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10/2/03
Date

2003 HOUSE FINANCE AND TAXATION

HB 1,24

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1024

House Finance and Taxation Committee

Conference Committee

Hearing Date January 13, 2003

Tape Number	Side A	Side B	Meter #
1	X		0.5

Committee Clerk Signature

Jamie Stein

Minutes:

REP. WESLEY BELTER, CHAIRMAN. Called the hearing to order.

TERRY TRAYNOR, ASSISTANT DIRECTOR, NORTH DAKOTA ASSOCIATION OF COUNTIES. Testified in support of the bill. See written testimony plus report on taxes levied in 2001 tax year.

REP. FROELICH Stated that he thought this was already available through home rule.

TERRY TRAYNOR It would be available through home rule, but several counties have tried that and failed. Home rule tends to create sort of a specter of other things. Most counties who have implemented home rule have also changed the structure of their counties, and oftentimes, those issues get rolled along with the sales tax issue and it gets to be very difficult to pass home rule, particularly, in the smaller counties.

REP. FROELICH Does the home rule have to be voted on by the voters?

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Page 2
House Finance and Taxation Committee
Bill/Resolution Number HB 1024
Hearing Date January 13, 2003

TERRY TRAYNOR Yes, it does, there is a specific process involved, public meetings, and a vote of the people.

REP. FROELICH How many counties have originally requested this through your association?

TERRY TRAYNOR The county auditors, at their meeting, requested that we draft this as a proposal through the Association of Counties' annual meeting, where it was adopted, by both the County Commissioner's Association and the Association of Counties.

REP. FROELICH Asked if there was a fire district or a social service board, and one of them has a surplus, could they not go into that fund that had a surplus built up in it, and raid that fund?

TERRY TRAYNOR No, this would not affect any of those funds on the lower part of the paper relating to the taxes levied table attached to the written testimony. They would have the option to consolidate the top portion of the page.

REP. FROELICH If they have one that was built up, then the county eliminated it, they could go in then and use those funds for wherever they needed it?

TERRY TRAYNOR Stated he was not sure.

SANDY CLARK, REPRESENTING THE NORTH DAKOTA FARM BUREAU, Testified in opposition of the bill. See written testimony.

Ms. Clark answered one of Rep. Froelich's questions relating to the reserve fees. Currently, you can raise reserve funds. You can always lower the evaluation and use reserve funds, then come back and raise them again. She stated they worked with the North Dakota Association of Counties during the interim, but fell apart on this issue.

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Page 3
House Finance and Taxation Committee
Bill/Resolution Number HB 1024
Hearing Date January 13, 2003

REP. F. KLEIN Whether you could go to the fund to use the money that is already in there, instead of raising the mill levy.

SANDY CLARK Stated she didn't know what happened with those surpluses, without any changes in the bill, you could raise the mill levies and then lower them again.

REP. WINRICH Commented on the normal budget process, he stated that is set by the board.

SANDY CLARK Stated that was her understanding.

REP. WINRICH Under current law, if we have a levy in one of the current categories, below the limit, and the county has the authority to raise that limit, that sort of action would be taken by the county board?

SANDY CLARK That is my understanding.

REP. WINRICH You stated you were opposed to the opt out procedure in this kind of legislation. It seems to me, most of the budgeting, etc., are dealt with the opt out procedure, rather than the opt in procedure, what is it specifically about this that you don't like compared to other procedures the county deals with?

SANDY CLARK Stated this is a different deal when you are making changes in the way it was set up. You are changing the original will of the people.

REP. WINRICH The current structure was set by the legislature, you referred to this as being set by the vote of the people.

SANDY CLARK Not every county has these special designated funds.

REP. SCHMIDT If we turn this down, do you see a move toward home rule?

SANDY CLARK No, I am not familiar with any counties that have that in mind, our premise has always been to go back to the vote of the people, then that would be their choice.

Page 4
House Finance and Taxation Committee
Bill/Resolution Number HB 1024
Hearing Date January 13, 2003

REP. BELTER Asked John Walstad, Legislative Council, the question, The counties do have the authority, if they can build up an amount of money in a particular area, then they could reduce that tax, and hold those funds, until that money is used up, then reinstate the tax again when they need the funds?

JOHN WALSTAD, STAFF OF LEGISLATIVE COUNCIL When funds are levied like that, the amount levied, is the amount to be expended for that purpose. I wouldn't think there would be a large carry over anyway. If funds do accumulate for whatever purpose, I would think the next time a levy comes up for consideration, whatever is still on hand, you would subtract it from what is still on hand, for that specific purpose.

With no further testimony, the hearing was closed.

COMMITTEE ACTION 1-13-03 Tape #1, Side B, Meter #41.6

REP. BELTER Reviewed the bill and asked committee members whether they had any amendments they would like to submit on the bill.

TERRY TRAYNOR Commented on some of the questions asked by committee members. He stated the bill would allow all of the levies be moved into the county general fund. It would allow the county commission to increase or decrease the county general fund, as long as it was underneath the 134 mills established.

REP. BELTER Stated, currently, the county has a separate mill for the extension service, but under the consolidation, that would disappear?

TERRY TRAYNOR Yes

Page 5
House Finance and Taxation Committee
Bill/Resolution Number HB 1024
Hearing Date January 13, 2003

REP. GROSZ Commented on the opt out option, if the nineteen days are enough for the auditors to get ready.

REP. BELTER Decided to act on the bill at a later date.

COMMITTEE ACTION 1-14-03, Tape #2, Side B Meter #0.0

REP. KLEIN Made a motion for a **DO NOT PASS**.

REP. WINRICH Second the motion. **MOTION FAILED**

Committee members felt there should probably be some amendments drafted.

Rep. Froelich stated he would visit with his county commissioners to see what they wanted.

Rep. Winrich stated he felt we were assuming every county is the same, but they are not. Each elected official has to do what they need to do on the county level. He felt we shouldn't complicate the governing at the county level.

Rep. Wikenheiser stated, as a county commissioner, they do have some flexibility to adjust the funds to use them in another area.

REP. FROELICH Made a motion for a **DO NOT PASS**.

REP. WIKENHEISER Second the motion. **MOTION CARRIED**.

7 YES 6 NO 1 ABSENT

REP. FROELICH Was given the floor assignment.

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