

42

MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

1025

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yalosta Rickford
Operator's Signature

10/2/03
Date

2003 HOUSE POLITICAL SUBDIVISIONS

HB 1025

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yolanda Rickford
Operator's Signature

10/2/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1025

House Political Subdivisions Committee

Conference Committee

Hearing Date: January 17, 2003

Tape Number	Side A	Side B	Meter #
1	X		0.0-34.6
Committee Clerk Signature <i>Micki Schmidt</i>			<i>1-27-03</i>

Minutes:

(0.1) REP. GLEN FROSETH: Opened the Political Subdivision Committee on HB 1025.

The clerk will take the roll: We have a quorum.

(1.1) JOHN BJORNSON; LEGISLATIVE COUNCIL: Testimony in support of HB 1025.

Relayed information about revenue sharing process, counties divided into 7 groups and how revenue will be dispersed by population, the changes in population groupings and how to adjust formulas. On page 6, there's a change in the percentage.

(5.3) REP. GLEN FROSETH: My first reaction was, there's some big changes here! On page 4, line 25; 10 and 4 tenths percentage went to 64%. What's happening here? Then you start reading the full context of the Bill and you'll see that the divisions have changed and so forth.

(5.6) REP. GIL HERBEL: How were those percentages determined?

Halista Rickford
Operator's Signature

10/2/03
Date

Page 2
House Political Subdivisions Committee
Bill/Resolution Number HB 1025
Hearing Date January 17, 2003

(5.7) JOHN BJORNSON: They took the formulas and looked at the allocations to the cities and based upon the 1990 numbers and then they adjusted the formulas to the change in the populations. Some lost, some gained.

(6.5) TERRY TRAYNOR: ASSISTANT DIRECTOR OF ND ASSOCIATION OF COUNTIES: Testimony in support. (See attachment #1) (12.8) Explained Table 1 on attachment.

(16.9) REP. GIL HERBEL: On the chart with the sample, (Table 2) it says the real share, and then you have 53.7%. Is this what was being allocated under the present formula?

(17.1) TERRY TRAYNOR: Yes it was and it still is. That share of the total population, 53.7% has historically gone to rural and county townships and it will continue. We aren't changing the city/county split at all.

(17.4) REP. GIL HERBEL: Then when I look below that, it says the 36 other counties, that's where I am confused, with the 53.7 for rural share and then the others.

(17.7) TERRY TRAYNOR: No, the left side had 64% for the 17 largest counties in the state. 64% of the \$2.6 million. 64% of the rural share and 36% of the counties.

(18.0) REP. GIL HERBEL: Then what happens to this when we reduce the county based on the Bill that's coming in?

(18.1) TERRY TRAYNOR: I believe with the sliding scale, it probably wouldn't change it very much. A county that was levying a real large personal property in 1969 would get a lot more money than those that weren't.

(19.8) REP. MARY EKSTROM: Can you tell me what that base amount really is?

Page 3
House Political Subdivisions Committee
Bill/Resolution Number HB 1025
Hearing Date January 17, 2003

(20.1) TERRY TRAYNOR: The base amount is: it really depends upon what we're talking about for the appropriations. Assuming a \$5 million distribution, that's about \$11 thousand dollars gross apiece. Starting at about \$3,000 based on population and up to \$30,000.

(20.7) REP. WILLIAM KRETSCHMAR: When was the original organized?

(20.9) TERRY TRAYNOR: The Legislature originally created the personal property replacement and when that wasn't fully funded it was 1978 that the revenue sharing initiated measure was passed. And 1979 was the first appropriation for it.

(21.1) REP. WILLIAM KRETSCHMAR: Has the Legislature ever approved the 5%?

(21.3) TERRY TRAYNOR: The first seven years it was protected by that two-thirds vote that they did, and it was 5% sales and income tax at that time.

(21.6) REP. GLEN FROSETH: I think that it changed to 6 tenths of 1 cent when the counties and cities started not receiving their quota.

(21.8) TERRY TRAYNOR: That's correct! We came close that first year. There was some Human Service needs that needed money out of the fund.

(22.0) REP. WILLIAM KRETSCHMAR: Has anything been talked about in the counties that would give smaller counties a better break?

(22.8) TERRY TRAYNOR: Actually this formula on a per person basis does favor the small counties. They get more per person, but obviously don't have more people. Generally we look to the Highway distribution fund, the other major source of state tax dollars.

JERRY HJELMSTAD; ND LEAGUE OF CITIES: Testified in favor of HB 1025. (See attachment #2)

Page 4
House Political Subdivisions Committee
Bill/Resolution Number HB 1025
Hearing Date January 17, 2003

(28.8) REP. GIL HERBEL: On page 4, they've established 17 of these counties. How is that number 17 picked? Population?

(29.2) TERRY TRAYNOR: We tried a lot of different ways to get the best pick, and to do no harm. There's such a big break between the 17 largest and the next one. There's almost 5,000 people between that.

(29.6) REP. WILLIAM KRETSCHMAR: How much has been proposed in the budget?

(29.8) JERRY HJELMSTAD: 4 tenths of 1 cent.

(30.1) REP. DALE SEVERSON: Do you know if there's a per person dollar amount of that?

(30.7) TERRY TRAYNOR: On the county side of the formula, Cass Co. gets about \$2.50 per person. Macintosh Co. gets \$4.40 per person.

(31.3) REP. GLEN FROSETH: Testimony? Hearing none, what are the committee's wishes?

(32.3) REP. DALE SEVERSON: I MOVE A DO PASS.

(32.4) REP. MARY EKSTROM: I SECOND IT.

(32.5) REP. GLEN FROSETH: Any further committee discussion? Seeing none, I will ask the clerk to call the Roll Call Vote: 14- yes; 0- no; 0- absent; Carrier: Rep. Weiland

We will close the hearing for HB1025.

FISCAL NOTE
 Requested by Legislative Council
 12/13/2002

Bill/Resolution No.: HB 1025

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.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$0	\$0		
Expenditures						
Appropriations						

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			\$0	\$0				

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

HB 1025 changes the allocation of State Aid Distribution Fund (SADF) revenues, effective August 1, 2003. The total amount of sales & use taxes and motor vehicle excise taxes going to the SADF remains unchanged. The allocation of SADF revenues between counties and cities also remains unchanged. While unchanged in total, HB 1025 provides for changes among individual counties and cities based on population.

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.

Name:	Kathryn L. Strombeck	Agency:	Tax Department
Phone Number:	328-3402	Date Prepared:	12/23/2002

Kathryn L. Strombeck
 Operator's Signature

10/2/03
 Date

