of the population figures of all 50 states comparing their growth between the 1990 and 2000 census.

North Dakota is at the bottom of the list. Wyoming with a smaller total population base than North Dakota added over 40,000 people while North Dakota added an estimated 3,400. There are many reasons for this. This is not the appropriate time or place to discuss those reasons in detail. However, unless North Dakota takes steps and begins to do some things differently than it is currently doing the next census will, undoubtedly show our state with a negative growth. This is not necessary.

The proposal I am presenting today in the form of HB 1298 would, I believe be an important step in reversing the image North Dakota now has when it comes to attracting industry to our state.

One of the greatest strengths working in favor of North Dakota is the massive deferred maintenance on public infrastructure in every major metropolitan area in

