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Lo Costa Rickford
Operator's Signature

10/16/83
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1426

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Yolanda Richardson
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10/6/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1426

House Industry, Business and Labor Committee

Conference Committee

Hearing Date February 3, 2003

| Tape Number | Side A | Side B | Meter # |
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| 2 | | X | 4000-end |
| 3 | X | | 0-2024 |
| Committee Clerk Signature <i>Elizabeth R. Lein</i> | | | |

Minutes: **Chair Kelsner** opened hearing on HB 1426

Rep. Skarphol introduced HB 1426. There are ambiguities in economic development. Clarified what this authority could do. Anticipates a limited need for amendments. Would like authority to be clarified in section 7.

Rep. Ekstrom wanted clarification on the geographical boundaries on page 5. Is there a potential for tax authority to exceed the bounds of the zone? Rep. Skarphol said that the tax authority only applies within the area of the political subdivisions.

Rep. Ekstrom asked about page 9, sections 17-20 concerning the mills. Is that 4 mills each (to total 12) or a limited cumulative number? Rep. Skarphol said that could conceivably be negotiated.

Rep. Ruby asked what this could do that an economic development group could not do. Rep. Skarphol said that this is not a political subdivision.

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House Industry, Business and Labor Committee

Bill/Resolution Number 1426

Hearing Date February 3, 2003

Bob Harms (Legal Counsel to the Governor): This bill came out of the Governor's office two years ago when there were problems with ProGold. The infrastructure needs made the project difficult to finish. This would help with those needs. Structured so political subdivisions are broadly defined. Responding to an earlier question, Harms said there are many authorities with state statutes. This would consolidate a cumbersome process and make the authority simple to access.

Rep. Keiser wanted clarification to see if they are creating a subdivision like a Park District.

Harms said this authorizes subdivisions to create an authority, but this would not create another subdivision. Rep. Keiser then wanted to know the Governor's opinion on the ability to levy a tax by people who are not elected officials. Harms said the Governor supports this because the elected officials would have give that authority.

Rep. Glassheim: This bill looks towards a vision and economic growth in ND. This is purely voluntary and a local choice. Grand Forks took advantage of the city sales tax and has created growth.

Mike Bloyed (Pres. of Heartland Feed): Value-added and identity preserved products are huge for development. They chose to come to ND because of the location and this bill would help even more.

Dave Sprynczynatyk (Dir. of ND Dept. of Trans.): Supports with written testimony

Tressy Heinle (Tioga Econ. Development): Supports with written testimony

Dr. Mark Berwick (Upper Great Plains Transportation Institute, NDSU): Supports with written testimony. Also noted that attaching funds to local areas would make this better.

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Rick Clayburgh (Tax Commissioner): Neutral, but concerned with some sections. Concerned with unelected officials in charge of sales and property taxes. All are now issued by the state commissioner. He is afraid this could create equal protection problems. Clayburgh offered to draft amendments to this end.

Dale Anderson (GNDA): Supports the bill and offered to help draft amendments if necessary.

Rep. Skarphol gave more benefits to ND by passing this bill.

Chair Keiser closed hearing on HB 1426

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1426

House Industry, Business and Labor Committee

Conference Committee

Hearing Date February 11, 2003

| Tape Number | Side A | Side B | Meter # |
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| 2 | | X | 3145-4642 |
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Committee Clerk Signature *Elizabeth R. Feur*

Minutes: **Chair Keiser** Opened discussion on 1426. Rep. Keiser handed out amendments and went over bill.

Rep. Kasper Wanted to know if commerce authority can still levy a tax with the amendment.

Rep. Keiser said that the political subdivisions can and already do.

Rep. Ekstrom: Noted that this is a shadow government and does not believe that is what the committee intended to have happen. Rep. Kasper agreed that this is still a bad bill.

Chair Keiser: Closed discussion and will return to Rep. Skarphol for amendments.

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1426

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 2/12/03

| Tape Number | Side A | Side B | Meter # |
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| Committee Clerk Signature <i>Judith Hammer</i> | | | |

Minutes: **Chairman Keiser** called for committee work on HB 1426.

Rep. Skarpol appeared to explain why this bill came forward from his perspective. There is no mechanism within state government for small communities to control such an undertaking as the opportunity Tioga has with the malt plant which requires an expenditure of \$6,000,000 to put in the waterline and infrastructure. This community is not a single political subdivision per se. This situation is similar to an ambulance district which serves small communities and rural areas. He is not opposed to changing the composition of the board to a majority that are elected officials in the various political subdivision are working on this project should the committee have a higher comfort level with that. This is enabling legislation and it envisions a publicly owned entity that will lease its facilities to a private concern that is taxable. A mechanism to charge for services and receive money must be in place. This is similar to an airport authority.

Chairman Keiser noted that amendments have struck language regarding geographical areas and levying taxes language as well as eminent domain language. Remaining in this proposed

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Hearing Date 2/12/03

legislation are the powers of commerce authority to execute contracts and other instruments, to sue or be sued, to plan and recommend to acquire objects of value, etc.

Rep. Klein: Is this lifted from a design in other states?

Rep. Skarpol: Not exactly, it's modeled after compilation of things like airport authority etc.

Rep. Nottestad: Can this organization raise funds on its own or does it have to go back to its parent political sub? Or would it come back to the legislature?

Rep. Skarpol: I'm not sure I'm qualified to answer that.

Dan Kuntz, representing BNSF, appeared to give testimony explaining his involvement. BNSF participated in a study by the Upper Great Plains Transportation Institute and the GNDA. We studied the feasibility of inter modal facilities in North Dakota. It was determined that there needs to be a Port or Commerce Authority to operate these type of facilities helped draft the legislation and looked at what other states have done. A separate entity can contract with vendors and charge for use of its facilities. It is controlled by political subdivisions who determine sales tax etc. Eminent domain authority is not included in HB 1426.

Rep. Boe: If they can borrow money, how do they pay it back if they can't levy taxes?

Dan Kuntz: They can issue revenue bonds that would not be a general obligation of the political subdivision.

Rep. Klein: We're looking for economic development. Melroe hauls its goods to Minneapolis to ship it out, I think we have to exhibit a leap of faith here. I move to adopt amendment .0103.

Rep. Froseth seconded the motion.

Rep. Zaiser commented that he has experience with a steam heat authority that issued revenue bonds and it can work.

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A voice vote carried the motion to adopt the amendments.

Rep. Klein: If renaissance zones can work, so can this. We're headed in the right direction.

Rep. Thorpe moved a Do Pass As Amended. **Rep. Kasper** seconded the motion.

Results of the roll call vote were: 11-3-0.

Rep. Dosch will carry this bill on the floor.

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