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Salvatore Riccardi
Operator's Signature

10/16/83
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1417

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10/16/03
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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1417

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1/27/03

Tape Number	Side A	Side B	Meter #
5	x		8.4-end
5		x	0.0-20.4
Committee Clerk Signature <i>Judith Hammer</i>			

Minutes: **Chairman Kelsner** opened the hearing on HB 1417.

Rep. Winrich, District 18 and prime sponsor of this bill, introduced HB 1417. He stated that in 1999, the Renaissance Zones legislation (HB 1492) passed into law. "How will we know if HB 1492 is a success and what will we get for the public resources that we're spending? What return? The fiscal note "could not be estimated." A decision that should have a definitive, factual answer only has a political answer. I introduced a similar bill to HB 1417 two years ago, which became a study resolution. The Commerce Department issued an economic development progress report which was merely a list of economic development programs, total resources available, and a list of businesses that were assisted. But no information about what happened. So I am introducing the bill again. The Department of Commerce needs statutory guidance about what information they must include with their reports. Rep. Glassheim gave me a Grand Forks Growth Fund report and I have copies of some reports from that document to distribute. (See

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Attachment 1) This is the type of report the Commerce Department needs to generate so that we can evaluate the economic development programs that we are funding at the state level".

Rep. Ekstrom: How do the fiscal notes relate to reality?

Rep. Winrich: The Department of Commerce says that it will cost \$640,000 or so and require several new FTE positions. The fiscal note for the bill from last session was \$ 445,000. That bill was referred to the Finance and Tax Committee because the Tax Commissioner was going to collect the information then. The FTC said it would cost \$200,000. I'm skeptical about the fiscal note.

Don Morrison, Executive Director of the ND Progressive Coalition, testified in support of HB 1417. (See Attachments 2 & 3) Morrison walked the committee through the bill's highlights. It addresses development on both state and local levels.

Rep. Ekstrom: In Section 6, with regard to the default of these agreements. What if there is a turndown to the economy? Did you consider that:

Morrison: No.

Rep. Severson: These forms that provided to businesses, what if they choose not to fill them out? Is there a penalty?

Morrison: Then they would not receive the assistance as these forms are a requirement for participation. Look at Section 5, paragraph 7. And subsection 7 on page 8. Failure to comply, within 10 days of filing deadline, the recipient would lose their development assistance. The forms are based on state forms that are more detailed than necessary for this legislation to work. This will consolidate the information. .

Rep. Johnson: Is this patterned after other states?

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Morrison: Yes, Minnesota passed similar legislation in 1995. Maine and North Carolina also have programs like this. Seven states have disclosure laws and procedures like this. And at least 19 states have clawbacks. 37 states have attached job quality standards.

Rep. Severson: Paperwork, paperwork, how conducive will this be to business people who want to provide job opportunities with all the compliance paperwork required?

Morrison: They are in Minnesota. They are asking for public money. That's a relationship with the taxpayers of this state who are investing in this economic development. It's incumbent upon us to know where our money is being invested.

Rep. Johnson: Does this take flexibility away from granting agencies? Or tie their hands?

Morrison: Only in terms of what information needs to be asked as well as the job quality standards.

Rep. Johnson: What is the Progressive Coalition?

Morrison: It's statewide organization of member organizations, individuals, we work together to find common ground on things that matter to working people, children, things that improve our communities and make them better places to live. Morrison distributed written testimony in support of HB 1417 on behalf of **Dr. Steve Huenke**. (See attachment # 4)

Chris Runge, Executive Director of the ND Public Employees Association, AFT Local #4460, and AFL-CIO, appeared to testify in support of HB 1417. (See attachments 5,6,7)

Senator Mathorn, District 11: It's interesting that we have dramatic amount of paperwork, much more than this, that we require TANIF recipients to get and prepare. These people who need help from their government for their subsistence have to complete quite a lot of paperwork.

The amount of paperwork here is dramatically less. The amount of constant reporting would be

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Date

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Hearing Date 1/27/03

drastically reduced under this provision than for those people who receive services from the Dept. of Human Services. Those reports are constant, monthly reports. You'll find this reporting requirement is much less than required from other government programs.

Chris Skellum, Case Holland Manufacturing Fargo, gave oral testimony in support of HB 1417.

(He appeared on the Saving North Dakota program recently broadcast from Fargo). "What we need are jobs with higher wages".

George Barnes: appeared in support of HB 1417. (See attachment #8)

Rep. Kasper: Based upon your testimony, should we have a minimum wage base for any company who receives these public funds? What dollar per hour amount do you suggest?

Barnes: A wage that would give a person a good living so that they wouldn't have to be on food stamps and such or work a second job, in order to make ends meet. Barnes distributed written testimony in support of HB 1417 from **Brad Mills**, Jamestown. (See attachment #12)

Shelley Seaburg, business owner of Bismarck, testified in support of HB 1417. (See attachments # 9 and 11)

Bob Finken (spelling?) farmer, Douglas, ND, appeared on his own behalf to support HB 1417. He is president of a general farm organization in Ward County. He got involved due to the situation surrounding the Magic Fund in Minot. Ostensibly, he thinks this bill is a good first step toward regaining public trust between citizens and elected officials regarding economic development.

Gall Wylie, farmer, Jamestown, representing Dakota Resource Council, appeared in support of HB 1417. (See attachment # 10).

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Mark Sittes, representing members of the ND Farmers Union, appeared to offer oral testimony in support of HB 1417. "Economic development should be more open and receptive to rural and urban taxpayers concerns and inputs. It should have clearly defined goals, objectives, processes and policies. It should require companies receiving economic development incentives and tax payer subsidies to pay wages above the federal poverty level, have fall back capabilities if companies didn't live up to their promises of job creation, retention and wages. We support legislation to mandate accountability of city development corporations. HB1417 meets these points and we stand in support".

Tom Wylle, farmer/rancher, Jamestown, appeared to offer oral testimony in support of HB 1417.

Bill Chapin, retired employee from the State Hospital, Jamestown, appeared to offer oral testimony in support of HB 1417.

Chairman Keiser called for testimony in opposition to HB 1417.

Dale Anderson, GNDA, appeared in opposition to HB 1417 and presented written testimony on behalf of Jim Melland, President of the Economic Development Association of ND. (See attachment 13)

Rep. Zaiser: Please itemize a few of the standards from Fargo or Grand Forks, like \$8 an hour, whatever.

Dale Anderson: It's my understanding that each city, through their board of directors, is the responsible body for setting their respective standards and so forth. That's how they operate.

Rep. Zaiser: Do you have numbers?

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Dale Anderson: The standards are based on a market economy. So the market wage rate is the criteria that the local development corporation would use in going to start up a job opportunity or attract new business.

Rep. Zaiser: So you don't have any figures, or numbers, per se, it's based on economic conditions?

Dale Anderson: That is correct. Wages, benefit packages, etc.

Rep. Thorpe: Why can't programs like the ones we talked about earlier work here?

Dale Anderson: I'm not sure what criteria is being applied to determine that. We don't think a mandate is the way to go.

Rep. Dosch: Would a company like Rosenbluth in Linton, etc. make the cut in what we're proposing here?

Dale Anderson: I don't know but I can try to find out. The North Dakota Strategic Plan, part of what you created in the 2001 session, setting up the Department of Commerce, creating a foundation within that Department which has the responsibility for developing strategic plans and putting in place accountability measures etc. Check page 106 for information you can use. As there was no one else present to testify in opposition to HB 1417, **Chairman Kelsner** closed the hearing on HB 1417.

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1417

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 2/05/03

Tape Number	Side A	Side B	Meter #
2		x	3.8-8.0
Committee Clerk Signature <i>Julia Hammer</i>			

Minutes: **Chairman Keiser** called for committee work on HB 1417.

Rep. Ekstrom presented the amendments prepared by Rep. Winrich to the committee. She explained that these amendments take care of the objections the Tax Commissioner had articulated, most substantially the one on p.10, after line 9. Two new subchapters are inserted, namely 8 & 9.

Rep. Ekstrom moved to adopt the amendments. **Rep. Zaiser** seconded the motion. A voice vote carried the motion to adopt them. The fiscal note is substantial.

Rep. Klein: Are we duplicating here what Appropriations does?

Rep. Zaiser: This quantifies the number of jobs and salaries. This delineates the accountability, which is the intent of the bill.

Rep. Johnson: The Department of Commerce commissions studies to establish benchmarks.

Perhaps this is underway in their studies?

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