

2013 HOUSE TRANSPORTATION

HB 1033

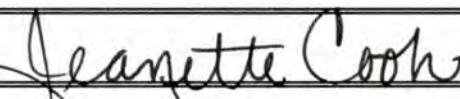
2013 HOUSE STANDING COMMITTEE MINUTES

House Transportation Committee Fort Totten Room, State Capitol

HB1033
01/10/13
Job #17073

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A bill for an Act to provide for the creation of a central aircraft management system for state-owned or state-leased aircraft and to create a central aircraft management fund; and to provide for the transfer of aircraft to the central aircraft management system.

Minutes:

Attachments 1-7

Chairman Ruby opened the hearing on HB 1033.

Representative Jeff Delzer, District 8, introduced the bill. He stated that the Government Services Committee studied this issue and looked at the airplane situation in North Dakota. There were many questions that came up about efficiencies, the age of the airplanes, and how much has been spent on the upkeep of airplanes. The issue that is being brought forward is a plan to create a pool, similar to the Motor Pool for cars in the Department of Transportation. It was decided to bring it before the Legislature, so it can be looked at. .

Representative Delzer: I think it will be an efficient plan. A lot of time was spent on this issue. I know that there will be some questions on the exemption on certain agencies and planes. We brought it forward with the exemption for planes that have a specific use within some of the agencies. We did not touch the Higher Education because of the Aerospace at UND. The issue of NDSU airplane did come up. The cost of the NDSU plane was also discussed and could be looked at. The Bill deals with the planes that the governor flies, the Game and Fish planes, the Attorney General's plane, and the Highway Patrol's planes. Representative Delzer supports this bill.

Representative Delmore: Looking at the fiscal note, it seems like there is an increase in cost for agencies that were already questioning what they are spending for a plane. Is that the question?

Representative Delzer: I haven't seen the fiscal note. From what we looked at, if you would combine the maintenance, the hanger fees, and things like that, you may be able to create some efficiency. I can't tell you how the fiscal note was created. (5:00 minutes)

Brady Larson, Legislative Council Staff, presented information on HB1033. He neither supports nor opposes the bill. A report was submitted from the Government Services Committee. Brady highlighted information included in the report. (See attachment #1.)

Brady Larson reviewed HB 1033. (7:27 minutes) At the end he noted that there is a newly created special fund in this bill. There would be user charges deposited in that fund. However, in order to use those funds, an appropriation would need to be provided to the Department of Transportation from The Central Aircraft Management Fund. If the Bill does go forward there would have to be an appropriation either to this Bill or to the agency's executive budget bill.

Chairman Ruby: Some of the agencies already have a line item on their budgets to use their own planes. On that last point, did you mean that those funds, that they pay into the pool, would be used for that? Why would they need a separate appropriation in Department of Transportation?

Brady Larson: Department of Transportation would need a separate appropriation because as the agencies pay the fees to the Department they would get deposited into this fund to be used for the operation for the aircraft, including salaries, operating expenses, replacement of aircraft, etc. In order to pay those expenses out of this fund, the Department of Transportation would need an appropriation.

Chairman Ruby: Okay.

Brady Larson: However, the other agencies that are using aircraft, instead of paying expenses for that aircraft, they would pay a user fee to the Department of Transportation. So, there might be some adjustments for the outside agencies that are utilizing the aircraft, but they would be minor compared to the Department of Transportation's appropriation.

Chairman Ruby: Do you know how much the recommended amount would be initially?

Brady Larson: On the fiscal note, it says it would be approximately \$1.75 million.

Representative Gruchalla: In the past didn't we exempt some agencies out of this? Now it looks like they are added into this pool. I thought we voted to exempt a few of the agencies. How did that get switched?

Brady Larson: The only agencies that were specifically exempt were the Adjutant General and the entities under the control of the State Board of Higher Education. There were other agencies added to the special use agreements, but the motion on those was to only change the Bill to require the director of the Department of Transportation to enter into special use agreements with those agencies. The motion was not to exempt them entirely from this Bill.

Representative Gruchella: I thought we voted to exempt Game and Fish because their specific use is out of the pool.

Brady Larson: This bill is modeled after the State Fleet Services Motor Pool language. In the State Fleet Services Pool the Highway Patrol have their own vehicles, and the Game and Fish wardens have their special vehicles. It is a similar situation; those vehicles are managed by State Fleet Services. However, only the Highway Patrol can utilize their vehicles, and Game and Fish their own vehicles. Any state official can't check out a Highway Patrol vehicle.

Representative Fransvog: I would like to reference the appropriation, \$1.75 million. Is that a start-up? I am assuming that this will operate similar to an enterprise fund. The payments that are paid for the use, go into the account, and the operational expenses come out of the account.

Brady Larson: I wouldn't say that it is just a start-up cost. The expenses would match the revenues. The Department of Transportation would need the appropriation authority to spend any revenues that they get. They would essentially be getting authority to spend any revenue that they receive.

Representative Delmore: You were with the committee, and you looked at the Bill. What problem does this really solve by adding another level of bureaucracy? It is another commission within another agency to go back to all the other agencies. We are discussing efficiency. I don't see efficiency in the way that this Bill works.

Brady Larson: I think that the committee wanted to create this Bill to try to create efficiency on the use of aircraft. You notice that some agencies were only utilizing their aircraft for 20 or 50 hours a year. In those cases the per flight hour operating cost was elevated because there are certain fixed costs that you have to pay, like insurance, hangers, and inspections. Those have to be paid regardless of the number of flight hours that the airplane is used. By creating a pool, and having more flight hour use, it would reduce the per flight hour operating cost of the aircraft.

Representative Delmore: Then the aircraft could be used, no matter who owned them originally, to pool hours to use them all equally? Is that where the efficiency would be gained?

Brady Larson: That is correct. Any agency would be able to utilize the aircraft. It is similar to State Fleet Services. Prior to that, each agency might have their own vehicle and only use it four or five times per month. Another agency might have the same situation. Once the resources are pooled together and allocated out, it can cut the cost, based on all the overhead items, such as insurance and maintenance.

Representative Kreun: As the aircraft ages each individual department doesn't have the ability to replace the aircraft. Putting them in the pool to utilize them more, gives more credence to replacing the aircraft. We have two or three, especially in the Attorney General's office, that have to have parts made for them. So, if we could get by with fewer aircraft and utilize them more, it would be more efficient. Aircraft can be very expensive to repair, and they don't have it in their budgets to replace the planes.

Representative Delmore: Then if we need to replace one of the planes, does it become a general fund problem to replace the funds and make sure that the planes are new enough to do what they need to do?

Chairman Ruby: We are going to work through this bill and let Appropriations figure out that part.

There was no supporting testimony for HB 1033.

Larry Taborsky, Director, North Dakota Aeronautics Commission, testified in opposition to HB 1033. (22:30 min.) He provided written testimony. (See attachment #2.) (Ended 26:35 minutes)

Representative Gruchella: You stated that insurance costs would go up, when putting the planes in a pool. Is that because pilots would be expected to fly a different plane every day and need more training?

Larry Taborsky: I talked to the North Star Agency in Fargo, North Dakota, and it is not so much the training, even though that is an issue, but the age of the aircraft. An older aircraft is more prone to failure, and that drives the rates up. We were able to purchase a plane that is worth a lot more, and our rates went down.

Representative Kreun: In the Bill it says that the director shall enter agreements with the Highway Patrol, Aeronautics Commission, and Game and Fish regarding exclusive use of specialized aircraft. Have you looked at that yet, as far as exclusive use of that particular aircraft?

Larry Taborsky: I believe that we are excluded in that way, but I am wondering, how that helps the system. At this point we are running it, the people who are flying it are keeping track of the maintenance, we are taking care of the billing, and there is no additional staffing.

Representative Kreun: That is what I am asking, have you visited with any of the individuals from the Department of Transportation as to how that could be handled?

Larry Taborsky: I have just visited with them informally. They don't have an interest in using it for a people mover. So, it would be our plane only.

Representative Kreun: Some of the conversations were about housing aircraft in a more efficient manner, rather than having them scattered throughout the state.

Larry Taborsky: That has been addressed by our agencies as a collaborative effort. The reality to that is that there is no one single place to house all of our aircraft. So, they do need to be scattered around just to physically fit them in around Bismarck.

Representative Kreun: That was one of the questions, if we could do that.

Larry Taborsky: A concern with having all the planes housed in one place is that all of our schedules are all so different, there is a concern about the heat loss in the winter.

Chairman Ruby: Do you just have one plane?

Larry Taborsky: Yes, and it is housed at Bismarck Aerocenter.

James Prochniak, North Dakota Highway Patrol, testified in opposition to HB 1033. He provided written testimony. (See attachment #3.) (31:00 minutes)

James Prochniak: I would like to conclude with a comment about efficiency. The efficiency of any public piece of safety equipment, a fire truck for example, is best measured when it is not used sometimes. When you don't have a fire or don't have to respond to an emergency. If we don't use our aircraft, yet the one time that we need it, we find a missing child, the obvious operating costs per hour will go through the roof. Just to say the efficiency is increased in that case is not the best example.

Chairman Ruby: Can you tell us about the specialized equipment?

James Prochniak: Look at some of the photos that I have included in your packet. There is picture of our aircraft, you see a wing depicting ice removal equipment that is needed for search and rescue. There is ball that is hanging below the numbers on the plane. That is a Forward Imagining Infrared System (FLIR). You can see people at night. It works well when you are looking for a criminal, or someone lost in a cold field. The glass cockpit indicates the instrument panel in the front and the computer for the pilot. Page two shows a computer, a joystick, and a monitor in the backseat for the FLIR operator. The last page shows a deicing tank, the seats have been removed, and the other necessary containers and equipment that we use for search and rescue missions. The point that we are trying to make is not only the technology that is involved, but the investment that is there for law enforcement purposes. Last but not least, seats are not there for transport of passengers.

Chairman Ruby: Exclusive use solves that, but is it the transfer of the title that is a big issue?

James Prochniak: That is correct.

Tom Trenbeth, Chief Deputy Attorney General for North Dakota: I agree with everything that the Colonel Prochniak said. I have a couple of qualifiers that apply to our aircraft. We don't have the specialized equipment, although we do use it for some of the same purposes. We used our aircraft, obtained through the Federal Government as a grant, for drug enforcement for the first five years, and it has since been limited to crime related activities. It is funded entirely out of our Asset Forfeiture Fund, which are funds that are received as a result of selling tangible objects that are seized as a result of criminal activity. It is available when we need it. That is a very important factor for us. For instance, if I have a multiple homicide in a part of the state where I only have one BCI agent, and I need four, I can have the other three up there in a hurry. If I would have to get into the cue to wait for a plane, I may be better off to just put people in a car and get there late. My Senior Prosecutor spends most of his time prosecuting high profile crimes in

outlying areas. He might spend two weeks on a rape trial in Carrington or a murder trial in Wahpeton. If he is gone for that long on a trial, we send him in his car. Two months later though, he has to go back for a half an hour sentencing. I can waste one and one-half days of his time driving him there, or I can fly him there and back. What should I do?

We are in line for a replacement aircraft from the Federal Government. I don't know how long that will be. The Colonel made an excellent point on the value of the asset, whether it is used for five hours or one hundred hours.

Tom Trenbeth passed out testimony that was given by Dallas Carlson in the Interim Committee. It is dated by a year, but the information is still current. (See attachment #4.)

Chairman Ruby: Are all the costs, including the pilot and the hanger, funded through the Asset Forfeiture Fund?

Tom Trenbeth: They are. The fund is used also used for other law enforcement needs. Representative Delzer used the analogy of the Motor Pool. The Attorney General's Office is exempt from the Motor Pool. The reason might not be obvious until you put a plain clothes officer in a vehicle that says the State of North Dakota on the door. The exemption is obvious. It is my experience that you rarely realize any economies from adding a layer of management. This is what we are attempting to do here.

Tom Trenbeth presented a draft of an amendment to this bill which exempts the Office of Attorney General with the respect to aircraft received either by federal grant of surplus property or by civil forfeiture as a result of criminal activity. (See attachment #5)

Representative Fransvog: Does the Attorney General's office have a pilot?

Tom Trenbeth: We have memorandum of understanding with the Department of Transportation with respect to pilots. They have access to our plane when we are not using it, and we have access to their pilots when they are not using them.

Representative Fransvog: Is it your interpretation, or is it what the Bill provides, if these planes are in a pool, someone from another department can come in and check out your airplane, and you would be left waiting?

Tom Trenbeth: It is that, and also the fact that I have a sweet little Beachcraft Baron that I can fly for so many "wet hours". But if that Baron doesn't happen to be here, I might have to take off out of here with a King Air with two people in it. That would be inordinately expensive for that type of use.

Kim Molesworth, Chief of Administrative Services for the North Dakota Game and Fish Department, testified in opposition to HB 1033 and provided written testimony. (43:13 minutes) (See attachment #6.)

Maurice Cook, a member of the North Dakota Aeronautics Commission, testified in opposition to HB 1033. He provided testimony written by Jay B. Lindquist. (See attachment #7.)

There was no further opposition.

Chairman Ruby closed the hearing on HB 1033. The Bill was not acted on.

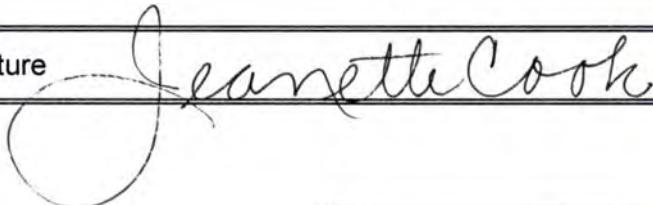
2013 HOUSE STANDING COMMITTEE MINUTES

House Transportation Committee
Fort Totten Room, State Capitol

HB 1033
01-24-13
Job # 17720

Conference Committee

Committee Clerk Signature



Minutes:

Attachment #1

Chairman Ruby brought HB 1033 back for the consideration of the committee and provided an amendment. See attachment #1.

Chairman Ruby: This amendment is a hoghouse, and it completely replaces the bill that created the aircraft pool. It dictates to the agencies the direction of what they must do. It also creates some efficiency in our air fleet. (Chairman Ruby discussed the amendment part by part.)

Representative Delmore: Do the Department of Transportation, the Attorney General's Office, and all these places know that you are telling them to sell their planes? Are they all on board with these amendments?

Chairman Ruby: Probably not. They haven't seen them yet, since they have just been introduced. Once they get the use of newer planes with this, and the extra funds that they weren't expecting with the first proposal, I think that a lot of them will be happy having newer planes to use. Basically UND is exempt, also Game and Fish, and the Aeronautics Commission.

Representative Kreun: The \$4.5 million in Section 6, are we going to require them to buy new enough planes to eliminate the problem with getting parts? Who will oversee that?

Chairman Ruby: They will buy the best planes that they can with the money available.

Representative Vigesaa: Being that the purchase has to be approved by the legislative body, I think the purchase will be well scrutinized.

Vice Chairman Owens: If there is still an agency out there that has an airplane and is not one of these agencies listed, are they still able to use it, but not replace it?

Chairman Ruby: That is correct.

Representative Weisz discussed the language "trained versus certified".

Representative Gruchella: Go over the exemptions, please.

Chairman Ruby: Aeronautics' Commission, Game and Fish, Highway Patrol, UND, and the Adjutant General.

Representative Gruchella: I think the UND plane is owned by the Foundation.

Representative Weisz moved the amendment.

Representative Vigesaa seconded the motion.

Representative Vigesaa recapped the amendment. (15:45)
A voice vote was taken. All aye. The motion carried.

Representative Gruchella: Doesn't Section 5 say that NDSU cannot have a plane? Every tier one university has an airplane. They have a lot of uses for a plane. They made a good case for having a plane in the interim meetings that we had. If they have to charter a plane every time they need it, it might be inconvenient. I think that we are really tying their hands by doing this.

Chairman Ruby: They still could use the Department of Transportation plane, and they would save a lot of money. I fully expect that they will fly from place to place. I agree that they need to do that.

Representative Oversen: Currently where does the Department of Transportation keep their airplanes?

Chairman Ruby: In Bismarck.

Representative Oversen: Since the Attorney General's plane was purchased with federal funds, do we have the authority to tell them to sell that and let them retain the funds?

Chairman Ruby: Yes, as long as the money goes back into some sort of drug law enforcement project.

Representative Oversen: Was the intention of this to allow them to purchase another plane, or would they have to use one of the Department of Transportation planes now?

Chairman Ruby: They will have to use the Department of Transportation planes, but will have preference for law enforcement purposes.

Representative Delmore: Who became so important at the Department of Transportation to make all of these determinations? I think we are creating another layer of bureaucracy even with this amendment. I believe there are a lot of variables that we don't have answered. Who determines in the Department of Transportation, who gets the planes, how they get the planes, etc.? I see a lot of room in this bill for some real issues.

Representative Weisz: Reading from the interim report, in reality the Department of Transportation is already doing this. So, from the Department of Transportation's

perspective we are not adding anything that they are not already doing with their current aircraft. You could argue that it may be inconvenient for some of the agencies.

Chairman Ruby: They have the option to come to us to ask to buy a plane. The legislature can expand and reduce as needed.

Representative Becker moved a DO PASS as amended on HB 1033 and re-referred to Appropriations.

Representative Drovdal seconded the motion.

A roll call vote was taken. Aye 10 Nay 3 Absent 1

The motion carried.

Representative Weisz will carry HB 1033.

FISCAL NOTE
Requested by Legislative Council
01/25/2013

Amendment to: HB 1033

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$475,000			
Expenditures			\$5,300,000			
Appropriations			\$4,500,000			

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill requires sale of certain aircraft, authorizes acquisition of replacement aircraft, bars acquisition of aircraft without approval, bans future use of state funds for certain aircraft, provides for operation of state aircraft by qualified pilots, & provides requirements for use of aircraft.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 provides that NDDOT shall provide air transportation services to other state agencies upon request and be reimbursed on a cost based user charge. These provisions reflect current NDDOT practice, so they should have no additional significant fiscal impact. Section 3 directs NDDOT to sell the 1977 Piper Cheyenne and 1975 Cessna Skymaster airplanes and use the proceeds for replacement airplane purchases. It is estimated that the resale value of these two airplanes will be \$400,000 and \$35,000 respectively, for a total resale of \$435,000. This section also provides that, after June 30, 2014, NDDOT may not use any funds appropriated by the legislative assembly to maintain or operate these two airplanes. Section 4 directs the Attorney General's office to sell their 1965 Beechcraft Baron airplane and retain the use the proceeds in accordance with the agreement entered into by the office when the airplane was obtained. It is estimated the resale value of this airplane will be approximately \$40,000. This section also provides that, after June 30, 2014, the Attorney General's Office may not use any funds appropriated by the legislative assembly to maintain or operate this airplane. Section 5 provides that, after June 30, 2014, North Dakota State University may not use any funds appropriated by the legislative assembly to lease an airplane. Section 6 provides an appropriation from the state's general fund to NDDOT in the amount of \$4.5 million less any realized proceeds from the sale or disposal of the Cheyenne and Skymaster airplanes for the purpose of purchasing replacement airplanes.

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.*

Under this bill, NDDOT and the Attorney General's Office may realize revenue from the sale of the airplanes identified in Part 2B of this fiscal note. This revenue is estimated at \$435,000 for NDDOT and \$40,000 for the Attorney General's Office.

- 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 primary expenditures that would be realized under this bill would be incurred by NDDOT for replacement of the Cheyenne and Skymaster airplanes. NDDOT will try to replace the airplanes with recent model, used airplanes. To replace the Cheyenne, NDDOT would consider a used King Air B200. It is estimated this airplane would cost approximately \$3.5 million dollars. To replace the Skymaster, NDDOT would consider a used Cessna Caravan; the estimated cost for this airplane would be about \$1.8 million dollars. Total replacement cost for both airplanes is estimated at about \$5.3 million dollars. The Attorney General's office should see a reduction in operating expenses as a result of discontinuing operation of their Beechcraft Baron airplane. However, they may incur additional costs to reimburse NDDOT for costs incurred to obtain flights on NDDOT aircraft. This impact has not been included in section 1A of this fiscal note as we do not know to what extent the Attorney General's office may utilize NDDOT aircraft. Likewise, North Dakota State University should see a reduction in their expenditures as a result of the provisions of section 5 of the bill, but this may be somewhat offset by costs to obtain transportation through other means. Again, this impact has not been included in section 1A of this fiscal note as we do not know what the costs may be for NDSU to obtain any necessary flights to replace those resulting from use of their current aircraft. It should be noted that any agencies that will use their own pilots to fly NDDOT aircraft pursuant to section 2 of the bill will incur annual training costs to comply with FAA and insurance requirements. It is estimated that the tuition and travel costs associated with this training will cost approximately \$16,000 per pilot per airplane each biennium. This impact has not been included in section 1A of this fiscal note as we don't know to what extent, if any, other agencies might choose to utilize their own pilots to operate NDDOT aircraft.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Section 6 provides an appropriation to NDDOT from the general fund in the amount of \$4.5 million dollars less any proceeds realized on the sale or disposal of the Cheyenne and Skymaster airplanes. Since it is estimated that NDDOT will realize approximately \$435,000 on the resale of the Cheyenne and Skymaster airplanes, this leaves a net amount to be charged against the appropriation of \$4.065 million.

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 02/04/2013

FISCAL NOTE
Requested by Legislative Council
12/19/2012

Bill/Resolution No.: HB 1033

- 1 A. **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.

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$2,000,000		\$2,000,000
Expenditures				\$1,750,000		\$1,750,000
Appropriations				\$1,750,000		\$1,750,000

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

This bill would create a central aircraft management system under the ND Department of Transportation.

- B. **Fiscal impact sections:** Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.

Under this bill, the central aircraft management system would be operated on an actual cost basis whereby users would be billed at a rate based on the actual operating and pilot costs, as well as depreciation and estimated aircraft replacement costs. Accordingly, NDDOT would need additional appropriation sufficient to cover the related costs. The excess of revenue over expenditures represents depreciation and reserves for high cost repairs/replacements. This excess would be spent in later years as the aircraft pool incurs costs to replace aircraft and make major, high cost repairs to the aircraft. Note: The revenue and expenditure figures represent only the central aircraft pool. They do not represent the impact on agencies using the pool. The agencies using the pool should see an increase in expenditures for the fees they pay to the aircraft pool and a decrease in expenditures for aircraft operating costs that will now be covered by the pool. This fiscal note is based on the assumption that the aircraft currently used by the affected agencies would continue to be operated by the aircraft pool. The assumptions do not include near term replacement of any aircraft. If it becomes necessary to replace aircraft in the near term, the costs would be significantly greater than presented in this fiscal note.

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.

It is very difficult to accurately estimate the initial biennium revenues associated with a central aircraft management system until we have accumulated actual operating data for a biennium. Nonetheless, we estimate the additional first biennium revenues to operate the pool of aircraft to be approximately \$2 million greater than the NDDOT currently recognizes on its current aircraft. This revenue would be intended to cover the actual operating costs of the additional aircraft as well as depreciation and reserves for high cost repair/replacement. The DOT would not initially have a revenue source to cover major repairs/replacements. Funds for this purpose would be accumulated over time through the charging of reserves for major repairs/replacements and depreciation charges. Therefore, for the

first biennium, NDDOT would need an additional revenue source to cover the estimated major repairs/replacements of \$500,000 that might occur in the 1st biennium. Such revenue source is not covered in the revenue identified in Part 1A above.

- 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.*

It is very difficult to accurately estimate the initial biennium expenditures associated with a central aircraft management system until we have accumulated actual operating data for a biennium. Nonetheless, we estimate the additional, "out of pocket" expenditures to operate the additional aircraft not currently operated by NDDOT to be approximately \$1.75 million as shown on the attached schedule.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The NDDOT will require an addition to its existing appropriation in the amount of \$1.75 million to cover the additional costs of operating the aircraft pool

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 01/09/2013

HB1033**Estimated Additional 1st Biennium Costs to Operate Aircraft Pool**

January 9, 2013

Salaries – Temporary salaries and additional overtime	\$ 300,000
Additional travel costs	43,000
Additional training costs	50,000
Software, charts, manuals	7,000
Fuel	200,000
Insurance	60,000
Repairs	500,000
Licenses and miscellaneous fees	20,000
Hangar Rental	70,000
1st biennium initial startup major repairs/replacements	<u>500,000</u>
Total	<u><u>\$ 1,750,000</u></u>

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1033

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to require authorization of the purchase or lease of aircraft; to provide for the use of department of transportation airplanes; to provide for the sale of airplanes; and to provide an appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1.

Authorization to purchase or lease aircraft - Legislative assembly or budget section approval.

A state agency or other entity of state government may not purchase or lease an aircraft without specific authorization from the legislative assembly or the budget section of the legislative management if the legislative assembly is not in session. This section does not apply to aircraft purchased or leased by the office of the adjutant general or the university of North Dakota school of aviation.

SECTION 2.

Use of department of transportation airplanes.

Upon request, the department of transportation shall provide air transportation services to other state agencies. Each agency using air transportation services from the department shall pay a user charge determined by the department of transportation which must be based upon the actual cost of operating the aircraft. The department shall give priority to requests for air transportation services from the attorney general's office when the request is for law enforcement purposes. The director of the department of transportation shall allow employees of other state agencies to operate the department's airplanes for official purposes if the employee is properly licensed and has the proper rating and type endorsement to operate the requested airplane.

SECTION 3. SALE OR DISPOSAL OF DEPARTMENT OF TRANSPORTATION AIRPLANES. The director of the department of transportation shall sell or dispose of the department's 1977 piper cheyenne airplane and the department's 1975 cessna skymaster airplane. The proceeds from the sale or disposal of the airplanes must be used for replacement airplane purchases as provided in section 6 of this Act. After June 30, 2014, the department may not use any funds appropriated by the legislative assembly to maintain or operate the department's 1977 piper cheyenne airplane or the department's 1975 cessna skymaster airplane.

SECTION 4. DISPOSAL OF ATTORNEY GENERAL'S OFFICE AIRPLANE. The attorney general's office shall sell or dispose of the office's 1965 beechcraft baron airplane. The proceeds from the sale of the airplane must be retained by the attorney general's office and used in accordance with the agreement entered into by the office to obtain the airplane. After June 30, 2014, the office may not use any funds appropriated by the legislative assembly to maintain or operate the airplane.

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SECTION 5. NORTH DAKOTA STATE UNIVERSITY AIRPLANE. After June 30, 2014, North Dakota state university may not use any funds appropriated by the legislative assembly, including funds from continuing appropriations authorized by the legislative assembly, for the purpose of leasing an airplane.

SECTION 6. APPROPRIATION - DEPARTMENT OF TRANSPORTATION - AIRPLANE REPLACEMENT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$4,500,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of purchasing replacement airplanes for the department's airplane fleet, for the biennium beginning July 1, 2013, and ending June 30, 2015. The appropriation provided in this section must be reduced by an amount equal to the total proceeds received from the sale or disposal of department airplanes as provided in section 3 of this Act. The funding provided in this section is considered a one-time funding item."

Renumber accordingly

Date: 1-24-13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1033

House Transportation Committee

Check here for Conference Committee

Legislative Council Amendment Number 13.0083.05003

Action Taken: Do Pass Do Not Pass Amended Adopt
Amendment

Rerrefer to Appropriations Reconsider

Motion Made By Ammon Weisz Seconded By Vigesaa

Representatives	Yes	No	Representatives	Yes	No
Chairman Dan Ruby			Rep. Lois Delmore		
Vice Chairman Mark Owens			Rep. Edmund Gruchalla		
Rep. Rick Becker			Rep. Kylie Oversen		
Rep. David Drovdal					
Rep. Robert Frantsvog					
Rep. Brenda Heller					
Rep. Curtiss Kreun					
Rep. Mike Schatz					
Rep. Gary Sukut					
Rep. Don Vigesaa					
Rep. Robin Weisz					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Date: 1-24-13
Roll Call Vote #: 2

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1033

House Transportation Committee

Check here for Conference Committee

Legislative Council Amendment Number 13,0083,05003

Action Taken: Do Pass Do Not Pass Amended Adopt
Amendment

Refer to Appropriations Reconsider

Motion Made By Becker Seconded By Drovdal

Representatives	Yes	No	Representatives	Yes	No
Chairman Dan Ruby	✓		Rep. Lois Delmore	✓	
Vice Chairman Mark Owens	✓		Rep. Edmund Gruchalla	✓	
Rep. Rick Becker	✓		Rep. Kylie Oversen	✓	
Rep. David Drovdal	✓				
Rep. Robert Frantsvog	✓				
Rep. Brenda Heller	✓				
Rep. Curtiss Kreun	✓				
Rep. Mike Schatz	A				
Rep. Gary Sukut	✓				
Rep. Don Vigesaa	✓				
Rep. Robin Weisz	✓				

Total (Yes) 10 No 3

Absent 1

Floor Assignment Weisz

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

REPORT OF STANDING COMMITTEE

HB 1033: Transportation Committee (Rep. Ruby, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (10 YEAS, 1 NAYS, 3 ABSENT AND NOT VOTING). HB 1033 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to require authorization of the purchase or lease of aircraft; to provide for the use of department of transportation airplanes; to provide for the sale of airplanes; and to provide an appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1.

Authorization to purchase or lease aircraft - Legislative assembly or budget section approval.

A state agency or other entity of state government may not purchase or lease an aircraft without specific authorization from the legislative assembly or the budget section of the legislative management if the legislative assembly is not in session. This section does not apply to aircraft purchased or leased by the office of the adjutant general or the university of North Dakota school of aviation.

SECTION 2.

Use of department of transportation airplanes.

Upon request, the department of transportation shall provide air transportation services to other state agencies. Each agency using air transportation services from the department shall pay a user charge determined by the department of transportation which must be based upon the actual cost of operating the aircraft. The department shall give priority to requests for air transportation services from the attorney general's office when the request is for law enforcement purposes. The director of the department of transportation shall allow employees of other state agencies to operate the department's airplanes for official purposes if the employee is properly licensed and has the proper rating and type endorsement to operate the requested airplane.

SECTION 3. SALE OR DISPOSAL OF DEPARTMENT OF TRANSPORTATION AIRPLANES. The director of the department of transportation shall sell or dispose of the department's 1977 piper cheyenne airplane and the department's 1975 cessna skymaster airplane. The proceeds from the sale or disposal of the airplanes must be used for replacement airplane purchases as provided in section 6 of this Act. After June 30, 2014, the department may not use any funds appropriated by the legislative assembly to maintain or operate the department's 1977 piper cheyenne airplane or the department's 1975 cessna skymaster airplane.

SECTION 4. DISPOSAL OF ATTORNEY GENERAL'S OFFICE AIRPLANE. The attorney general's office shall sell or dispose of the office's 1965 beechcraft baron airplane. The proceeds from the sale of the airplane must be retained by the attorney general's office and used in accordance with the agreement entered into by the office to obtain the airplane. After June 30, 2014, the office may not use any funds appropriated by the legislative assembly to maintain or operate the airplane.

SECTION 5. NORTH DAKOTA STATE UNIVERSITY AIRPLANE. After June 30, 2014, North Dakota state university may not use any funds appropriated by the legislative assembly, including funds from continuing appropriations authorized by the legislative assembly, for the purpose of leasing an airplane.

SECTION 6. APPROPRIATION - DEPARTMENT OF TRANSPORTATION - AIRPLANE REPLACEMENT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$4,500,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of purchasing replacement airplanes for the department's airplane fleet, for the biennium beginning July 1, 2013, and ending June 30, 2015. The appropriation provided in this section must be reduced by an amount equal to the total proceeds received from the sale or disposal of department airplanes as provided in section 3 of this Act. The funding provided in this section is considered a one-time funding item."

Renumber accordingly

2013 HOUSE APPROPRIATIONS

HB 1033

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee Roughrider Room, State Capitol

HB 1033
2/6/13
Job 18407

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to require authorization of the purchase or lease of aircraft; to provide for the use of department of transportation airplanes; to provide for the sale of airplanes; and to provide an appropriation.

Minutes:

You may make reference to "attached testimony."

Rep. Dan Ruby, District 38: Introduced the bill beginning minute 0:45.

02:20

Chairman Delzer: How did you come up with the \$4.5M?

Rep. Ruby: Rep. Porter felt comfortable that was a good number to be able to purchase two planes that were more efficient, more comfortable, and easier to maintain. This would actually save money, compared to what they are putting into the planes now. The more usage a plane gets, the cheaper per hour of use it is.

Rep. Todd Porter, District 34: As we were looking through the whole process, we were looking from the standpoint of late model used aircraft. A King Air 200, which is what the Governor and DOT currently have as one of their platform planes, is a 1998 model. A late model King Air 200 2003 model with low engine time is about \$3M. To replace the Skymaster, the 30-year-old in-line twin engine plane DOT uses to take pictures, which is the only thing they can use it for, with a Cessna 208 Caravan, which is a high winged turbine engine aircraft and all-weather capable, that can be used for transporting people and have a camera mount, is about \$1.5M-\$1.8M used. These aircraft appear to be readily available online, and that's what I used for my pricing model.

Chairman Delzer: In the Fiscal Note, it looks like you value the planes to be sold at \$435,000; is that to be added to their appropriation?

Rep. Porter: We were going to give them \$4.5M in spending authority total, subtracting whatever they get for the used airplanes.

Rep. Hawken: It's in there.

Rep. Porter: On section 3 on the sale of the department's planes, it is. On the sale of the attorney general's planes, it is not, because that was forfeiture money that doesn't come back to the state. But the other two would.

Chairman Delzer: I'm not sure how to write this correctly. How do you know the value of those two planes, to potentially take that off the \$4.5M?

Rep. Porter: The language could be changed that the proceeds of the sale or disposal must go back to the general fund. That's what the intent was.

Chairman Delzer: I know you have to put the top dollar figure in the bill, but is there a way to incentivize them? If we put \$4.5M out there and they go shopping, they'll spend \$4.5M.

Rep. Porter: Because they need to purchase two planes, they wouldn't be able to get something brand new and still get a second plane.

Chairman Delzer: I would guess this just rolls up. If they could get the two planes for \$3M, what then?

Rep. Porter: We are turning this over to them. When you look at market prices, there isn't a whole lot of leeway for them, so long as they stay focused on two.

Chairman Delzer: We aren't telling them what to buy, by model or by function. Are we required to have a twin for the governor?

Rep. Porter: We are not required, but they have a standing policy that the governor only flies in a twin and has two pilots.

Rep. Skarphol: Why do we have a policy that causes it to be more economical for an agency to have state employees drive somewhere, when there are open and empty seats on the governor's plane going to the same place? I know of a situation where they were told it would cost \$800 per seat to fly on that plane.

Rep. Ruby: We did not discuss that. No scenario like that was brought up. The original bill required each agency to pay a fee for using the planes in the pool. As far as agency to agency billing, we didn't get into it.

Chairman Delzer: We had some discussions about that in government services.

Rep. Kempenich: We went over this two years ago, too. DOT eats the cost for the governor's transport. With other agencies, there's a prorated cost. The DOT is basically covering costs. If we don't want to charge other agencies, we might need to figure out a pool or something.

Chairman Delzer: That's a discussion we can have on the DOT budget.

13:35

Rep. Glassheim: The FN talks about the two airplanes replacement being \$5.3M, not \$4.5M. Can you explain?

Chairman Delzer: It's the updated FN, dated 1/25.

Rep. Ruby: Rep. Porter was talking about numbers he found searching online.

Rep. Kempenich: There are three different entities involved on this plane business. Currently, Highway Patrol supplies the pilots, DOT maintains the planes, and Aeronautics is in there, too. It's an interagency operation.

Rep. Ruby: The main issue that came before us is that there are some planes that aren't being utilized much, so their cost per hour could be over \$6000, and the same plane by another agency was probably \$2000-\$2400 per hour use. The main thing is, section 1 requires legislative authority over future purchases.

Chairman Delzer: Section 5 also tells NDSU to divest of their King Air.

Rep. Ruby: That is correct, that is the one that cost \$6000 per hour to use, because it wasn't used very much. It was more efficient to charter a plane or access a DOT plane.

Chairman Delzer: The FN shows DOT estimated \$3.5M for a like King Air, and \$1.8M, to total \$5.3M. Now, if we only give them the \$4.5M, then they have to try to work within that amount, because that's all they would have.

Rep. Kempenich: That worked last session for the Aeronautics Commission. They didn't get exactly what they wanted, but they got what they needed.

Chairman Delzer: They would always have the opportunity to come back next session. This would be a two year appropriation; if they did not get it done before next session, they would still have six months to work on that. Anything further on HB 1033? The committee continued on to the next bill.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee Roughrider Room, State Capitol

HB 1033
2/14/13
Job 19015

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to require authorization of the purchase or lease of aircraft; to provide for the use of department of transportation airplanes; to provide for the sale of airplanes; and to provide an appropriation.

Minutes:

You may make reference to "attached testimony."

Rep. Kempenich: I have a proposed amendment on this bill, but it's not with me. It would put together an advisory board. There is also an issue with the Attorney General's plane; we can transfer ownership, but it can't be sold.

Chairman Delzer requested an amendment be drafted that includes the advisory board and the other issue.

Brady Larson, Legislative Council: The current amendment for Rep. Kempenich would establish an advisory board including the director of the Department of Transportation or his/her designee; the director of OMB or his/her designee; the director of the Aeronautics Commission; and two members of the legislative assembly. The committee would advise the DOT on the purchase of the new aircraft.

Chairman Delzer: Any problem with the idea of that?

Rep. Skarphol: I hope we will address the issue of utilization of these planes.

Rep. Kempenich: Yes. We had talked about doing that in the DOT budget. That's kind of what this advisory board is for.

Chairman Delzer: Let's add to the amendment that the section 3 money goes to the general fund money, and leave section 6 as a straight appropriation. Should we have a lower dollar amount, that they could only go above that to \$4.5M with budget section approval? I think this is probably a smart move. If we're going to do this, I think we should put every incentive in place that we can to do it as cheaply as possible. We also need something in there about the Attorney General's plane, to change that wording, from have to get rid of it, to could designate it to some other eligible entity. Further questions or comments?

Rep. Monson: I hesitate to put in there that the budget section would give approval for more money.

05:00

Chairman Delzer: It's a question of trying to incentivize them to purchase for less money. Maybe the budget section should have to approve the purchase anyway, before it's done.

Rep. Kempenich: That's the point of the advisory board.

Rep. Glassheim: DOT's estimate is \$5.3M. Has anybody talked to them about this?

Rep. Kempenich: We had the same conversation with the aeronautics commission last year. They found something that was used, which lowered the price significantly.

Chairman Delzer: Rep. Porter said when you look at the range, DOT took the top of the price range, \$4.5M was in the middle. We'll wait for written amendments to review.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee
Roughrider Room, State Capitol

HB 1033
2/19/13
Job 19212

Conference Committee



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to require authorization of the purchase or lease of aircraft; to provide for the use of department of transportation airplanes; to provide for the sale of airplanes; and to provide an appropriation.

Minutes:

Rep. Kempenich: I have two amendments drafted.

Chairman Delzer: The difference is one goes to \$4 million and the other stays at \$4.5 million. It's under the statement of purpose.

Rep. Kempenich reviewed amendments .06002 and .06003.

Rep. Kempenich moved amendment .06002.

Rep. Thoreson seconded.

Chairman Delzer read the amendment.

Rep. Kempenich: It's a catch-22 with that plane. You can't get rid of it. It can only go to a corresponding law enforcement agency.

Chairman Delzer: The statement of purpose says it removes a provision in section 5. But if you read the bill, section 5 is the NDSU airplane and we did not want to affect that.

Rep. Kempenich: I have a marked up copy, and section 5 is still in the bill.

Chairman Delzer: The change is being made to section 6 of the engrossed bill. Are you interested in moving .06003?

Rep. Kempenich: I think \$4.5 million would be what we intend to do, especially moving the money from the sale of those other planes into the general fund.

Rep. Skarphol: Is the intention to transfer the Attorney General's airplane to this pool?

Rep. Kempenich: It's a surplus military plane, and their statement in there is it has to go to a like source. They could transfer it to the highway patrol. But you can't sell it.

Chairman Delzer: It would not be able to go to the pool because DOT is not eligible for it.

Rep. Kempenich: We could just leave it in the AG.

Chairman Delzer: If they wanted to, they could transfer it without us telling them to. What is the timeframe on this?

Rep. Kempenich: It ends 2015.

Rep. Skarphol: What does the Attorney General's office use the plane for?

Rep. Kempenich: It was less than 100 hours that the plane had flown the last time we checked in the prior biennium. It's the Attorney General's staff that has access to it.

Rep. Skarphol: Can we give it back to the federal government?

Rep. Kempenich: Yes.

Chairman Delzer: That to me would be the smartest move

Rep. Nelson: Weren't we thinking the \$4.5 million was too much, because we thought we could sell the plane? Was that where the efficiency was going to be, with disposing of the plane? What has changed that we need the \$4.5 million?

Chairman Delzer: The way it was originally worded, they were to sell those two planes that are available to be sold and that was to be taken off of the \$4.5 million. What we are doing with this amendment is saying the selling of those two planes goes to the general fund. Before it was \$4.5 million appropriation less whatever they got for those planes.

Rep. Kempenich: The original bill was \$5.3 million; \$4.5 million appropriation plus the proceeds from the two planes.

Rep. Nelson: If that's the case, why did you prepare .06003?

Rep. Kempenich: Amendment .06002 established the advisory board; .06003 pulled the \$500,000 out.

Chairman Delzer: We felt if you put \$4.5 million out there, they'll use it.

Rep. Skarphol moved a substitute motion to adopt .06003.

Rep. Kempenich seconded.

Voice Vote: Motion carried.

Rep. Glassheim moved to delete from the amendment the two members of the legislative assembly from the advisory committee appointed by the chairman of legislative management.

Rep. Guggisberg seconded.

Rep. Kempenich: We need to resist this motion.

Voice Vote: Motion failed.

Rep. Skarphol: We should donate the plane in the AG's office to the US Fish and Wildlife Services. If this is an encumbrance to us, and was donated to us by the federal government, it would only seem fair that they should get it back. I move this as an amendment.

Rep. Hawken seconded.

Rep. Nelson: This doesn't make any sense at all. We don't need the US Fish and Wildlife to be the recipient of this plane. Even if there was a good reason for it, the public relations of this move would be terrible. I resist this motion.

Rep. Skarphol: These folks are responsible for hunting coyotes. They would have use for the plane.

Chairman Delzer: Would you be amenable to the idea that they consider that as an option?

Rep. Skarphol: Yes.

Voice Vote: Motion failed to put US Fish and Wildlife in as an option.

Rep. Kempenich moved a Do Pass as Amended.

Rep. Streyle seconded.

Roll Call Vote:

Yes: 18

No: 3

Absent: 1

Carried by **Rep. Kempenich**.

FISCAL NOTE
Requested by Legislative Council
01/25/2013

Amendment to: HB 1033

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$475,000			
Expenditures			\$5,300,000			
Appropriations			\$4,500,000			

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill requires sale of certain aircraft, authorizes acquisition of replacement aircraft, bars acquisition of aircraft without approval, bans future use of state funds for certain aircraft, provides for operation of state aircraft by qualified pilots, & provides requirements for use of aircraft.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 provides that NDDOT shall provide air transportation services to other state agencies upon request and be reimbursed on a cost based user charge. These provisions reflect current NDDOT practice, so they should have no additional significant fiscal impact. Section 3 directs NDDOT to sell the 1977 Piper Cheyenne and 1975 Cessna Skymaster airplanes and use the proceeds for replacement airplane purchases. It is estimated that the resale value of these two airplanes will be \$400,000 and \$35,000 respectively, for a total resale of \$435,000. This section also provides that, after June 30, 2014, NDDOT may not use any funds appropriated by the legislative assembly to maintain or operate these two airplanes. Section 4 directs the Attorney General's office to sell their 1965 Beechcraft Baron airplane and retain the use the proceeds in accordance with the agreement entered into by the office when the airplane was obtained. It is estimated the resale value of this airplane will be approximately \$40,000. This section also provides that, after June 30, 2014, the Attorney General's Office may not use any funds appropriated by the legislative assembly to maintain or operate this airplane. Section 5 provides that, after June 30, 2014, North Dakota State University may not use any funds appropriated by the legislative assembly to lease an airplane. Section 6 provides an appropriation from the state's general fund to NDDOT in the amount of \$4.5 million less any realized proceeds from the sale or disposal of the Cheyenne and Skymaster airplanes for the purpose of purchasing replacement airplanes.

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.

Under this bill, NDDOT and the Attorney General's Office may realize revenue from the sale of the airplanes identified in Part 2B of this fiscal note. This revenue is estimated at \$435,000 for NDDOT and \$40,000 for the Attorney General's Office.

- 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 primary expenditures that would be realized under this bill would be incurred by NDDOT for replacement of the Cheyenne and Skymaster airplanes. NDDOT will try to replace the airplanes with recent model, used airplanes. To replace the Cheyenne, NDDOT would consider a used King Air B200. It is estimated this airplane would cost approximately \$3.5 million dollars. To replace the Skymaster, NDDOT would consider a used Cessna Caravan; the estimated cost for this airplane would be about \$1.8 million dollars. Total replacement cost for both airplanes is estimated at about \$5.3 million dollars. The Attorney General's office should see a reduction in operating expenses as a result of discontinuing operation of their Beechcraft Baron airplane. However, they may incur additional costs to reimburse NDDOT for costs incurred to obtain flights on NDDOT aircraft. This impact has not been included in section 1A of this fiscal note as we do not know to what extent the Attorney General's office may utilize NDDOT aircraft. Likewise, North Dakota State University should see a reduction in their expenditures as a result of the provisions of section 5 of the bill, but this may be somewhat offset by costs to obtain transportation through other means. Again, this impact has not been included in section 1A of this fiscal note as we do not know what the costs may be for NDSU to obtain any necessary flights to replace those resulting from use of their current aircraft. It should be noted that any agencies that will use their own pilots to fly NDDOT aircraft pursuant to section 2 of the bill will incur annual training costs to comply with FAA and insurance requirements. It is estimated that the tuition and travel costs associated with this training will cost approximately \$16,000 per pilot per airplane each biennium. This impact has not been included in section 1A of this fiscal note as we don't know to what extent, if any, other agencies might choose to utilize their own pilots to operate NDDOT aircraft.

- C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

Section 6 provides an appropriation to NDDOT from the general fund in the amount of \$4.5 million dollars less any proceeds realized on the sale or disposal of the Cheyenne and Skymaster airplanes. Since it is estimated that NDDOT will realize approximately \$435,000 on the resale of the Cheyenne and Skymaster airplanes, this leaves a net amount to be charged against the appropriation of \$4.065 million.

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 02/04/2013

FISCAL NOTE
Requested by Legislative Council
12/19/2012

Bill/Resolution No.: HB 1033

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$2,000,000		\$2,000,000
Expenditures				\$1,750,000		\$1,750,000
Appropriations				\$1,750,000		\$1,750,000

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill would create a central aircraft management system under the ND Department of Transportation.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Under this bill, the central aircraft management system would be operated on an actual cost basis whereby users would be billed at a rate based on the actual operating and pilot costs, as well as depreciation and estimated aircraft replacement costs. Accordingly, NDDOT would need additional appropriation sufficient to cover the related costs. The excess of revenue over expenditures represents depreciation and reserves for high cost repairs/replacements. This excess would be spent in later years as the aircraft pool incurs costs to replace aircraft and make major, high cost repairs to the aircraft. Note: The revenue and expenditure figures represent only the central aircraft pool. They do not represent the impact on agencies using the pool. The agencies using the pool should see an increase in expenditures for the fees they pay to the aircraft pool and a decrease in expenditures for aircraft operating costs that will now be covered by the pool. This fiscal note is based on the assumption that the aircraft currently used by the affected agencies would continue to be operated by the aircraft pool. The assumptions do not include near term replacement of any aircraft. If it becomes necessary to replace aircraft in the near term, the costs would be significantly greater than presented in this fiscal note.

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.*

It is very difficult to accurately estimate the initial biennium revenues associated with a central aircraft management system until we have accumulated actual operating data for a biennium. Nonetheless, we estimate the additional first biennium revenues to operate the pool of aircraft to be approximately \$2 million greater than the NDDOT currently recognizes on its current aircraft. This revenue would be intended to cover the actual operating costs of the additional aircraft as well as depreciation and reserves for high cost repair/replacement. The DOT would not initially have a revenue source to cover major repairs/replacements. Funds for this purpose would be accumulated over time through the charging of reserves for major repairs/replacements and depreciation charges. Therefore, for the

first biennium, NDDOT would need an additional revenue source to cover the estimated major repairs/replacements of \$500,000 that might occur in the 1st biennium. Such revenue source is not covered in the revenue identified in Part 1A above.

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.*

It is very difficult to accurately estimate the initial biennium expenditures associated with a central aircraft management system until we have accumulated actual operating data for a biennium. Nonetheless, we estimate the additional, "out of pocket" expenditures to operate the additional aircraft not currently operated by NDDOT to be approximately \$1.75 million as shown on the attached schedule.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The NDDOT will require an addition to its existing appropriation in the amount of \$1.75 million to cover the additional costs of operating the aircraft pool

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 01/09/2013

V/L
2/20/13
1012

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1033

Page 1, line 2, after the second "airplanes" insert "; to provide legislative intent; to provide for budget section approval"

Page 2, line 4, remove "used for replacement"

Page 2, line 5, replace "airplane purchases as provided in section 6 of this Act" with "remitted to the state treasurer for deposit in the general fund"

Page 2, line 9, after "4." insert "**LEGISLATIVE INTENT -**"

Page 2, line 9, replace "The" with "It is the intent of the sixty-third legislative assembly that the"

Page 2, line 10, remove "sell or"

Page 2, line 10, after "airplane" insert "or transfer the title of the airplane to an eligible entity in accordance with the agreement entered by the office to obtain the airplane"

Page 2, line 10, remove "The"

Page 2, remove lines 11 through 14

Page 2, line 20, after "**REPLACEMENT**" insert " - **BUDGET SECTION APPROVAL - ADVISORY COMMITTEE**"

Page 2, line 24, remove "The appropriation provided in this section must be reduced by an"

Page 2, remove line 25

Page 2, line 26, replace "as provided in section 3 of this Act." with "The department of transportation must receive budget section approval prior to expending any funds appropriated under this section in excess of \$4,000,000."

Page 2, after line 27, insert:

"During the biennium beginning July 1, 2013, and ending June 30, 2015, the department of transportation shall establish an airplane replacement advisory committee to advise the department of transportation regarding the purchase of replacement airplanes authorized under this section. The members of the advisory committee include:

1. The director of the department of transportation or the director's designee who shall serve as chairman;
2. The director of the aeronautics commission or the director's designee;
3. The director of the office of management and budget or the director's designee; and
4. Two members of the legislative assembly appointed by the chairman of the legislative management.

The committee shall meet at the call of the chairman. The members of the committee who are members of the legislative assembly are entitled to receive compensation and expense reimbursement as provided under section 54-03-20 and reimbursement for mileage as provided by law for state officers. The legislative council shall pay the compensation and expense reimbursement for the legislative members."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides for the following:

- Adjusts Section 3 to provide that any funds received from the sale of Department of Transportation airplanes are deposited in the general fund.
- Adjusts Section 4 to provide legislative intent regarding the disposal of the Attorneys General's office airplane.
- Removes a provision in Section 5 that reduces the general fund appropriation to the Department of Transportation for new airplane purchases by an amount equal to proceeds received from the sale of department airplanes.
- Requires Budget Section approval to expend more than \$4 million for the purchase of new airplanes.
- Creates a committee to advise the Department of Transportation regarding the purchase of replacement airplanes for the department.

Date: 2/19/13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1033

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number -06002

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerrefer to Appropriations Reconsider

Motion Made By Rep. Kempenich Seconded By Rep. Thoreson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Rep. Streyle		
Vice Chairman Kempenich			Rep. Thoreson		
Rep. Bellew			Rep. Wieland		
Rep. Brandenburg					
Rep. Dosch					
Rep. Grande			Rep. Boe		
Rep. Hawken			Rep. Glassheim		
Rep. Kreidt			Rep. Guggisberg		
Rep. Martinson			Rep. Holman		
Rep. Monson			Rep. Williams		
Rep. Nelson					
Rep. Pollert					
Rep. Sanford					
Rep. Skarphol					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

Substitute motion

Date: 2/19/13
Roll Call Vote #: 2

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1033

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number -06003

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerrefer to Appropriations Reconsider

Motion Made By Rep. Skarhol Seconded By Rep. Kempenich

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Rep. Streyle		
Vice Chairman Kempenich			Rep. Thoreson		
Rep. Bellew			Rep. Wieland		
Rep. Brandenburg					
Rep. Dosch					
Rep. Grande			Rep. Boe		
Rep. Hawken			Rep. Glassheim		
Rep. Kreidt			Rep. Guggisberg		
Rep. Martinson			Rep. Holman		
Rep. Monson			Rep. Williams		
Rep. Nelson					
Rep. Pollert					
Rep. Sanford					
Rep. Skarhol					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

voice vote carries

Date: 2/19/13
Roll Call Vote #: 3

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1033

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerrefer to Appropriations Reconsider

Motion Made By Rep. Glassheim Seconded By Rep. Guggisberg

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Rep. Streyle		
Vice Chairman Kempenich			Rep. Thoreson		
Rep. Bellew			Rep. Wieland		
Rep. Brandenburg					
Rep. Dosch					
Rep. Grande			Rep. Boe		
Rep. Hawken			Rep. Glassheim		
Rep. Kreidt			Rep. Guggisberg		
Rep. Martinson			Rep. Holman		
Rep. Monson			Rep. Williams		
Rep. Nelson					
Rep. Pollert					
Rep. Sanford					
Rep. Skarphol					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

delete from the amendment two members of
legislative assembly from the
advisory committee

voice vote fails

Date: 2/19/13
Roll Call Vote #: 4

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1033

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerrefer to Appropriations Reconsider

Motion Made By Rep. Skarphol Seconded By Rep. Hawken

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Rep. Streyle		
Vice Chairman Kempenich			Rep. Thoreson		
Rep. Bellew			Rep. Wieland		
Rep. Brandenburg					
Rep. Dosch					
Rep. Grande			Rep. Boe		
Rep. Hawken			Rep. Glassheim		
Rep. Kreidt			Rep. Guggisberg		
Rep. Martinson			Rep. Holman		
Rep. Monson			Rep. Williams		
Rep. Nelson					
Rep. Pollert					
Rep. Sanford					
Rep. Skarphol					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

give AG plane to US Fish + Wildlife Service

↳ one option they look at

Voice vote failed

Date: 2/19/13
Roll Call Vote #: 5

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1033

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerrefer to Appropriations Reconsider

Motion Made By Rep. Kempenich Seconded By Rep. Streyle

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Rep. Streyle	X	
Vice Chairman Kempenich	X		Rep. Thoreson	X	
Rep. Bellew		X	Rep. Wieland		X
Rep. Brandenburg	X				
Rep. Dosch					
Rep. Grande	X		Rep. Boe	X	
Rep. Hawken	X		Rep. Glassheim		X
Rep. Kreidt	X		Rep. Guggisberg	X	
Rep. Martinson	X		Rep. Holman	X	
Rep. Monson	X		Rep. Williams	X	
Rep. Nelson	X				
Rep. Pollert	X				
Rep. Sanford	X				
Rep. Skarphol	X				

Total Yes 18 No 3

Absent 1

Floor Assignment Rep. Kempenich

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

REPORT OF STANDING COMMITTEE

HB 1033, as engrossed: Appropriations Committee (Rep. Delzer, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO PASS (18 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1033
was placed on the Sixth order on the calendar.

Page 1, line 2, after the second "airplanes" insert "; to provide legislative intent; to provide for budget section approval"

Page 2, line 4, remove "used for replacement"

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Page 2, line 20, after "**REPLACEMENT**" insert "**- BUDGET SECTION APPROVAL -
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transportation must receive budget section approval prior to expending any funds
appropriated under this section in excess of \$4,000,000."

Page 2, after line 27, insert:

"During the biennium beginning July 1, 2013, and ending June 30, 2015, the
department of transportation shall establish an airplane replacement advisory
committee to advise the department of transportation regarding the purchase of
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committee include:

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2. The director of the aeronautics commission or the director's designee;
3. The director of the office of management and budget or the director's
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4. Two members of the legislative assembly appointed by the chairman of
the legislative management.

The committee shall meet at the call of the chairman. The members of the committee
who are members of the legislative assembly are entitled to receive compensation
and expense reimbursement as provided under section 54-03-20 and reimbursement

for mileage as provided by law for state officers. The legislative council shall pay the compensation and expense reimbursement for the legislative members."

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- Creates a committee to advise the Department of Transportation regarding the purchase of replacement airplanes for the department.

2013 SENATE GOVERNMENT AND VETERANS AFFAIRS

HB 1033

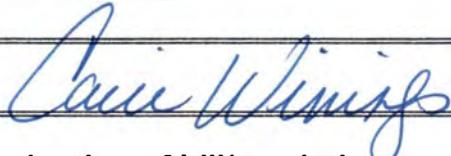
2013 SENATE STANDING COMMITTEE MINUTES

Senate Government and Veterans Affairs Committee Missouri River Room, State Capitol

HB 1033
03/14/2013
Job Number 19918

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to require authorization of the purchase or lease of aircraft; to provide for the use of department of transportation airplanes; to provide for the sale of airplanes; to provide legislative intent; to provide for budget section approval; and to provide an appropriation.

Minutes:

Chairman Dever: Opened the hearing on HB 1033.

Representative Todd Porter, District 34: Testified as sponsor and in support of the bill.

Served on interim committee and we felt that the legislature should know what is going on with the aircraft. (Walked through the hog-house amendment and the bill.) See Attachment #1 for interim report presented in testimony.

(19:55) Chairman Dever: Asked a question on continuing appropriation and whether it would be foundation dollars.

Representative Porter: That is, any of those funds that they have access to that are a continuing appropriations, they couldn't use for this to go around the portion of section 1 - the authorization to purchase. That was to close the loophole to make sure that we were clear that it is not just the appropriated funds; it is also the continuing appropriation funds and the foundation dollars and anything else that is in that big circle that they could not grab on to.

(20:55) Chairman Dever: I am not clear on how that works between the foundation and the university.

Representative Porter: I will have Larsen come up and he can explain it and how they went outside the boundaries and did this. (Returned to testimony.)

(21:45) Chairman Dever: (Asked a question about the B-52 not pertaining to the bill.

(24:55) Senator Marcellais: I am hearing you say that you want to set up an aircraft pool to share in resources and save us some money?

Representative Porter: I think that a pool would work; I don't think that is the position of the House, and the interim committee in the end wanted to leave the three main aircraft of the state inside of the DOT but we also wanted to make it affordable for other agencies to use those planes. We wanted to make it affordable for other state employees to hop in and take a ride when there is an empty seat that they did not have to pick up the whole bill for. I think we wanted to make things a little more efficient with some modernizations. I do not think that the pooling idea is quite ready yet. I think it is off in the processor. We had good discussions about it. I don't know that anyone is ready to do that yet. We have a unique opportunity inside of our existing structure to modernize our fleet and increase the utilization of our fleet for efficiency of our state employees and their time spent. When there are empty seats why are we charging the high costs to try and get revenue back into another agency that is using the same dollars. As we looked at this we changed our direction for now. I think the fleet idea is in the end the most efficient way.

Senator Marcellais: That goes back to my motto; do more with less.

(28:35) Representative Keith Kempenich, District 39: Testified in support of the bill and member of interim committee. See Attachment #2 for information presented in testimony. Reinforced what Representative Porter had stated in his testimony.

(33:50) Senator Marcellais: I there a summary of what the planes were used for; who used them and where did they go?

Representative Kempenich: We can get that. They have that. The Cheyenne is basically a backup and by policy the Governor does not fly in a single engine plane and I don't think he flies in the Cheyenne either. By rule it needs to be a multiple engine plane to take the Governor somewhere and we do have the hours. The heaviest used aircraft is the Cessna 337. Aircraft does have a long life history but you have to look at what your replacement costs are and part availability. You can lose the battle on what it is worth and repair costs. Avionic upgrades can get to be more expensive than the plane.

Chairman Dever: If the attorney General was to dispose of their aircraft, what would they get that would be the most comparable?

Representative Kempenich: Possibly a Seneca, but that is mostly a multi-engine trainer plane.

Chairman Dever: I am looking at the chart from the interim committee and that plane has variable costs of \$226 and fixed costs of \$413 and when I look at the three planes that the DOT has, they are all more expensive than that.

Representative Kempenich: They are turbine jet fueled aircraft and they require two pilots. There is no value either way with the Attorney General's plane. It is a different deal on that. We cannot sell it. We can give it back but you have to find another law enforcement agency to take it. The Attorney General's plane is just set to the side for this bill.

Senator Cook: Section 4 says that it is our intent to dispose of it?

Representative Kempenich: It is our intent because of the maintenance part of it, but it may not happen. All intent language is what it is. It is an older aircraft and we would like to get rid of it.

(41:25) Brady Larson, Legislative Council: Testified in neutral position on the bill.

Answered a couple of questions brought forth by committee. You had a question on how

many trips were made and the number of passengers transported, and on the committee report handed out it is on page 2 in the right-hand corner. To your question on the appropriations to the university system, and you are correct that any funds received by higher education institutions must receive legislative appropriations before they can be expended; with the university system there is a little bit different type of classification of appropriation than most state agencies. Most state agencies receive a direct appropriation authority so the legislature says that you can spend so many dollars from these funding sources, but the university system receives a direct appropriation from the general fund but the legislature has authorized the university system with a continuing appropriation for any other funds or fees that they receive. They may include tuition revenue, student fees, revenue from auxiliary services such as dining or housing, interest income, indirect cost recoveries from federal grants, gifts, grants, donations - basically any income a university generates, they can expend under the continuing appropriation. In the specific case of NDSU, on page 3 of Attachment # 1, there is some information regarding the specific uses of those local funds that the institution used to pay for the airplane lease costs and as Representative Porter mentioned, there are funds from the North Dakota/ Minnesota tuition reciprocity agreement as well as some other local funds.

(43:58) Tom Trenbeath, Chief Deputy Attorney General: Testified in neutral position on the bill. We are requesting you to leave us and our aircraft out of the bill. The per-hour cost is not the proper analysis for a public safety entity. Thus it is with our aircraft. If we give up our aircraft, which has its own problems with the federal government and we go out to the aircraft pool someday and have to be somewhere, and the only thing that is there is the King Air and I have to get the BCI agent to a small airstrip - I cannot fly him in there. The landing strip is too short. (Gave an example and also talked about the duck mishap

with the aircraft that resulted in upgrades being done to the aircraft) We are on the list for an upgrade to that aircraft and if you give that aircraft back, where do you think we are going to be on that list? At the bottom I would guess. We do have a unique situation with our aircraft and we would like to have that language out of there.

(49:10) Dave Leftwich, Deputy Director for Business Support, North Dakota

Department of Transportation: See Attachment #3 for testimony in neutral position on the bill.

(51:00) Chairman Dever: I understand that different agencies budget for their expense for using state aircraft.

Dave Leftwich: That is correct.

Chairman Dever: How often do the planes fly somewhere when they are not full?

Dave Leftwich: That depends on the type of meetings or occasion. The cost per hour is the same no matter how many people are on the plane. I don't have the numbers, but quite often we are full.

Chairman Dever: (Gave an example of a wasteful situation)

Senator Cook: I am sure we have certain policies, for example the fact that the Governor and the Lt. Governor cannot fly in the same plane; is that correct?

Dave Leftwich: That is correct.

Senator Cook: How far do we go with that policy? What other policies do we have?

Dave Leftwich: I believe they are the only ones that are not allowed to fly together because they are from the same office.

Chairman Dever: Closed the hearing on HB 1033.

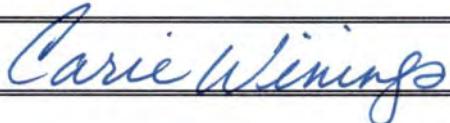
2013 SENATE STANDING COMMITTEE MINUTES

Senate Government and Veterans Affairs Committee Missouri River Room, State Capitol

HB 1033
03/21/2013
Job Number 20339

Conference Committee

Committee Clerk Signature



Minutes:

Chairman Dever: Opened HB 1033 for committee discussion.

Committee Discussion: The committee looked at the amendments that had been proposed to the committee during the hearing. They also discussed the fiscal note and what that entailed. It was discussed that the bill is a big policy decision and to make a determination on the short testimony that was heard in committee would be difficult.

Chairman Dever felt that relying on the interim committee, which did have considerable discussion, was extremely important. Senator Schaible was on the interim committee and discussed his view of the bill and the fact that it is vastly different from the report that came out of the interim committee. The main idea that came out of the interim committee was to look at a plane motor pool and make sure that all bases were covered but only need a few planes but there were some problems with that as well. The intent of the committee was definitely not preserved. Trying to make it work created many problems. Then NDSU plane is a main concern of the committee. There is not enough need for the plane and it is costing too much to make the payments. The majority of the time it is leased to jet service and they are making money off of it. It is costing them less to rent than run. There are no plans by any department to replace their planes when they pass their cost effective usefulness.

Chairman Dever: Asked the committee to think about what they would like to do with the bill.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Government and Veterans Affairs Committee Missouri River Room, State Capitol

HB 1033
03/22/2013
Job Number 20370

Conference Committee

Committee Clerk Signature

Minutes:

Chairman Dever: Opened HB 1033 for committee discussion. See Attachment #1 for the original bill and attachment #2 for fiscal note that went with that bill. It seems to me that the DOT should have a plan for replacement of aircrafts on a long term basis.

(3:21) Senator Cook: The first question I ask myself is what is the problem and the sponsors of this bill seem to be going after is the poor management of an aircraft in the university system and I can't argue with that. Is there a way that we can solve that problem and that one only? I don't know what that would be.

Committee Discussion: The committee proceeded to discuss what they thought the problem was and different planes that are needed. Senator Schaible voiced that he would like to talk to Representative Delzer (chairman of interim committee) and what his intent was to help determine what to do with the bill. Chairman Dever reminded the committee that the bill has to be out of committee by next Thursday so that there would need to be amendments drafted by then. The committee does not necessarily want to kill the bill, but they want to determine what they can do with the bill to salvage the important sections and hopefully accomplish what the interim committee intended. Addressing the NDSU airplane was determined to be a priority and how the committee could accomplish that in the bill. Also a replacement cycle of the planes that the state owns is important as well as the use of the aircrafts being more equalized for cost effectiveness. By updating and modernizing

the fleet it becomes more cost effective. The committee concluded that they preferred version 5 of the bill over version 7 except for the fact that version 5 does not address the NDSU plane. It was determined that Senator Schaible needed to have a discussion with Representative Delzer as to why the NDSU plane was not in version 5. It was brought up that the fact that no one from the university came to testify about their plane and what could be assumed from that. The committee mentioned that by amending the bill, it would go to appropriations and the discussion would continue there.

Chairman Dever: Closed the committee discussion on HB 1033.

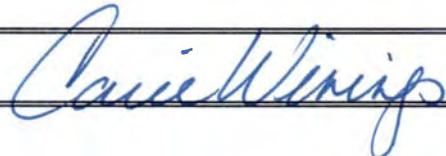
2013 SENATE STANDING COMMITTEE MINUTES

Senate Government and Veterans Affairs Committee
Missouri River Room, State Capitol

HB 1033
03/28/2013
Job Number 20660

Conference Committee

Committee Clerk Signature



Minutes:

Chairman Dever: Opened HB 1033 for committee discussion. The \$4.5 million was requested by DOT and we might consider our conversations in that light.

Committee Discussion: Senator Schaible talked about the importance of the bill and the need to amend the bill to keep it alive. The committee discussed how to amend the bill and what parts were necessary, and that the bill needed to make sense. There is a little confusion on where the situation is and what really needs to be done. The committee relied on Senator Schaible for information due to the fact that he was on the interim committee. The committee agreed that they needed to amend the bill and go to conference committee to iron out the details. The committee looked at the different versions and what would be the best option to work with. The amendment applied to version 7. The committee also discussed the amendment the DOT proposed and the amendment brought by the Attorney General's office (basically to delete section 4). Senator Schaible pointed out that the interim did not focus on the Governor's flight usage and the Attorney General's plane. Those were not the problem. The usage of the other planes were the issue. See Attachment #1 for the combined amendments of DOT and the Attorney General's office. The idea of leaving the money in to include appropriations in the conference committee was important to the committee.

Senator Schaible: Moved the Amendments in Attachment #1.

Senator Poolman: Seconded.

A Roll Call Vote Was Taken: 7 yeas, 0 nays, 0 absent.

Motion Carries.

Senator Schaible: Moved a Do Pass As Amended and Rerefer to Appropriations.

Vice Chairman Berry: Seconded

A Roll Call Vote Was Taken: 5 yeas, 2 nays, 0 absent.

Senator Schaible: Carrier.

March 28, 2013

3/29/13
TV

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1033

Page 1, line 2, remove the second "to provide"

Page 1, line 3, remove "legislative intent;"

Page 1, line 16, replace "Each" with "Unless waived by the department, each"

Page 2, remove lines 8 through 12

Renumber accordingly

Date:

Roll Call Vote #:

**2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. 1033

Senate Government and Veterans Affairs Committee

Check here for Conference Committee

Legislative Council Amendment Number Attachment # 1

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerrefer to Appropriations Reconsider

Motion Made By Senator Schaefer Seconded By Senator Poolman

Total (Yes) 2 No 0

Absent 0

Floor Assignment

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

Date: 1/28/08

Roll Call Vote #: 2

**2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. 10,33

Senate Government and Veterans Affairs Committee

Check here for Conference Committee

Legislative Council Amendment Number

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerrefer to Appropriations Reconsider

Motion Made By Senator Schlaib Seconded By Senator Berry

Total (Yes) 5 No 2

Absent

Floor Assignment Senator Shaible

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

REPORT OF STANDING COMMITTEE

HB 1033, as reengrossed: Government and Veterans Affairs Committee (Sen. Dever, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed HB 1033 was placed on the Sixth order on the calendar.

Page 1, line 2, remove the second "to provide"

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Page 2, remove lines 8 through 12

Renumber accordingly

2013 SENATE APPROPRIATIONS

HB 1033

2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee
Harvest Room, State Capitol

HB 1033
April 4, 2013
Job # 20857

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to require authorization of the purchase or lease of aircraft; to provide for the use of department of transportation airplanes; to provide for the sale of airplanes.

Minutes:

Testimony attached # 1-2

Legislative Council - Allen H. Knudson
OMB - Sheila Peterson & Laney Herauf

Chairman Holmberg opened the hearing on HB 1033.

Rep. Todd Porter, District 34

Testimony attached # 1 - Government Services Committee Interim Report

When the interim committee started digging into this no one wanted to turn their airplane over to a state fleet. The gist of the bill is that we need to modernize our fleet. We need to get rid of the 1975 Skymaster that operates at about \$800/hour and get something more efficient and easily maintained. He explained the operating costs for the different airplanes. In the bill, there is \$4.5M to modernize the fleet. The DOT can trade those airplanes in and modernize the fleet with two used late model aircraft. Also in the bill, there's language that talks about how we use the aircraft. There is a section 2 that talks about the Attorney General's office having priority to call out for law enforcement purposes and use the aircraft. Section 1 prohibits the purchase of aircraft without the legislature's approval. That goes back to the NDSU Foundation buying the airplane and leasing it back for the exact amount of the lease. NDSU used tuition dollars from students that come in from out of state to pay that lease. The plane is only used about 60 hours /year. Inside this bill it tells NDSU to sell the plane. We talked about the state purchasing it but for what they owe on the lease and as old as the plane is, DOT would be better off leasing one.

Vice Chairman Grindberg: It's not unusual for the foundation to entertain this transaction. NDSU owned a plane prior to this. At UND, their foundation has purchased many airplanes and I would bet that some student tuition at UND goes to help offset those costs. It's frustrating, we're meddling in operational business, we are telling NDSU to sell an airplane that the prior foundation owns and it is very similar to what goes on at the aviation school. We are meddling in an area that has become political. The legislature has embraced

flexibility years ago. I understand the cost side of this but why wasn't the University of ND factored into this equation.

Representative Porter: When we looked at UND the big difference was that it has an aviation school and is using planes to train pilots. He explained.

Vice Chairman Grindberg: The point is major universities across this country either lease or buy airplanes. NDSU has had a plane for decades. This was an upgrade to a plane that was falling apart. This is a decision that campuses should make.

Senator Robinson: Our President at Valley City State University and others have flown on NDSU's plane to Dickinson, Minot, to Williston and elsewhere to take advantage of cost savings and time. Many of our schools have benefited many times, to use NDSU's plane and facility.

Representative Porter: To travel across ND, no one would argue it takes an airplane. The argument is the utilization of that asset. You have a \$3 M airplane that is being used for 70 hours/year. No reason having this airplane setting down there.

Senator Gary Lee: I was on that Government Services committee and the times Senator Robinson was saying the presidents flew around, those hours were included here.

Representative Porter: The total 69 hours included every time the propellers were turning on that airplane.

Vice Chairman Grindberg: The President of NDSU was skittish about using the plane because of political pressure. The numbers you are using are reflective of the environment. It's been a political football.

Representative Porter: Finished explaining the bill (14:18)

Senator O'Connell: Are we still finding good deals out there to buy used planes.

Representative Porter: Yes, there are several. He described.

Dave Leftwich, Department of Transportation: Testified in favor of HB 1033. This allows DOT to replace 2 high maintenance aircrafts. We would like to purpose an amendment to make it clear that we can trade in the aircraft whether than having to sell them.

Chairman Holmberg: Has your amendment been run by the policy committee - GVA?

Dave Leftwich: We visited with Senator Dever on this.

Jim Miller, President & CEO, NDSU Development Foundation testified in support of HB 1033. **Written testimony # 2**
He presented two options to possibly be added as amendments.

Senate Appropriations Committee

HB 1033

April 4, 2013

Page 3

No opposing testimony.

Chairman Holmberg closed the hearing on HB 1033.

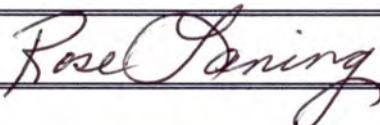
2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

HB 1033
April 9, 2013
Job # 21056

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to require authorization of the purchase or lease of aircraft; to provide for the use of department of transportation airplanes; to provide for the sale of airplanes

Minutes:

Legislative Council - Becky J. Keller
OMB - Lori Laschkewitsch

Chairman Holmberg opened the discussion on HB 1033. All committee members were present.

Vice Chairman Grindberg moved to strike section 5 from HB 1033.

Senator Robinson seconded the motion.

Chairman Holmberg: The bill you wish to strike section 5 out of is the 2nd engrossment, .07000.

Vice Chairman Grindberg: There has been a lot of discussion over this airplane purchased by the NDSU Development Foundation. James Miller was here testifying and gave two options: one was asking for more time and second was the state purchasing the airplane. I am presently working in the general aviation industry and the industry is quite dependent on federal tax credits as a way to stimulate general aviation aircraft usage. The Obama administration has cut those credits plus we have the economic situation that started in 2008. It will be at least 4 to 5 years or more if there is ever any incentives coming back from the federal government to stimulate general aviation use in this country. My point is I don't think anything will change before 2016. In 2017 this airplane is paid for. Why say you have until 2016 to sell this, but we own it in 2017. I said in the hearing that we don't need to meddle here. NDSU has had an airplane since the seventies. The first one was donated. As I understand it they are using the airplane for the university but also contracting it to be available to the Fargo Jet Service. I think we need to remove section 5.

Senator Wanzek: Is the removal of section 5, basically the appropriation?

Becky J. Keller, Legislative Council: You have to go to the first engrossment. We would have to amend .06000.

Vice Chairman Grindberg: In other words, the lease is up in 2017 and they buy it for \$1

Senator Warner: Are we endangering any terms of the lease by adding rental fees to a jet service and adding hours that way?

Vice Chairman Grindberg: I would say no. When you buy a plane, you build all those into the hourly rates. It goes by the hours. Most aircraft used in a significant way will be upgraded to an advanced electronic.

Senator Robinson: Would you happen to know the value of this plane and what has been paid so far.

Vice Chairman Grindberg: It was a 10 year lease and the airplane value at the time was about \$2.3 or 2.4M.

Senator Robinson: This has been a political football. We need to get beyond that. The more we use the airplane, the more the cost goes down. The plane is in very good condition.

Chairman Holmberg: We have a motion to remove section 5 from the bill.

Voice vote - amendment adopted.

Vice Chairman Grindberg moved a **Do Pass** as Amended on HB 1033.

Senator O'Connell seconded the motion.

A roll call vote was taken. Yea: 13 Nay: 0 Absent: 0

Senator Robinson will carry the bill on the floor.

FISCAL NOTE
Requested by Legislative Council
02/27/2013

Amendment to: HB 1033

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$435,000			
Expenditures			\$5,300,000			
Appropriations			\$4,500,000			

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill requires sale of certain aircraft, authorizes acquisition of replacement aircraft, bars acquisition of aircraft without approval, bans future use of state funds for certain aircraft, provides for operation of state aircraft by qualified pilots, & provides requirements for use of aircraft.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 provides that NDDOT shall provide air transportation services to other state agencies upon request and be reimbursed on a cost based user charge. These provisions reflect current NDDOT practice, so they should have no additional significant fiscal impact. Section 3 directs NDDOT to sell the 1977 Piper Cheyenne and 1975 Cessna Skymaster airplanes and use the proceeds for replacement airplane purchases. It is estimated that the resale value of these two airplanes will be \$400,000 and \$35,000 respectively, for a total resale of \$435,000. This section also provides that, after June 30, 2014, NDDOT may not use any funds appropriated by the legislative assembly to maintain or operate these two airplanes. Section 4 directs the Attorney General's office to dispose of or transfer title of their 1965 Beechcraft Baron airplane. Section 5 provides that, after June 30, 2014, North Dakota State University may not use any funds appropriated by the legislative assembly to lease an airplane. Section 6 provides an appropriation from the state's general fund to NDDOT in the amount of \$4.5 million for the purpose of purchasing replacement airplanes. This section also requires NDDOT to obtain budget section approval prior to expending any funds appropriated under this section in excess of \$4,000,000. Additionally, this section establishes an airplane replacement advisory committee to advise NDDOT on purchase of replacement airplanes.

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.*

Under this bill, NDDOT may realize revenue from the sale of the airplanes identified in Part 2B of this fiscal note. This revenue is estimated at \$435,000.

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 primary expenditures that would be realized under this bill would be incurred by NDDOT for replacement of the Cheyenne and Skymaster airplanes. NDDOT will try to replace the airplanes with recent model, used airplanes. To replace the Cheyenne, NDDOT would consider a used King Air B200. It is estimated this airplane would cost approximately \$3.5 million dollars. To replace the Skymaster, NDDOT would consider a used Cessna Caravan; the estimated cost for this airplane would be about \$1.8 million dollars. Total replacement cost for both airplanes is estimated at about \$5.3 million dollars. The Attorney General's office should see a reduction in operating expenses as a result of discontinuing operation of their Beechcraft Baron airplane. However, they may incur additional costs to reimburse NDDOT for costs incurred to obtain flights on NDDOT aircraft. This impact has not been included in section 1A of this fiscal note as we do not know to what extent the Attorney General's office may utilize NDDOT aircraft. Likewise, North Dakota State University should see a reduction in their expenditures as a result of the provisions of section 5 of the bill, but this may be somewhat offset by costs to obtain transportation through other means. Again, this impact has not been included in section 1A of this fiscal note as we do not know what the costs may be for NDSU to obtain any necessary flights to replace those resulting from use of their current aircraft. It should be noted that any agencies that will use their own pilots to fly NDDOT aircraft pursuant to section 2 of the bill will incur annual training costs to comply with FAA and insurance requirements. It is estimated that the tuition and travel costs associated with this training will cost approximately \$16,000 per pilot per airplane each biennium. This impact has not been included in section 1A of this fiscal note as we don't know to what extent, if any, other agencies might choose to utilize their own pilots to operate NDDOT aircraft.

C. Appropriations: Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

Section 6 provides an appropriation to NDDOT from the general fund in the amount of \$4.5 million dollars less any proceeds realized on the sale or disposal of the Cheyenne and Skymaster airplanes. Since it is estimated that NDDOT will realize approximately \$435,000 on the resale of the Cheyenne and Skymaster airplanes, this leaves a net amount to be charged against the appropriation of \$4.065 million.

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 02/27/2013

FISCAL NOTE
Requested by Legislative Council
01/25/2013

Amendment to: HB 1033

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$475,000			
Expenditures			\$5,300,000			
Appropriations			\$4,500,000			

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill requires sale of certain aircraft, authorizes acquisition of replacement aircraft, bars acquisition of aircraft without approval, bans future use of state funds for certain aircraft, provides for operation of state aircraft by qualified pilots, & provides requirements for use of aircraft.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 provides that NDDOT shall provide air transportation services to other state agencies upon request and be reimbursed on a cost based user charge. These provisions reflect current NDDOT practice, so they should have no additional significant fiscal impact. Section 3 directs NDDOT to sell the 1977 Piper Cheyenne and 1975 Cessna Skymaster airplanes and use the proceeds for replacement airplane purchases. It is estimated that the resale value of these two airplanes will be \$400,000 and \$35,000 respectively, for a total resale of \$435,000. This section also provides that, after June 30, 2014, NDDOT may not use any funds appropriated by the legislative assembly to maintain or operate these two airplanes. Section 4 directs the Attorney General's office to sell their 1965 Beechcraft Baron airplane and retain the use the proceeds in accordance with the agreement entered into by the office when the airplane was obtained. It is estimated the resale value of this airplane will be approximately \$40,000. This section also provides that, after June 30, 2014, the Attorney General's Office may not use any funds appropriated by the legislative assembly to maintain or operate this airplane. Section 5 provides that, after June 30, 2014, North Dakota State University may not use any funds appropriated by the legislative assembly to lease an airplane. Section 6 provides an appropriation from the state's general fund to NDDOT in the amount of \$4.5 million less any realized proceeds from the sale or disposal of the Cheyenne and Skymaster airplanes for the purpose of purchasing replacement airplanes.

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.

Under this bill, NDDOT and the Attorney General's Office may realize revenue from the sale of the airplanes identified in Part 2B of this fiscal note. This revenue is estimated at \$435,000 for NDDOT and \$40,000 for the Attorney General's Office.

- 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 primary expenditures that would be realized under this bill would be incurred by NDDOT for replacement of the Cheyenne and Skymaster airplanes. NDDOT will try to replace the airplanes with recent model, used airplanes. To replace the Cheyenne, NDDOT would consider a used King Air B200. It is estimated this airplane would cost approximately \$3.5 million dollars. To replace the Skymaster, NDDOT would consider a used Cessna Caravan; the estimated cost for this airplane would be about \$1.8 million dollars. Total replacement cost for both airplanes is estimated at about \$5.3 million dollars. The Attorney General's office should see a reduction in operating expenses as a result of discontinuing operation of their Beechcraft Baron airplane. However, they may incur additional costs to reimburse NDDOT for costs incurred to obtain flights on NDDOT aircraft. This impact has not been included in section 1A of this fiscal note as we do not know to what extent the Attorney General's office may utilize NDDOT aircraft. Likewise, North Dakota State University should see a reduction in their expenditures as a result of the provisions of section 5 of the bill, but this may be somewhat offset by costs to obtain transportation through other means. Again, this impact has not been included in section 1A of this fiscal note as we do not know what the costs may be for NDSU to obtain any necessary flights to replace those resulting from use of their current aircraft. It should be noted that any agencies that will use their own pilots to fly NDDOT aircraft pursuant to section 2 of the bill will incur annual training costs to comply with FAA and insurance requirements. It is estimated that the tuition and travel costs associated with this training will cost approximately \$16,000 per pilot per airplane each biennium. This impact has not been included in section 1A of this fiscal note as we don't know to what extent, if any, other agencies might choose to utilize their own pilots to operate NDDOT aircraft.

- C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

Section 6 provides an appropriation to NDDOT from the general fund in the amount of \$4.5 million dollars less any proceeds realized on the sale or disposal of the Cheyenne and Skymaster airplanes. Since it is estimated that NDDOT will realize approximately \$435,000 on the resale of the Cheyenne and Skymaster airplanes, this leaves a net amount to be charged against the appropriation of \$4.065 million.

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 02/04/2013

FISCAL NOTE
Requested by Legislative Council
12/19/2012

Bill/Resolution No.: HB 1033

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$2,000,000		\$2,000,000
Expenditures				\$1,750,000		\$1,750,000
Appropriations				\$1,750,000		\$1,750,000

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill would create a central aircraft management system under the ND Department of Transportation.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Under this bill, the central aircraft management system would be operated on an actual cost basis whereby users would be billed at a rate based on the actual operating and pilot costs, as well as depreciation and estimated aircraft replacement costs. Accordingly, NDDOT would need additional appropriation sufficient to cover the related costs. The excess of revenue over expenditures represents depreciation and reserves for high cost repairs/replacements. This excess would be spent in later years as the aircraft pool incurs costs to replace aircraft and make major, high cost repairs to the aircraft. Note: The revenue and expenditure figures represent only the central aircraft pool. They do not represent the impact on agencies using the pool. The agencies using the pool should see an increase in expenditures for the fees they pay to the aircraft pool and a decrease in expenditures for aircraft operating costs that will now be covered by the pool. This fiscal note is based on the assumption that the aircraft currently used by the affected agencies would continue to be operated by the aircraft pool. The assumptions do not include near term replacement of any aircraft. If it becomes necessary to replace aircraft in the near term, the costs would be significantly greater than presented in this fiscal note.

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.*

It is very difficult to accurately estimate the initial biennium revenues associated with a central aircraft management system until we have accumulated actual operating data for a biennium. Nonetheless, we estimate the additional first biennium revenues to operate the pool of aircraft to be approximately \$2 million greater than the NDDOT currently recognizes on its current aircraft. This revenue would be intended to cover the actual operating costs of the additional aircraft as well as depreciation and reserves for high cost repair/replacement. The DOT would not initially have a revenue source to cover major repairs/replacements. Funds for this purpose would be accumulated over time through the charging of reserves for major repairs/replacements and depreciation charges. Therefore, for the

first biennium, NDDOT would need an additional revenue source to cover the estimated major repairs/replacements of \$500,000 that might occur in the 1st biennium. Such revenue source is not covered in the revenue identified in Part 1A above.

- 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.

It is very difficult to accurately estimate the initial biennium expenditures associated with a central aircraft management system until we have accumulated actual operating data for a biennium. Nonetheless, we estimate the additional, "out of pocket" expenditures to operate the additional aircraft not currently operated by NDDOT to be approximately \$1.75 million as shown on the attached schedule.

- C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

The NDDOT will require an addition to its existing appropriation in the amount of \$1.75 million to cover the additional costs of operating the aircraft pool

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 01/09/2013

13.0083.07003
Title.09000

Prepared by the Legislative Council staff for
Senate Appropriations Committee
April 9, 2013

JB
4-10-13

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1033

In addition to the amendments adopted by the Senate as printed on page 946 of the Senate Journal, Reengrossed House Bill No. 1033 is further amended as follows:

Page 2, remove lines 13 through 16

Renumber accordingly

Date: 4. 9. 13

Roll Call Vote #

2013 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1033

Senate Appropriations Committee

Check here for Conference Committee

remove

Legislative Council Amendment Number

Secton 5 of Second engrossment

Action Taken

Adopt Amendment

Do Pass as Amended

Do Pass

Do Not Pass

Motion Made By

Grendberg

Seconded By

Robinson

Total (Yes) _____ No _____

Absent

Floor Assignment

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

Voice Vote
Carried

Date: 4. 9. 13

Roll Call Vote #

**2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. 70-1033

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Adopt Amendment Do Pass
 Do Pass as Amended Do Not Pass

Motion Made By Grundberg Seconded By @ Cornell

Total (Yes) 13 No 0

Absent O

Floor Assignment Robinson

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

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

REPORT OF STANDING COMMITTEE

HB 1033, as reengrossed and amended: Appropriations Committee (Sen. Holmberg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed HB 1033, as amended, was placed on the Sixth order on the calendar.

In addition to the amendments adopted by the Senate as printed on page 946 of the Senate Journal, Reengrossed House Bill No. 1033 is further amended as follows:

Page 2, remove lines 13 through 16

Renumber accordingly

2013 CONFERENCE COMMITTEE

HB 1033

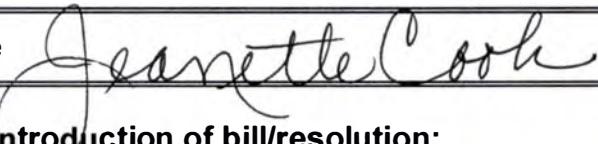
2013 HOUSE STANDING COMMITTEE MINUTES

House Transportation Committee
Fort Totten Room, State Capitol

HB 1033
04-18-13
Job # 21245

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to require authorization of the purchase or lease of aircraft; to provide for the use of department of transportation airplanes; to provide for the sale of airplanes; to provide for budget section approval; and to provide an appropriation.

Minutes:

Representative Kempenich opened the conference committee on HB 1033. The House would like to talk about the removal of the NDSU plane.

Representative Porter: Asked for the 7003 version of the bill.

Senator Schaible: Page 2, Section 4, lines 13-16 were taken out by the Senate Appropriations; it wasn't done in committee. Talking to them, the feeling of that part was that it was NDSU's business, and we shouldn't be meddling with that. There wasn't a lot of discussion on the floor, and the bill passed that version.

Representative Kempenich: I agree to a point. Representative Porter knows more about this.

Representative Porter: I was assigned to track this bill out of the interim by Rep. Delzer. As we looked at the use of aircraft in the state, the NDSU plane stood out as far the hours of use. It really doesn't have to do with the fact of ownership. We were brought in late in the game as far as the funding mechanism that they used to buy the plane and pay for the lease using student non-resident tuition dollars. It was frustrating dealing with the fact that NDSU had an airplane that they were hardly using, and on the other hand they had an airplane that they were hardly using but they were paying for it with non-resident student tuition dollars. No one had a big issue with the fact that they need to use an airplane once in a while. Our issue was that for the limited number of hours that they fly, 69 hours in 2011, that they would have saved tons of the tuition dollars by chartering an airplane at the local fixed base operator in Fargo. They could also have a collaborative agreement with UND to use their student pilots to come down to Fargo to pick them up and take them where they need to go. In the end there were two reasons that it ended up in the bill. The first was the low utilization which means higher cost per hour of operation. The other fact was they were using tuition dollars to pay for this. They could save money by just chartering an aircraft from UND or a private operator. To spend \$300,000 a year just to say you own an airplane, isn't very smart business.

Senator Schaible: I would agree, I was one of the only members on the GVA committee that served on the Government Services Interim committee. I was the only one who had some understanding of what the premise of this bill was. When it came to GVA, what had occurred was not really clear. We wanted to keep it alive and get it to conference committee to get the full discussion. Other than the NDSU issue, are there other areas that we need to discuss?

Representative Kempenich: I passed out an amendment. Dave Leftwich will explain the amendment for us. See attachment #1.

Dave Leftwich, Deputy Director for Business Support for the North Dakota Department of Transportation: (7:55 minutes) See attachment #1. Our intent was to trade in the two airplanes, since the sale of airplanes isn't real good right now. We didn't want to be stuck with two additional airplanes. The way that the bill is currently drafted, it is unclear whether we have the power to trade them in. Dave explained the amendments that were distributed.

Represnetative Kempenich: This does need to be clarified because if they were sold, the idea was that the proceeds would go back into the distribution or general fund. But, we weren't going to prohibit using them as trade-ins. These amendments would take care of that.

Senator Schaible: It might be a bad time to sell airplanes, but it might not be a bad time to buy airplanes. Is the timing not so good for buying or trading?

Dave Leftwich: It is a good time to buy because there are a lot of planes on the market. It is a poor time to try to sell, as NDSU has stated that they had difficulty trying to sell their airplane. We know we would have a hard time selling both of the airplanes because they are very old and parts are hard to find.

Senator Schaible: Is it a good time to trade then? Is it better to wait, or is it necessity that forces the issue?

Dave Leftwich: The thought is that it would be a good time to trade because they can afford to hold them longer until they find a market for them.

Representative Porter: When I look at the market, I see it differently. I see that what we would be purchasing would be fairly depressed. It is a good time to be a buyer. It is not as good to be a seller. When I go to buy a new car, I always have my old car for sale, so that I can get an even better deal by being a cash buyer if someone buys it. I think that the best move for the department would be to list the two planes for sale, and try to be a cash buyer on the other side. No matter how you work the deal, the person that takes the trade-in will be basically stealing the airplanes for less than wholesale because that is the only way that they can hold them.

Dave Leftwich: That is true. Part of this bill also has a committee that would get together with a group to decide how to propose this, by selling or trading. If we can't sell them, we would just want to have the understanding that we could trade them in as another option.

Senator Dever: I am wondering if the appropriation on the bill assumes trade-in value.

Representative Kempenich: I think we appropriated \$4 million that is outright, and another \$500,000. We didn't really talk about the trade-in. If you could get a couple hundred thousand on a trade-in, you could probably go above the appropriation amount. It is the disposal and sale of the planes. The advisory committee was put together to keep an eye on this.

Senator Dever: I'm looking at the fiscal note. The Department of Transportation indicated a value for one plane at \$400,000 and the other at \$35,000.

Dave Leftwich: That is what some similar planes have been listed for on the market. That is how we came up with the possible trade-in value. We were concerned that if we had to offer the planes for sale and couldn't sell them, we would have to house, insure, and maintain five airplanes rather than three airplanes.

Representative Kempenich: I don't have a problem with this amendment. I don't think we wanted to limit the options. The idea is that trading in anything in right now is not the best idea.

Senator Dever: The value of those planes is approximately 10% of the value of the new planes. That gives them flexibility to negotiate one way or the other.

Representative Kempenich: That is what the amendment is allowing.

Representative Porter: Maybe it would be good to allow the department to list the planes for sale now. If they can't sell them in the next four or five months, while the committee is working to get the other planes, they know that the movement needs to be more towards a trade in rather than a cash outright sale. That would make the most financial sense. Just listing it for sale doesn't obligate you to sell it. It just indicates the interest in the planes.

Representative Kempenich: That is a good idea. Maybe we should put some legislative intent in on that. There is concern from House leadership that the NDSU plane is not being utilized as it should be. It is more of a perk. They need to have something that can be better used or work out an agreement with UND. Did they buy that or is it leased?

Representative Porter: It is leased. The foundation bought the plane, and then signed an agreement with the University for the exact dollar amount of the lease payment that is owed. Then at the end of the term of the lease payment, the University pays a dollar and becomes the owner of the airplane. The University is acting like a middle man in the deal.

Dave, the language that was added by the Senate "unless waived by the department each agency using air transportation services from the department shall pay a user charge determined by the department." Can you give me an idea of how that would work? If someone is hopping in from another agency, and you are waiving the charges for everyone else in the plane, are you going to try to get 1/6th of the charge from that one agency? If you waive for some, are you going to waive for them all? How will that be implemented?

Dave Leftwich: When the Department of Transportation flies out to meetings, occasionally our staff will ask someone else to come along. Since we are asking them to go for our benefit, we normally don't charge them. If we are going out jointly with other groups, then we just divvy it up per person.

Representative Porter: So, as you are doing the math, are you taking the total number of seats divided by the actual cost of operation, to get the amount for each passenger? Or because they are just occupying a seat, they have to pay just for their share of the fuel, and the state of North Dakota is paying for the overall operation of the aircraft? How will you determine the charges that they will have to pay and make it so that is an affordable option for the agency to occupy an empty seat? If you make it too expensive, we are better off wasting a whole day and a motel room because it is cheaper than sitting in your empty seat. Then you are going to fly somewhere with an airplane with an empty seat that could have been occupied and saved the state money. How is it going to save us money?

Dave Leftwich: We will have a fixed cost per hour to fly the airplane. That is divided by the number of people flying in the airplane.

Senator Porter: So, if you are waiving it for five of the six passengers, then the sixth person has to pay 1/6th of the cost. If they say it is too expensive and they drive, and then the plane flies with an empty seat back and forth. Is that good utilization of our aircraft?

Dave Leftwich: Basically, if the Department of Transportation asks others to travel with us, the Department of Transportation picks up the total cost of the trip. If it is a project, we charge it back to the federal aid project.

Representative Kempenich: Why don't you put together an explanation of your process of what has just been discussed.

Dave Leftwich: We can put together some examples.

The meeting was adjourned.

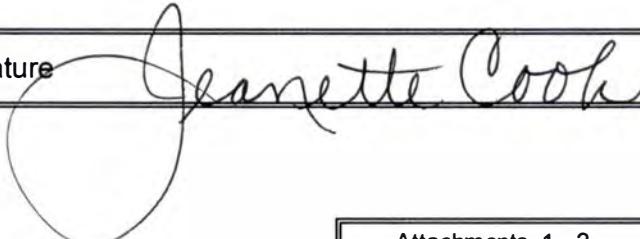
2013 HOUSE STANDING COMMITTEE MINUTES

House Transportation Committee Fort Totten Room, State Capitol

HB 1033
04/19/13
Job # 21298

Conference Committee

Committee Clerk Signature



Minutes:

Attachments 1 - 2

Representative Kempenich called the conference committee to order on HB 1033.

Dave Leftwich, Deputy Director for Business Support for the North Dakota Department of Transportation, provided proposed amendments and explained them. See attachment #1. (ended 3:23)

Representative Kempenich: That looks correct. It makes sense to try to sell them and use the cash toward the purchase of new planes. If they don't sell, then using them as trade-ins would be an option.

Representative Porter: In Section II those work for me and the concerns that I had based on our discussion yesterday. Do we need to have an emergency clause on the sale portion, or do you feel comfortable as an agency just knowing that you couldn't sell or purchase anything until after July 1st?

Dave Leftwich: Since we cannot really dispose of the airplanes until we get the replacement aircraft anyway, we could put them up for sale with the caveat that they could be picked up November 1st. We would put them on sale once the governor signed the bill.

Senator Dever: A subject that I don't see in either of these amendments is the Attorney General's airplane. Since we are going back to the 7000 version we would like to see that language that we added.

Representative Kempenich: We would have to get that amended to the version of what the Senate did. It is Section IV.

Representative Porter: I don't have any problem removing Section IV. Then we can move right into the amendment that you handed out on Section V related to the NDSU airplane.

Representative Kempenich: The House felt there should be some statement made on the NDSU airplane because of the inefficiency of its use. It is intent language. The language is trying to convey that it is not needed.

Senator Schaible: The question I am going to get from the east is: What state funds have been used for that plane, and what business is it of the state's?

Representative Porter: My thoughts on the aircraft relate back to two different things. One is the low utilization which drives the cost of operations through the roof. The Department of Transportation's plane costs about \$2000 per hour to operate compared to NDSU's plane at \$6000 per hour. The second argument is that they are directly using student tuition dollars to pay that \$300,000 per year payment. I think that tuition dollars should be used for enhancements in the classroom and for teaching kids, rather than flying around. From a budgetary point of view, with UND having an aviation program and students that need flying hours, for those 60 hours a year there is no reason that they don't collaborate with UND to fly those hours. If that wasn't a workable thing, there is a private business in Fargo that provides charter service that would save from \$150,000 to \$200,000 a year to fly those 60 hours. That \$300,000 is just for the payment, not all the other expenses. 12:12

Senator Schaible: I totally agree with you, I get questions about what business is it of ours. They think that we are micromanaging.

Representative Kempenich: It is intent language. It does not say "shall dispose of." They will need better justification than what they have now, and they have four years to do that. For the low usage it our intent that they look at other options, since the cost is so high. We wanted to send the message that we are not happy with the way this is playing out. It might be something for the next legislature to decide.

Senator Dever: The previous language just said airplane, the intent language says "that" airplane. Does that suggest that it is okay for them to enter a lease with a less expensive airplane?

Representative Kempenich: It is opening up some options. This plane is not being used for what it is capable of, and a private firm is making more use of it than NDSU.

Representative Porter: Section I alludes back to your question. It lays out the framework for future leases and future purchases of aircraft inside the state of North Dakota. Your concerns are kind of covered in Section I. I don't know if this is the right language to push the issue that you are wasting money and spending tuition dollars on things that you shouldn't be.

Representative Boe: It really sounds more like a resolution than legislation. What I hear it saying is, if you come back the next legislative session, and you have not flown this plane x number of hours, you should sell it. If that is the message that we are sending, I am going to guess that they will be flying to Burger King to use some hours if they want to keep the plane.

Representative Kempenich: They have to track their usage. They weren't doing a good job of that before, but may be doing it a little better now. We were told to get a date in there, so that was our attempt to do that.

Representative Porter: The big question is back to the Senate. Can that language be worked in to get the bill through the Senate, or do we need to look at other language?

Senator Dever: I think we are all on the same page with these amendments in addition to the deletion of the language about the Attorney General's plane.

Senator Schaible: Just to summarize for the intern. We are going to take the Department of Transportation's amendments into the 7000 version, and then on page 2 remove Section IV of the bill, and then introduce the language that Rep. Kempenich presented regarding the existing Section V. Is that correct?

Senator Dever: Yes, an easy way to do that would be say remove lines 8-16.

Representative Kempenich: We may try to finish this yet today. The meeting was adjourned.

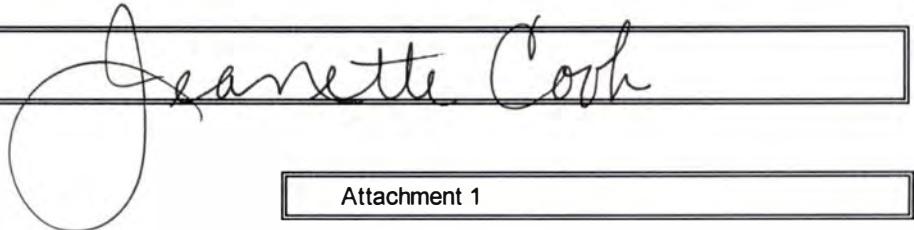
2013 HOUSE STANDING COMMITTEE MINUTES

House Transportation Committee
Fort Totten Room, State Capitol

HB 1033
04-19-13 3:00 PM
Job # 21341

Conference Committee

Committee Clerk Signature



Minutes:

Attachment 1

Representative Kempenich brought the committee to order on HB 1033.

Representative Ruby was present in place of Representative Porter.

A marked up copy of the bill and the amendments were distributed. See attachment #1.
(3.0083.07005)

Senator Dever moved that the Senate recede from the Senate amendments and further amend with the amendments, 13.0083.07005.

Senator Schaible seconded the motion.

A roll call vote was taken: Aye 6 Nay 0 Absent 0 The motion carried.

The meeting was adjourned.

13.0083.10000

FISCAL NOTE
Requested by Legislative Council
04/22/2013

Amendment to: HB 1033

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$435,000			
Expenditures			\$5,000,000			
Appropriations			\$4,500,000			

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This act requires sale of certain planes, discontinuance of an aircraft lease, authorizes new aircraft, bars acquisition of aircraft without approval, bans use of state funds for certain aircraft, provides for operation of aircraft by qualified pilots, & provides requirements for use of aircraft.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 provides that NDDOT shall provide air transportation services to other state agencies upon request and be reimbursed based on a user charge. These provisions reflect current NDDOT practice, so they should have no additional significant fiscal impact. Section 3 directs NDDOT to sell the 1977 Piper Cheyenne and 1975 Cessna Skymaster airplanes and use the proceeds for replacement airplane purchases. It is estimated that the resale or trade-in value of these two airplanes will be approximately \$400,000 and \$35,000 respectively, for a total estimated resale or trade-in of \$435,000. This section also provides that, after June 30, 2014, NDDOT may not use any funds appropriated by the legislative assembly to maintain or operate these two airplanes. Section 4 directs North Dakota State University to discontinue the lease for their KingAir B200 airplane by June 30, 2017. Section 5 provides an appropriation from the state's general fund to NDDOT in the amount of \$4.5 million for the purpose of purchasing replacement airplanes. This section also requires NDDOT to obtain budget section approval prior to expending any funds appropriated under this section in excess of \$4,000,000. Additionally, this section establishes an airplane replacement advisory committee to advise NDDOT on purchase of replacement airplanes.

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.*

Under this bill, NDDOT may realize revenue from the sale or trade-in of the airplanes identified in Part 2B of this fiscal note. This revenue is estimated at \$435,000.

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 primary expenditures that would be realized under this bill would be incurred by NDDOT for replacement of the Cheyenne and Skymaster airplanes. NDDOT will try to replace the airplanes with recent model, used airplanes. To replace the Cheyenne, NDDOT would consider a used King Air B200. It is estimated this airplane would cost approximately \$3.1 million dollars. To replace the Skymaster, NDDOT would consider a used Cessna Caravan; the estimated cost for this airplane would be about \$1.9 million dollars. Total replacement cost for both airplanes is estimated at about \$5.0 million dollars. It should be noted that any agencies that will use their own pilots to fly NDDOT aircraft pursuant to section 2 of the bill will incur annual training costs to comply with FAA and insurance requirements. It is estimated that the tuition and travel costs associated with this training will cost approximately \$16,000 per pilot per airplane each biennium. This impact has not been included in section 1A of this fiscal note as we don't know to what extent, if any, other agencies might choose to utilize their own pilots to operate NDDOT aircraft.

C. Appropriations: Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

Section 5 provides an appropriation to NDDOT from the general fund in the amount of \$4.5 million dollars to replace the Cheyenne and Skymaster airplanes.

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 04/22/2013

FISCAL NOTE
Requested by Legislative Council
04/10/2013

Amendment to: HB 1033

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$435,000			
Expenditures			\$5,000,000			
Appropriations			\$4,500,000			

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill requires sale of certain aircraft, authorizes acquisition of replacement aircraft, bars acquisition of aircraft without approval, bans future use of state funds for certain aircraft, provides for operation of state aircraft by qualified pilots, & provides requirements for use of aircraft.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 provides that NDDOT shall provide air transportation services to other state agencies upon request and be reimbursed on a cost based user charge. These provisions reflect current NDDOT practice, so they should have no additional significant fiscal impact. Section 3 directs NDDOT to sell the 1977 Piper Cheyenne and 1975 Cessna Skymaster airplanes and use the proceeds for replacement airplane purchases. It is estimated that the resale or trade-in value of these two airplanes will be approximately \$400,000 and \$35,000 respectively, for a total estimated resale or trade-in of \$435,000. This section also provides that, after June 30, 2014, NDDOT may not use any funds appropriated by the legislative assembly to maintain or operate these two airplanes. Section 4 provides an appropriation from the state's general fund to NDDOT in the amount of \$4.5 million for the purpose of purchasing replacement airplanes. This section also requires NDDOT to obtain budget section approval prior to expending any funds appropriated under this section in excess of \$4,000,000. Additionally, this section establishes an airplane replacement advisory committee to advise NDDOT on purchase of replacement airplanes.

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.*

Under this bill, NDDOT may realize revenue from the sale or trade-in of the airplanes identified in Part 2B of this fiscal note. This revenue is estimated at \$435,000.

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 primary expenditures that would be realized under this bill would be incurred by NDDOT for replacement of the Cheyenne and Skymaster airplanes. NDDOT will try to replace the airplanes with recent model, used airplanes. To replace the Cheyenne, NDDOT would consider a used King Air B200. It is estimated this airplane would cost approximately \$3.1 million dollars. To replace the Skymaster, NDDOT would consider a used Cessna Caravan; the estimated cost for this airplane would be about \$1.9 million dollars. Total replacement cost for both airplanes is estimated at about \$5.0 million dollars. It should be noted that any agencies that will use their own pilots to fly NDDOT aircraft pursuant to section 2 of the bill will incur annual training costs to comply with FAA and insurance requirements. It is estimated that the tuition and travel costs associated with this training will cost approximately \$16,000 per pilot per airplane each biennium. This impact has not been included in section 1A of this fiscal note as we don't know to what extent, if any, other agencies might choose to utilize their own pilots to operate NDDOT aircraft.

C. Appropriations: Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

Section 4 provides an appropriation to NDDOT from the general fund in the amount of \$4.5 million dollars to replace the Cheyenne and Skymaster airplanes.

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 04/11/2013

FISCAL NOTE
Requested by Legislative Council
02/27/2013

Amendment to: HB 1033

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$435,000			
Expenditures			\$5,300,000			
Appropriations			\$4,500,000			

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill requires sale of certain aircraft, authorizes acquisition of replacement aircraft, bars acquisition of aircraft without approval, bans future use of state funds for certain aircraft, provides for operation of state aircraft by qualified pilots, & provides requirements for use of aircraft.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 provides that NDDOT shall provide air transportation services to other state agencies upon request and be reimbursed on a cost based user charge. These provisions reflect current NDDOT practice, so they should have no additional significant fiscal impact. Section 3 directs NDDOT to sell the 1977 Piper Cheyenne and 1975 Cessna Skymaster airplanes and use the proceeds for replacement airplane purchases. It is estimated that the resale value of these two airplanes will be \$400,000 and \$35,000 respectively, for a total resale of \$435,000. This section also provides that, after June 30, 2014, NDDOT may not use any funds appropriated by the legislative assembly to maintain or operate these two airplanes. Section 4 directs the Attorney General's office to dispose of or transfer title of their 1965 Beechcraft Baron airplane. Section 5 provides that, after June 30, 2014, North Dakota State University may not use any funds appropriated by the legislative assembly to lease an airplane. Section 6 provides an appropriation from the state's general fund to NDDOT in the amount of \$4.5 million for the purpose of purchasing replacement airplanes. This section also requires NDDOT to obtain budget section approval prior to expending any funds appropriated under this section in excess of \$4,000,000. Additionally, this section establishes an airplane replacement advisory committee to advise NDDOT on purchase of replacement airplanes.

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.*

Under this bill, NDDOT may realize revenue from the sale of the airplanes identified in Part 2B of this fiscal note. This revenue is estimated at \$435,000.

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 primary expenditures that would be realized under this bill would be incurred by NDDOT for replacement of the Cheyenne and Skymaster airplanes. NDDOT will try to replace the airplanes with recent model, used airplanes. To replace the Cheyenne, NDDOT would consider a used King Air B200. It is estimated this airplane would cost approximately \$3.5 million dollars. To replace the Skymaster, NDDOT would consider a used Cessna Caravan; the estimated cost for this airplane would be about \$1.8 million dollars. Total replacement cost for both airplanes is estimated at about \$5.3 million dollars. The Attorney General's office should see a reduction in operating expenses as a result of discontinuing operation of their Beechcraft Baron airplane. However, they may incur additional costs to reimburse NDDOT for costs incurred to obtain flights on NDDOT aircraft. This impact has not been included in section 1A of this fiscal note as we do not know to what extent the Attorney General's office may utilize NDDOT aircraft. Likewise, North Dakota State University should see a reduction in their expenditures as a result of the provisions of section 5 of the bill, but this may be somewhat offset by costs to obtain transportation through other means. Again, this impact has not been included in section 1A of this fiscal note as we do not know what the costs may be for NDSU to obtain any necessary flights to replace those resulting from use of their current aircraft. It should be noted that any agencies that will use their own pilots to fly NDDOT aircraft pursuant to section 2 of the bill will incur annual training costs to comply with FAA and insurance requirements. It is estimated that the tuition and travel costs associated with this training will cost approximately \$16,000 per pilot per airplane each biennium. This impact has not been included in section 1A of this fiscal note as we don't know to what extent, if any, other agencies might choose to utilize their own pilots to operate NDDOT aircraft.

C. Appropriations: Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

Section 6 provides an appropriation to NDDOT from the general fund in the amount of \$4.5 million dollars less any proceeds realized on the sale or disposal of the Cheyenne and Skymaster airplanes. Since it is estimated that NDDOT will realize approximately \$435,000 on the resale of the Cheyenne and Skymaster airplanes, this leaves a net amount to be charged against the appropriation of \$4.065 million.

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 02/27/2013

FISCAL NOTE
Requested by Legislative Council
01/25/2013

Amendment to: HB 1033

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$475,000			
Expenditures			\$5,300,000			
Appropriations			\$4,500,000			

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill requires sale of certain aircraft, authorizes acquisition of replacement aircraft, bars acquisition of aircraft without approval, bans future use of state funds for certain aircraft, provides for operation of state aircraft by qualified pilots, & provides requirements for use of aircraft.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 provides that NDDOT shall provide air transportation services to other state agencies upon request and be reimbursed on a cost based user charge. These provisions reflect current NDDOT practice, so they should have no additional significant fiscal impact. Section 3 directs NDDOT to sell the 1977 Piper Cheyenne and 1975 Cessna Skymaster airplanes and use the proceeds for replacement airplane purchases. It is estimated that the resale value of these two airplanes will be \$400,000 and \$35,000 respectively, for a total resale of \$435,000. This section also provides that, after June 30, 2014, NDDOT may not use any funds appropriated by the legislative assembly to maintain or operate these two airplanes. Section 4 directs the Attorney General's office to sell their 1965 Beechcraft Baron airplane and retain the use the proceeds in accordance with the agreement entered into by the office when the airplane was obtained. It is estimated the resale value of this airplane will be approximately \$40,000. This section also provides that, after June 30, 2014, the Attorney General's Office may not use any funds appropriated by the legislative assembly to maintain or operate this airplane. Section 5 provides that, after June 30, 2014, North Dakota State University may not use any funds appropriated by the legislative assembly to lease an airplane. Section 6 provides an appropriation from the state's general fund to NDDOT in the amount of \$4.5 million less any realized proceeds from the sale or disposal of the Cheyenne and Skymaster airplanes for the purpose of purchasing replacement airplanes.

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.

Under this bill, NDDOT and the Attorney General's Office may realize revenue from the sale of the airplanes identified in Part 2B of this fiscal note. This revenue is estimated at \$435,000 for NDDOT and \$40,000 for the Attorney General's Office.

- 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 primary expenditures that would be realized under this bill would be incurred by NDDOT for replacement of the Cheyenne and Skymaster airplanes. NDDOT will try to replace the airplanes with recent model, used airplanes. To replace the Cheyenne, NDDOT would consider a used King Air B200. It is estimated this airplane would cost approximately \$3.5 million dollars. To replace the Skymaster, NDDOT would consider a used Cessna Caravan; the estimated cost for this airplane would be about \$1.8 million dollars. Total replacement cost for both airplanes is estimated at about \$5.3 million dollars. The Attorney General's office should see a reduction in operating expenses as a result of discontinuing operation of their Beechcraft Baron airplane. However, they may incur additional costs to reimburse NDDOT for costs incurred to obtain flights on NDDOT aircraft. This impact has not been included in section 1A of this fiscal note as we do not know to what extent the Attorney General's office may utilize NDDOT aircraft. Likewise, North Dakota State University should see a reduction in their expenditures as a result of the provisions of section 5 of the bill, but this may be somewhat offset by costs to obtain transportation through other means. Again, this impact has not been included in section 1A of this fiscal note as we do not know what the costs may be for NDSU to obtain any necessary flights to replace those resulting from use of their current aircraft. It should be noted that any agencies that will use their own pilots to fly NDDOT aircraft pursuant to section 2 of the bill will incur annual training costs to comply with FAA and insurance requirements. It is estimated that the tuition and travel costs associated with this training will cost approximately \$16,000 per pilot per airplane each biennium. This impact has not been included in section 1A of this fiscal note as we don't know to what extent, if any, other agencies might choose to utilize their own pilots to operate NDDOT aircraft.

- C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

Section 6 provides an appropriation to NDDOT from the general fund in the amount of \$4.5 million dollars less any proceeds realized on the sale or disposal of the Cheyenne and Skymaster airplanes. Since it is estimated that NDDOT will realize approximately \$435,000 on the resale of the Cheyenne and Skymaster airplanes, this leaves a net amount to be charged against the appropriation of \$4.065 million.

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 02/04/2013

FISCAL NOTE
Requested by Legislative Council
12/19/2012

Bill/Resolution No.: HB 1033

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$2,000,000		\$2,000,000
Expenditures				\$1,750,000		\$1,750,000
Appropriations				\$1,750,000		\$1,750,000

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill would create a central aircraft management system under the ND Department of Transportation.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Under this bill, the central aircraft management system would be operated on an actual cost basis whereby users would be billed at a rate based on the actual operating and pilot costs, as well as depreciation and estimated aircraft replacement costs. Accordingly, NDDOT would need additional appropriation sufficient to cover the related costs. The excess of revenue over expenditures represents depreciation and reserves for high cost repairs/replacements. This excess would be spent in later years as the aircraft pool incurs costs to replace aircraft and make major, high cost repairs to the aircraft. Note: The revenue and expenditure figures represent only the central aircraft pool. They do not represent the impact on agencies using the pool. The agencies using the pool should see an increase in expenditures for the fees they pay to the aircraft pool and a decrease in expenditures for aircraft operating costs that will now be covered by the pool. This fiscal note is based on the assumption that the aircraft currently used by the affected agencies would continue to be operated by the aircraft pool. The assumptions do not include near term replacement of any aircraft. If it becomes necessary to replace aircraft in the near term, the costs would be significantly greater than presented in this fiscal note.

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.*

It is very difficult to accurately estimate the initial biennium revenues associated with a central aircraft management system until we have accumulated actual operating data for a biennium. Nonetheless, we estimate the additional first biennium revenues to operate the pool of aircraft to be approximately \$2 million greater than the NDDOT currently recognizes on its current aircraft. This revenue would be intended to cover the actual operating costs of the additional aircraft as well as depreciation and reserves for high cost repair/replacement. The DOT would not initially have a revenue source to cover major repairs/replacements. Funds for this purpose would be accumulated over time through the charging of reserves for major repairs/replacements and depreciation charges. Therefore, for the

first biennium, NDDOT would need an additional revenue source to cover the estimated major repairs/replacements of \$500,000 that might occur in the 1st biennium. Such revenue source is not covered in the revenue identified in Part 1A above.

- 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.

It is very difficult to accurately estimate the initial biennium expenditures associated with a central aircraft management system until we have accumulated actual operating data for a biennium. Nonetheless, we estimate the additional, "out of pocket" expenditures to operate the additional aircraft not currently operated by NDDOT to be approximately \$1.75 million as shown on the attached schedule.

- C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

The NDDOT will require an addition to its existing appropriation in the amount of \$1.75 million to cover the additional costs of operating the aircraft pool

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 01/09/2013

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1033

That the Senate recede from its amendments as printed on page 1666 of the House Journal and page 1262 of the Senate Journal and that Reengrossed House Bill No. 1033 be amended as follows:

Page 1, line 2, replace "sale" with "disposition"

Page 1, line 3, after "approval" insert "; to provide for a report to the sixty-fourth legislative assembly"

Page 1, line 16, replace "Each" with "Unless waived by the department, each"

Page 1, line 17, remove "which must be based upon"

Page 1, line 18, remove "the actual cost of operating the aircraft"

Page 2, line 1, replace "**SALE OR DISPOSAL**" with "**DISPOSITION**"

Page 2, line 2, remove "sell or"

Page 2, line 2, after the third "of" insert ", by sale or trade,"

Page 2, line 4, replace "The" with "If the airplanes are sold, the"

Page 2, line 4, remove "or disposal"

Page 2, replace lines 8 through 16 with:

"SECTION 4. LEGISLATIVE INTENT - NORTH DAKOTA STATE UNIVERSITY AIRPLANE LEASE - REPORT TO SIXTY-FOURTH LEGISLATIVE ASSEMBLY. It is the intent of the sixty-third legislative assembly that before June 30, 2017, North Dakota state university discontinue the lease entered by the university for a KingAir B200 airplane and that North Dakota state university provide a report to the appropriations committees of the sixty-fourth legislative assembly regarding the status of its KingAir B200 airplane lease and efforts to utilize other air transportation services."

Renumber accordingly

2013 HOUSE CONFERENCE COMMITTEE ROLL CALL VOTES

Committee: House Transportation

Bill/Resolution No. HB 1033 as (re) engrossed

Date: 04/18/13 & 04/19/13

Roll Call Vote #: _____

Action Taken

- HOUSE accede to Senate amendments
 - HOUSE accede to Senate amendments and further amend
 - SENATE recede from Senate amendments
 - SENATE recede from Senate amendments and amend as follows

House/Senate Amendments on HJ/SJ page(s) 1666 ..

- Unable to agree, recommends that the committee be discharged and a new committee be appointed

((Re) Engrossed) HB 1033 was placed on the Seventh order
of business on the calendar

Motion Made by: Senator Dever Seconded by: Senator Schable

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier Rep. Kempenich **Senate Carrier** Senator Schaible

LC Number 13.0083 . 07005 of amendment

LC Number of engraving

Emergency clause added or deleted

Statement of purpose of amendment

REPORT OF CONFERENCE COMMITTEE

HB 1033, as reengrossed: Your conference committee (Sens. Schaible, Dever, Marcellais and Reps. Kempenich, Boe, Ruby) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ page 1666, adopt amendments as follows, and place HB 1033 on the Seventh order:

That the Senate recede from its amendments as printed on page 1666 of the House Journal and page 1262 of the Senate Journal and that Reengrossed House Bill No. 1033 be amended as follows:

Page 1, line 2, replace "sale" with "disposition"

Page 1, line 3, after "approval" insert "; to provide for a report to the sixty-fourth legislative assembly"

Page 1, line 16, replace "Each" with "Unless waived by the department, each"

Page 1, line 17, remove "which must be based upon"

Page 1, line 18, remove "the actual cost of operating the aircraft"

Page 2, line 1, replace "**SALE OR DISPOSAL**" with "**DISPOSITION**"

Page 2, line 2, remove "sell or"

Page 2, line 2, after the third "of" insert ", by sale or trade,"

Page 2, line 4, replace "The" with "If the airplanes are sold, the"

Page 2, line 4, remove "or disposal"

Page 2, replace lines 8 through 16 with:

"SECTION 4. LEGISLATIVE INTENT - NORTH DAKOTA STATE UNIVERSITY AIRPLANE LEASE - REPORT TO SIXTY-FOURTH LEGISLATIVE ASSEMBLY. It is the intent of the sixty-third legislative assembly that before June 30, 2017, North Dakota state university discontinue the lease entered by the university for a KingAir B200 airplane and that North Dakota state university provide a report to the appropriations committees of the sixty-fourth legislative assembly regarding the status of its KingAir B200 airplane lease and efforts to utilize other air transportation services."

Renumber accordingly

Reengrossed HB 1033 was placed on the Seventh order of business on the calendar.

2013 TESTIMONY

HB 1033

GOVERNMENT SERVICES COMMITTEE

The Government Services Committee was assigned the following responsibilities:

- A study of the use of state-owned airplanes pursuant to Section 13 of 2011 House Bill No. 1012. The study was to include a review of airplanes owned by state agencies, the justification for owning each airplane, the frequency of use of each airplane, and the feasibility and desirability of requiring state-owned airplanes to be managed by Fleet Services. The study was amended by the Legislative Management to exclude state-owned airplanes operated by the University of North Dakota (UND) School of Aviation.
- A study of options for relocating the Highway Patrol training academy pursuant to Section 5 of 2011 House Bill No. 1011. The study was to include a review of options for relocating the training academy, options for relocating the emergency operations vehicle training course, and options for constructing a Highway Patrol shooting range.
- Approve any agreements between a North Dakota state entity and the state of South Dakota to form a bistate authority pursuant to North Dakota Century Code Section 54-40-01.

The Chairman of the Legislative Management also assigned the committee the following budget-related duties:

1. Monitor the status of state revenues and expenditures for the 2011-13 biennium.
2. Receive input from major state agencies regarding the status of their budgets and changes in federal funds.
3. Receive information from state agencies regarding estimated cost-to-continue items for the 2013-15 biennium.
4. Receive the July 2012 revised 2011-13 biennium and the preliminary 2013-15 biennium general fund revenue forecasts.
5. Review projected revenues, expenditures, and fund balances of major state funds.
6. Identify and prioritize potential one-time funding items for the 2013-15 biennium.
7. Discuss possible legislative initiatives affecting the budget, including initiatives to return excess revenues to taxpayers.
8. Identify key budget issues for the 2013 legislative session.
9. Determine, in consultation with the Office of Management and Budget (OMB), a sustainable level of spending for the 2013-15 biennium.
10. As appropriate, make recommendations to the Legislative Management.

Committee members were Representatives Jeff Delzer (Chairman), Duane DeKrey, Glen Froseth, Ed Gruchalla, Matthew M. Klein, Curtiss Kreun, Bob Martinson, Lisa Meier, Phillip Mueller, Todd Porter, David S. Rust, Vicky Steiner, Blair Thoreson, Don Vigesaa, and Alon Wieland and Senators Ron Carlisle,

Lonnie J. Laffen, Gary A. Lee, David O'Connell, Jim Roers, and Donald Schaible.

The committee submitted this report to the Legislative Management at the biennial meeting of the Legislative Management in November 2012. The Legislative Management accepted the report for submission to the 63rd Legislative Assembly.

STUDY OF THE USE OF STATE-OWNED AIRPLANES

The Government Services Committee was assigned a study of the use of state-owned airplanes pursuant to Section 13 of 2011 House Bill No. 1012. The study was to include a review of airplanes owned by state agencies, the justification for owning each airplane, the frequency of use of each airplane, and the feasibility and desirability of requiring state-owned airplanes to be managed by Fleet Services. The study was amended by the Legislative Management to exclude state-owned airplanes operated by the UND School of Aviation.

Fleet Services

Section 24-02-03.3 requires the Department of Transportation to operate a central vehicle management system (Fleet Services) to regulate the operation, maintenance, and management of all motor vehicles owned or leased by the state. Each state agency that utilizes a vehicle from Fleet Services pays a fee to Fleet Services for the cost of the vehicle, including operating costs. The fee is based on the estimated costs of acquiring and maintaining the vehicle. Fleet Services currently manages approximately 3,200 vehicles.

Previous Studies

The 1981-82 Legislative Audit and Fiscal Review Committee studied the utilization of aircraft by state agencies and the feasibility of establishing a state aircraft pool. The committee adopted a resolution that recommended the establishment of a state aircraft pool. However, the resolution was not approved by the Legislative Assembly in 1983.

State-Owned Airplanes

Excluding the North Dakota University System, five state agencies own a total of eight airplanes. The table below details the ownership of airplanes by state agencies, including the purpose of ownership:

Agency	Aircraft	Purpose
Department of Transportation	1998 Beechcraft-Raytheon King Air	Passenger transportation
Department of Transportation	1977 Piper Cheyenne	Passenger transportation
Department of Transportation	1975 Cessna Skymaster	Engineering photography
North Dakota Aeronautics Commission	2008 Cessna 206	Airport inspections and construction

Agency	Aircraft	Purpose
Game and Fish Department	2006 American Champion Scout	Wildlife surveys
Game and Fish Department	2006 Cessna 182	Enforcement
Highway Patrol	2007 Cessna 206	Enforcement
Attorney General	1965 Beechcraft Baron	Enforcement

The University of North Dakota owns 72 aircraft and the UND Aerospace Foundation owns an additional 56 aircraft which are used primarily for flight training purposes and occasionally for passenger transportation. North Dakota State University (NDSU) does not own any aircraft but leases a King Air B200 airplane from the NDSU Development Foundation for passenger transportation purposes.

Department of Transportation Airplanes

The committee received information regarding the three airplanes operated by the Department of Transportation. The committee learned the department has four permanent employees to provide air service which includes three pilots and a maintenance manager. The department also has a temporary employee to provide aircraft scheduling services and several temporary part-time pilots available as needed. The following schedule provides information regarding aircraft owned by the department:

Aircraft	Purchase Price	Passenger Capacity	Flight Hours		
			2008	2009	2010
1975 Cessna Skymaster	\$99,283	One pilot, one passenger (also contains photography equipment)	142	191	403
1977 Piper Cheyenne	\$438,433	Two pilots, five passengers	190	110	133
1998 Beechcraft-Raytheon King Air	\$3,901,377	Two pilots, seven passengers	288	216	242

The committee learned the department provides air transportation service to several state agencies, including the Governor's office. The department charges other agencies a fee for providing air transportation services. The fees are used to recover costs relating to the operation of the aircraft. The committee received the following schedule detailing the current rates charged to other agencies for air service:

Aircraft	Rate Per Hour
1975 Cessna Skymaster	\$413
1977 Piper Cheyenne	\$923
1998 Beechcraft-Raytheon King Air	\$995

The committee received information regarding the number of Department of Transportation flights during state fiscal year 2011, including the number of passengers on the flights and passenger fees collected. The following schedule summarizes passenger flights utilizing the department's passenger airplanes:

Flight Information - State Fiscal Year 2011 (July 1, 2010 - June 30, 2011)		
	1998 King Air B200	1977 Piper Cheyenne
Number of trips	191	57
Flight hours	276.4	86.7
Total passengers	753	155
Total fees collected	\$374,191	\$111,523
Average fees collected per passenger	\$496.93	\$719.51

Highway Patrol Airplane

The committee learned the Highway Patrol owns a 2007 Cessna 206 which is primarily used for search and rescue operations, assisting in criminal apprehension, traffic-related duties, and AMBER Alert functions. The plane was purchased for \$429,000 with approximately \$35,000 of the funding provided from state sources and \$394,000 provided from federal asset forfeiture funds. The airplane is equipped with forward looking infrared (FLIR) equipment to assist in search missions.

The following schedule details the flight hours of the airplane for state fiscal years 2009 through 2011:

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Flight hours	236	143	156

The committee learned the Highway Patrol pilots are also ground troopers. The troopers that serve as pilots do not receive any additional pay related to their pilot duties.

Game and Fish Department Airplanes

The committee received information regarding airplanes owned by the Game and Fish Department. The department owns a 2006 American Champion Scout which is used for research purposes, such as big game surveys. The department purchased the airplane for \$181,186. The department also owns a 2006 Cessna 182 which was purchased for \$375,000 and is used for law enforcement purposes and search and rescue missions.

The following schedule provides information regarding the flight hours of each department airplane for state fiscal years 2009 through 2011:

Game and Fish Department Airplane Flight Hours			
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
2006 American Champion Scout	437.5	418.6	533.5
2006 Cessna 182	192.3	219.6	216.3

The committee learned the department has a pilot who also performs airplane maintenance duties on Game and Fish Department airplanes.

North Dakota Aeronautics Commission Airplane

The committee received information regarding the airplane owned by the North Dakota Aeronautics Commission. The commission purchased a 2008 Cessna 206 airplane for \$560,000 in September 2011. The airplane is used primarily for

airport safety inspections and passenger transportation and is estimated to be used 200 flight hours per year.

The committee learned the current airplane owned by the commission was purchased to replace a 1980 Cessna Skymaster. The 1980 Cessna Skymaster was purchased in 1987 for \$83,500 and was sold in 2011 for \$109,600.

Attorney General's Office Airplane

The committee received information regarding the airplane owned by the Attorney General's office. The office owns a 1965 Beechcraft Baron airplane which has two engines and can transport four passengers. The airplane is used for transporting evidence, transporting law enforcement agents and emergency personnel, surveillance, and for other various purposes. The plane has been used for a total of 125 hours during the past three years.

The committee learned the Attorney General's office obtained the 1965 Beechcraft Baron airplane at no cost through a federal Department of Defense program. Permission is needed from the federal government to sell the airplane, but the state could retain the proceeds from the sale.

North Dakota State University Airplane

The committee learned NDSU does not own any airplanes but leases a King Air B200 airplane from the NDSU Development Foundation. The NDSU Development Foundation purchased the airplane for \$2,348,000 in June 2007. North Dakota State University began leasing the airplane in July 2007, and the university makes quarterly lease payments of \$80,730. The lease continues until July 2017, and the university can purchase the aircraft for \$1 at the end of the lease.

The university uses non-general fund revenues to pay for airplane operating costs which may consist of interest income, indirect cost recoveries, transfers from department local funds, and revenues received under the North Dakota/Minnesota tuition reciprocity

agreement. The current insurance policy on the airplane provides for a liability coverage limit of \$100 million and a physical damage limit of \$2 million. The current annual premium amount for the insurance policy is \$18,395.

The airplane is used primarily to transport university personnel to other University System facilities located across the state. From March 1, 2011, to March 2, 2012, 55 percent of the passengers on the university's airplane were campus personnel. The remaining passengers were nonuniversity personnel, including members of the State Board of Higher Education and personnel from other institutions.

The committee learned the university has entered an agreement with the Fargo Jet Center to sublease the university's airplane at a fee of \$660 per hour. The agreement provides that the Fargo Jet Center pay fuel and other variable costs when using the airplane. From November 2011 through June 2012, the Fargo Jet Center used the airplane 86.9 hours and provided total payments of \$57,354 to the university.

The committee learned the university has its airplane for sale. As of August 1, 2012, the payoff amount for the remaining loan on the airplane was \$1,312,624. The committee discussed options to authorize the Department of Transportation to purchase the university's airplane for use in a state airplane pool. The plane could be used as an additional passenger transportation airplane or to replace an older passenger airplane owned by the department.

Airplane Expenses

The committee learned airplane expenses vary significantly between similar airplanes due to the intended use of the airplane and airplane flight hours. Airplane expenses also vary significantly between years due to timing of certain expenses, such as major repairs or special aircraft uses. The committee reviewed the following information regarding state fiscal year 2011 expenses of state-owned aircraft:

Summary of Fiscal Year 2011 Airplane Expenses

	North Dakota Aeronautics Commission	Attorney General	Game and Fish Department		Highway Patrol	NDSU	Department of Transportation		
			2008 Cessna 206 (Estimated) ¹	1965 Beechcraft Baron	2006 American Champion Scout	2006 Cessna 182	1991 King Air B200	1975 Cessna Skymaster	1977 Piper Cheyenne
Total flight hours	200.00	21.60	533.50	216.30	156.00	69.00	414.10	94.50	283.00
Variable costs	\$19,100.00	\$4,883.00	\$51,699.00	\$31,143.00	\$20,223.00	\$87,099.33	\$114,259.00	\$48,385	\$155,071.00
Variable cost per flight hour	\$95.50	\$226.06	\$96.91	\$143.98	\$129.63	\$1,262.31	\$275.92	\$512.01	\$547.95
Fixed costs	\$15,421.00	\$8,928.00	\$79,213.00	\$35,803.00	\$34,679.00	\$140,271.28	\$196,605.00	\$166,043.00	\$280,251.00
Fixed costs per flight hour	\$77.11	\$413.33	\$148.48	\$165.52	\$222.30	\$2,032.92	\$474.78	\$1,757.07	\$990.29
Funding allocated to reserve accounts	\$7,533.00	\$0.00	\$0.00	\$0.00	\$5,928.00	\$0.00	\$19,458.00	\$10,962.00	\$50,343.00
Reserve account allocation per hour	\$37.67	\$0.00	\$0.00	\$0.00	\$38.00	\$0.00	\$46.99	\$116.00	\$177.89
Total costs, excluding depreciation	\$42,054.00	\$13,811.00	\$130,912.00	\$66,946.00	\$60,830.00	\$227,370.61	\$330,322.00	\$225,390	\$485,665.00

Summary of Fiscal Year 2011 Airplane Expenses									
	North Dakota Aeronautics Commission	Attorney General	Game and Fish Department		Highway Patrol	NDSU	Department of Transportation		
	2008 Cessna 206 (Estimated) ¹	1965 Beechcraft Baron	2006 American Champion Scout	2006 Cessna 182	2007 Cessna 206	1991 King Air B200	1975 Cessna Skymaster	1977 Piper Cheyenne	1998 King Air B200
Total costs per hour, excluding depreciation	\$210.27	\$639.40	\$245.38	\$309.51	\$389.94	\$3,295.23	\$797.69	\$2,385.08	\$1,716.13
Depreciation cost	\$0.00 ²	\$4,666.00	\$18,119.00	\$4,687.00 ³	\$19,305.00	\$164,360.00	\$0.00 ⁴	\$43,225.00	\$69,833.00
Depreciation cost per hour	\$0.00	\$216.02	\$33.96	\$21.67	\$123.75	\$2,382.03	\$0.00	\$457.41	\$246.76
Total costs, including depreciation	\$42,054.00	\$18,477.00	\$149,031.00	\$71,633.00	\$80,135.00	\$391,730.61	\$330,322.00	\$268,615	\$555,498.00
Total per hour costs, including depreciation	\$210.27	\$855.42	\$279.35	\$331.17	\$513.69	\$5,677.26	\$797.69	\$2,842.49	\$1,962.89

¹The North Dakota Aeronautics Commission purchased the Cessna 206 airplane in September 2011. The amounts listed are based on estimated flight hours and expenses for fiscal year 2012.

²The agency did not calculate depreciation on the airplane because the agency estimates the residual value of the aircraft to be greater than the purchase price.

³The airplane was purchased in October 2010. The amount shown does not reflect a full year of depreciation.

⁴The airplane has been fully depreciated.

Airplane Hangar Facilities

The committee learned some state-owned airplanes are housed in private hangars while other state-owned airplanes share hangar space. The committee received the following information regarding airplane hangars utilized by state agencies:

	North Dakota Aeronautics Commission	Attorney General	Game and Fish Department	Highway Patrol	NDSU	Department of Transportation	Department of Transportation
Location of hangar	Bismarck Airport	Bismarck Airport	Bismarck Airport	Bismarck Airport	Fargo Airport	Bismarck Airport	Bismarck Airport
Hangar owner	Bismarck Aero Center	Bismarck Aero Center	Fargo Jet Center	Fargo Jet Center	Fargo Jet Center	City of Bismarck	Bismarck Aero Center
Private or shared hangar	Shared	Shared	Shared ²	Shared ²	Shared	Private	Shared
Airplane(s) stored in hangar	2008 Cessna 206	1965 Beechcraft Baron	2006 American Champion Scout, 2006 Cessna 182	2007 Cessna 206	1991 Beechcraft King Air B200	1998 Beechcraft King Air B200, 1977 Piper Cheyenne	1975 Cessna Skymaster
Fiscal year 2011 lease costs	\$4,730 ¹	\$3,260	\$7,275	\$5,820	\$11,940	\$25,003	\$5,000
Fiscal year 2011 utilities cost			6,544	2,119			
Total fiscal year 2011 costs	\$4,730	\$3,260	\$13,819	\$7,939	\$11,940	\$25,003	\$5,000

¹The North Dakota Aeronautics Commission obtained the Cessna 206 airplane in September 2011. The amount shown is an estimate based on the hangar lease rate for the previous airplane owned by the commission.

²The Game and Fish Department and Highway Patrol jointly lease an aircraft hangar which is used to store airplanes owned by each agency. The hangar is also used by the Game and Fish Department pilot/mechanic to perform maintenance on the department's aircraft.

Recommendations

The committee recommends House Bill No. 1033 to create a central aircraft management system for state-owned or state-leased aircraft operated by executive branch state agencies, excluding the office of the Adjutant General and entities under the control of the State Board of Higher Education. The bill requires the Director of the Department of Transportation to operate the central aircraft management system and creates a special fund in the state treasury for proceeds related to the operation of the system. The bill also requires the

agencies subject to the central management system to transfer ownership of all state-owned aircraft to the Department of Transportation on July 1, 2013.

STUDY OF OPTIONS TO RELOCATE THE HIGHWAY PATROL TRAINING ACADEMY

The Government Services Committee was assigned a study of options for relocating the Highway Patrol training academy pursuant to Section 5 of 2011 House Bill No. 1011. The study was to include a review of options for relocating the training academy, options for

From: Larry Taborsky, Director, North Dakota Aeronautics Commission

To: Legislative Committee members

Re: HB 1033 Proposed state aircraft pool

Good morning, Mr. Chairman and members of the committee. My name is Larry Taborsky, and my title is Director of the North Dakota Aeronautics Commission. Thank you for the chance to speak today on such an important topic. I am strongly opposed to having our agency aircraft put into a pool run by another agency. There are safety, efficiency, and financial concerns with this proposal. I submit the following additional information:

-Our Cessna 206 is a utility aircraft. While not as comfortable or capable as some aircraft, it is uniquely suited to increase the effectiveness of the commission. It isn't well suited for an aircraft pool for passenger use. At no additional cost to the state, it is available for emergencies as a state asset.

-The aircraft was purchased with special funds and federal funds, enabling the commission to conduct safety inspections of the state's 89 airports, and the FAA pays the commission \$650 per airport inspection. It is my understanding that, since the Aeronautics Commission purchased this aircraft with appropriated special funds, the special fund will have to be reimbursed for the purchase cost of \$585,000 if the aircraft was transferred to another agency.

-The cost of insurance for our aircraft will increase. Aeronautics receives a discounted policy because of the insurance on the two state-owned airports plus our modern, simple aircraft. The greater the mix of aircraft types and the older the aircraft to be insured, the fewer under-writers who are willing to take on the policy, and the higher the cost to cover the aircraft.

-There is nothing to be gained by adding an additional layer of government (the system isn't broken.) The previous aircraft, a Cessna Skymaster, was operated effectively for 30 years. This airplane is run well with no additional staffing.

- The Aeronautics aircraft is used sufficiently to be cost-effective. The annual use (150 hrs/year) keeps costs down (\$242/hr, including replacement costs.)

- The loss of oversight by the agency and pilots who fly the aircraft is a safety concern. The loss of direct control of the aircraft by its only user means that some aspects of its operation will be handled by someone else. The pilot-in-command has greater confidence and awareness from being in charge of all aspects of an aircraft operation, increasing the safety.

-For FAA and legal purposes, the operational control of the aircraft becomes more ambiguous (who dispatches the aircraft and certifies that it is airworthy.)

-At the Aeronautics Commission, aircraft decisions are made by a chain of command that understands aviation.

In summary, there is nothing to be gained and quite a bit to be lost if our aircraft is put in a pool. If the aircraft pool concept continues, I respectfully request that the Aeronautics Commission aircraft be excluded.

Testimony – House Bill 1033
House Transportation Committee
Submitted by
James Prochniak, NDHP

January 10, 2013

Good morning, Mr. Chairman, and members of the House Transportation Committee. My name is James Prochniak, Superintendent of the North Dakota Highway Patrol. I'm here today to testify against HB 1033, Central Aircraft Management System.

As the Central Aircraft Management discussions moved through interim committee, I provided testimony about the use of the NDHP's aircraft. Specifically, I shared how the primary function of our aircraft is to provide initial, quick response to state, county, and local public safety entities. We provide assistance in criminal apprehension, search and rescue operations, traffic related details, and Amber alert details. I also included photos (which you can view today) about the specialized equipment we have installed in this aircraft.

As the interim committee learned about the use and quick accessibility needed for our aircraft, an exception was considered for our agency.

Upon reading the final draft version, sole use of the aircraft is addressed. However, Section 2 of the draft requires the title to be transferred which violates our Equitable Working Agreement and Certification with the Department of Justice and the Department of Treasury. This agreement was entered into with our Federal partners as the aircraft was purchased through Federal asset forfeiture funds and Homeland Security funds.

The Equitable Working Agreement must be signed annually by the governor and superintendent. As indicated in copies I've shared with you, Sections 3, 4, and 5 stipulate the shared asset shall be used for law enforcement purposes. Furthermore, any transfer must be verified through the Department of Justice or Treasury and the receiving agency must be a federal sharing program recipient and have a current Equitable Sharing Agreement and Certification on file. Lastly, failure to comply with this agreement subjects the recipient agency to sanctions.

I've always said that law enforcement is too large of a task for any one agency to handle. Jeopardizing our relationship with our federal partners under DOJ (FBI, DEA, ATF, and ICE) is not an option that serves in the best interest of our agency or our citizens.

I respectfully request the Highway Patrol be removed from the language of this bill.

This concludes my testimony. I'd be glad to answer any questions.



Original /

OMB Number 1123-0011
Expires 7-31-2011



Equitable Sharing Agreement and Certification

- Police Department Sheriff's Office Task Force (Complete Table A, page 2)
 District Attorney Other (specify) Highway Patrol

Agency Name: North Dakota Highway Patrol

NCIC/ORI/Tracking Number: NDNHP0000

Street Address: 600 E Boulevard Avenue Dept. 504

City: Bismarck **State:** ND **Zip:** 58505

Contact Name: Captain David A. Kleppe

Contact Phone: 701-328-4346 **Contact Fax:** 701-328-1717

Contact e-mail: dkleppe@nd.gov

- New Participant:** Read the Equitable Sharing Agreement (page -1) and sign the Affidavit (page -1)
- Existing Participant:** Complete the Annual Certification Report, read the Equitable Sharing Agreement (page -1), and sign the Affidavit (page -1)
- Change in Administration:** Changes to the Agency head and/or Governing Body head. Read the Equitable Sharing Agreement (page -1) and sign the Affidavit (page -1).
- Amended Form:** Revise the Annual Certification Report, read the Equitable Sharing Agreement (page -1), and sign the Affidavit (page -1).

Annual Certification Report

Summary of Equitable Sharing Activity
Fiscal Year End (mm/dd/yyyy) 06/30/2008

		Justice Funds	Treasury Funds
1	Beginning Equitable Sharing Fund Balance (must match Ending Equitable Sharing Fund Balance from prior FY)		\$0.00
2	Federal Sharing Funds Received		\$344,695.00
3	Federal Sharing Funds Received from Other Law Enforcement Agencies and Task Forces (complete Table B, page -1)		
4	Other Income		
5	Interest Income Accrued (<input type="checkbox"/> check if non-interest-bearing account)		
6	Total Equitable Sharing Funds (total of lines 1 - 5)	\$0.00	\$344,695.00
7	Federal Sharing Funds Spent (total of lines a - n below)	\$0.00	\$344,695.00
8	Ending Balance (subtract line 7 from line 6)	\$0.00	\$0.00

	Summary of Shared Monies Spent	Justice Funds	Treasury Funds
a	Total spent on salaries for new, temporary, not-to-exceed one year, employees		
b	Total spent on overtime		
c	Total spent on informant and "buy money"		
d	Total spent on travel and training		
e	Total spent on communications and computers		
f	Total spent on firearms and weapons		
g	Total spent on body armor and protective gear		
h	Total spent on electronic surveillance equipment		
i	Total spent on building and improvements		
j	Total spent on other law enforcement expenses (complete Table C, page -1)		\$344,695.00
k	Total transfers to other state and local law enforcement agencies (complete Table D, page -1)		
l	Total 15% Expenditures in Support of Community-based Programs (complete Table E, page -1)		
m	Total 25% Windfall Transfers to Other Government Agencies (complete Table F, page -1)		
n	Total spent on matching grants (complete Table G, page -1)		
Total		\$0.00	\$344,695.00

Miscellaneous Data

d	Agency's budget for current fiscal year	\$19,627,000.00
p	Jurisdiction's budget for current fiscal year	\$19,627,000.00
q	Appraised Value of Other Assets Received	\$0.00

able A: Members of Task Force

Agency Name	Address

Table B: Equitable Sharing Funds Received from other Agencies

Transferring Agency Name, City, and State	Justice Funds	Treasury Funds
Agency Name		
Agency Address		

Table C: Other Law Enforcement Expenses

Description of Expense	Justice Funds	Treasury Funds
Purchase of Aircraft		\$344,695.00

Table D: Equitable Sharing Funds Transferred to Other Agencies

Receiving Agency Name, City, and State	Justice Funds	Treasury Funds
Agency Name		
Agency Address		

Table E: 15% Expenditures in Support of Community-based Programs

Recipient	Justice Funds	Treasury Funds

Table F: 25% Windfall Transfers to Other Government Agencies

Recipient	Justice Funds	Treasury Funds

Table G: Matching Grants

Matching Grant Name	Justice Funds	Treasury Funds

Table H: Civil Rights Cases

Name of Case	Type of Discrimination Alleged	Status
	<input type="checkbox"/> Race <input type="checkbox"/> Color <input type="checkbox"/> National Origin <input type="checkbox"/> Gender <input type="checkbox"/> Disability <input type="checkbox"/> Age <input type="checkbox"/> Other	<input type="radio"/> Settled <input type="radio"/> Pending

Paperwork Reduction Act Notice

Under the Paperwork Reduction Act, a person is not required to respond to a collection of information unless it displays a valid OMB control number. We try to create accurate and easily understood forms that impose the least possible burden on you to complete. The estimated average time to complete this form is 30 minutes. If you have comments regarding the accuracy of this estimate, or suggestions for making this form simpler, please write to the Asset Forfeiture and Money Laundering Section, Program Unit, 1400 New York Avenue, N.W., Second Floor, Washington, DC 20005.

Equitable Sharing Agreement

This Federal Equitable Sharing Agreement, entered into among (1) the Federal Government, (2) the above-stated law enforcement agency ("Agency"), and (3) the governing body, sets forth the requirements for participation in the federal equitable sharing program and the restrictions upon the use of federally forfeited cash, property, proceeds, and any interest earned thereon, which are equitably shared with participating law enforcement agencies. By its signatures, the Agency agrees that it will be bound by the statutes and guidelines that regulate shared assets and the following requirements for participation in the federal equitable sharing program. Receipt of the signed Equitable Sharing Agreement and Certification (this "Document") is a prerequisite to receiving any equitably shared cash, property, or proceeds.

1. Submission. This Document must be submitted to aca.submit@usdoj.gov within 60 days of the end of the Agency's fiscal year. This Document must be submitted electronically with the Affidavit/Signature page (page -1) submitted by fax. This will constitute submission to the Department of Justice and the Department of Treasury.

2. Signatories. This agreement must be signed by the head of the Agency and the head of the governing body. Examples of Agency heads include police chief, sheriff, director, commissioner, superintendent, administrator, chairperson, secretary, city attorney, county attorney, district attorney, prosecuting attorney, state attorney, commonwealth attorney, and attorney general. Examples of governing body heads include city manager, mayor, city council chairperson, county executive, county council chairperson, director, secretary, administrator, commissioner, and governor.

3. Uses. Any shared asset shall be used for law enforcement purposes in accordance with the statutes and guidelines that govern the federal equitable sharing program as set forth in the current edition of the Department of Justice's *Guide to Equitable Sharing (Justice Guide)*, and the Department of the Treasury's *Guide to Equitable Sharing for Foreign Countries and Federal, State, and Local Law Enforcement Agencies (Treasury Guide)*.

4. Transfers. Before the Agency transfers cash, property, or proceeds to other state or local law enforcement agencies, it must first verify with the Department of Justice or the Department of Treasury, depending on the source of the funds, that the receiving agency is a federal equitable sharing program participant and has a current Equitable Sharing Agreement and Certification on file.

5. Internal Controls. The Agency agrees to account separately for federal equitable sharing funds received from the Department of Justice and the Department of the Treasury. Funds from state and local forfeitures and other sources must not be commingled with federal equitable sharing funds. The Agency shall establish a separate revenue account or accounting code for state, local, Department of Justice, and Department of the Treasury forfeiture funds. Interest income generated must be accounted for in the appropriate federal forfeiture fund account.

The Agency agrees that such accounting will be subject to the standard accounting requirements and practices employed for other public monies as supplemented by requirements set forth in the current edition of the *Justice Guide* and the *Treasury Guide*.

The misuse or misapplication of shared resources or the supplantation of existing resources with shared assets is prohibited. Failure to comply with any provision of this agreement shall subject the recipient agency to the sanctions stipulated in the current edition of the *Justice* or *Treasury Guides*, depending on the source of the funds/property.

6. Audit Report. Audits will be conducted as provided by the Single Audit Act Amendments of 1996 and OMB Circular A-133. The Department of Justice and Department of the Treasury reserve the right to conduct periodic random audits.

Affidavit

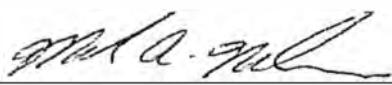
Under penalty of perjury, the undersigned officials certify that they have read and understand their obligations under the Equitable Sharing Agreement and that the information submitted in conjunction with this Document is an accurate accounting of funds received and spent by the Agency under the *Justice* and/or *Treasury Guides* during the reporting period and that the recipient Agency is in compliance with the National Code of Professional Conduct for Asset Forfeiture.

The undersigned certify that the recipient agency is in compliance with the nondiscrimination requirements of the following laws and their Department of Justice implementing regulations: Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.), Title IX of the Education Amendments of 1972 (20 U.S.C. § 1681 et seq.), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794), and the Age Discrimination Act of 1975 (42 U.S.C. § 6101 et seq.), which prohibit discrimination on the basis of race, color, national origin, disability, or age in any federally assisted program or activity, or on the basis of sex in any federally assisted education program or activity.

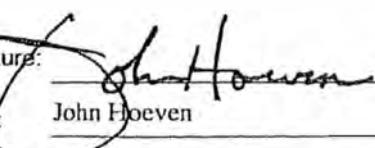
During the past fiscal year, has the Agency been part of any proceedings alleging discrimination by the Agency? Yes No

If you answered yes, complete Table H. Please disclose (1) all proceedings pending before any court or administrative agency, (2) any nondiscrimination laws the Agency has been found in violation of, and (3) any settlement agreements the Agency has entered into during the last fiscal year.

Agency Head

Signature: 
Name: Mark A. Nelson
Title: Superintendent
Date: 8/25/08

Governing Body Head

Signature: 
Name: John Hoeven
Title: Governor
Date: 8/25/08

Final Instructions:

Step 1: Save this file using the two buttons below and e-mail the saved XML file as an attachment to aca.submit@usdoj.gov.

Step 2: Fax a signed copy of THIS PAGE ONLY to (202) 616-1344.

Note: The Agency will not be in compliance until the e-mail and the fax of this page are received.

FOR AGENCY USE ONLY

Entered by _____

Entered on _____



06/30/2008 NCIC NDNHP0000 STATE ND

AGENCY NAME North Dakota Highway Patrol



Equitable Sharing Agreement and Certification

Current

OMB Number 1123-0011
Expires 9-30-2014



- Police Department Sheriff's Office Task Force (Complete Table A, page 2)
 Prosecutor's Office Other (specify) Highway Patrol

Agency Name: North Dakota Highway Patrol

NCIC/ORI/Tracking Number:

Street Address: 600 E Boulevard Avenue Dept. 504

City: Bismarck **State:** ND **Zip:** 58505-0240

Contact: Title: Major First: David Last: Kleppe

Contact: Phone: 701-328-4346 E-mail: dkleppe@nd.gov

Same as **Preparer:** First: David Last: Kleppe

Same as Preparer: First: David Last: Kleppe
Contact Preparer: Phone: 701-328-4346 E-mail: dkleppe@nd.gov

Last Fiscal Year End: 06/30/2012 **Agency Current Fiscal Year Budget:** \$23,325,235.00

- New Participant:** Read the Equitable Sharing Agreement (page 4) and sign the Affidavit (page 5)
 - Existing Participant:** Complete the Annual Certification Report, read the Equitable Sharing Agreement (page 4), and sign the Affidavit (page 5)
 - Amended Form:** Revise the Annual Certification Report, read the Equitable Sharing Agreement (page 4), and sign the Affidavit (page 5).

Annual Certification Report

Summary of Equitable Sharing Activity		Justice Funds ¹	Treasury Funds ²
1	Beginning Equitable Sharing Fund Balance (must match Ending Equitable Sharing Fund Balance from prior FY)	\$2,157.29	
2	Federal Sharing Funds Received	\$0.00	
3	Federal Sharing Funds Received from Other Law Enforcement Agencies and Task Forces (complete Table B, page 2)		
4	Other Income		
5	Interest Income Accrued	Non-Interest Bearing <input checked="" type="radio"/> Interest Bearing <input type="radio"/>	
6	Total Equitable Sharing Funds (total of lines 1 - 5)	\$2,157.29	\$0.00
7	Federal Sharing Funds Spent (total of lines a - m below)	\$0.00	\$0.00
8	Ending Balance (difference between line 7 and line 6)	\$2,157.29	\$0.00

¹ Justice Agencies are: FBI, DEA, ATF, USPIS, USDA, DCIS, DSS, and FDA.

² Treasury Agencies are: IRS, ICE, CBP, USSS, and USCG.

	Summary of Shared Monies Spent	Justice Funds	Treasury Funds
a	Total spent on salaries for new, temporary, not-to-exceed one year employees Refer to § VIII.A.2.a.3 of the <i>Justice Guide</i>		
b	Total spent on overtime		
c	Total spent on informants, "buy money," and rewards		
d	Total spent on travel and training		
e	Total spent on communications and computers		
f	Total spent on weapons and protective gear		
g	Total spent on electronic surveillance equipment		
h	Total spent on buildings and improvements		
i	Total transfers to other state and local law enforcement agencies (complete Table C, page 2)		
j	Total spent on other law enforcement expenses (complete Table D, page 3)		
k	Total Expenditures in Support of Community-based Programs (complete Table E, page 3)		
l	Total Windfall Transfers to Other Government Agencies (complete Table F, page 3)		
m	Total spent on matching grants (complete Table G, page 3)		
n	Total	\$0.00	\$0.00
o	Did your agency receive non-cash assets? <input type="radio"/> Yes <input checked="" type="radio"/> No If yes, complete Table H, page 3.		

Please fill out the following tables, if applicable.

Table A: Members of Task Force

Agency Name	NCIC/ORI/Tracking Number

Table B: Equitable Sharing Funds Received from other Agencies

Total the amount transferred to each agency on separate lines

Transferring Agency Name, City, and State	Justice Funds	Treasury Funds
Agency Name:		
NCIC/ORI/Tracking Number:		

Table C: Equitable Sharing Funds Transferred to Other Agencies

Total the amount transferred to each agency on separate lines

Receiving Agency Name, City, and State	Justice Funds	Treasury Funds
Agency Name:		
NCIC/ORI/Tracking Number:		

Table D: Other Law Enforcement Expenses

Description of Expense	Justice Funds	Treasury Funds

Table E: Expenditures in Support of Community-based ProgramsRefer to § VIII.A.1.m and Appendix C of the *Justice Guide*

Recipient	Justice Funds

Table F: Windfall Transfers to Other Government AgenciesRefer to § VIII.A.1.n of the *Justice Guide* and pp. 25-26 of the *Treasury Guide*

Recipient	Justice Funds	Treasury Funds

Table G: Matching GrantsRefer to § VIII.A.1.h of the *Justice Guide* and p. 22 of the *Treasury Guide*

Matching Grant Name	Justice Funds	Treasury Funds

Table H: Other Non-Cash Assets Received

Source	Description of Asset
Justice <input type="radio"/>	
Treasury <input type="radio"/>	

Table I: Civil Rights Cases

Name of Case	Type of Discrimination Alleged			
	<input type="checkbox"/> Race	<input type="checkbox"/> Color	<input type="checkbox"/> National Origin	<input type="checkbox"/> Gender
	<input type="checkbox"/> Disability	<input type="checkbox"/> Age	<input type="checkbox"/> Other	

Paperwork Reduction Act Notice

Under the Paperwork Reduction Act, a person is not required to respond to a collection of information unless it displays a valid OMB control number. We try to create accurate and easily understood forms that impose the least possible burden on you to complete. The estimated average time to complete this form is 30 minutes. If you have comments regarding the accuracy of this estimate, or suggestions for making this form simpler, please write to the Asset Forfeiture and Money Laundering Section, Program Operations Unit, 1400 New York Avenue, N.W., Tenth Floor, Washington, DC 20005.

Equitable Sharing Agreement

This Federal Equitable Sharing Agreement, entered into among (1) the Federal Government, (2) the above-stated law enforcement agency ("Agency"), and (3) the governing body, sets forth the requirements for participation in the federal equitable sharing program and the restrictions upon the use of federally forfeited cash, property, proceeds, and any interest earned thereon, which are equitably shared with participating law enforcement agencies. By its signatures, the Agency agrees that it will be bound by the statutes and guidelines that regulate shared assets and the following requirements for participation in the federal equitable sharing program. Receipt of the signed Equitable Sharing Agreement and Certification (this "Document") is a prerequisite to receiving any equitably shared cash, property, or proceeds.

1. Submission. This Document must be submitted to aca.submit@usdoj.gov within 60 days of the end of the Agency's fiscal year. This Document must be submitted electronically with the Affidavit/Signature page (page 5) submitted by fax. This will constitute submission to the Department of Justice and the Department of Treasury.

2. Signatories. This agreement must be signed by the head of the Agency and the head of the governing body. Examples of Agency heads include police chief, sheriff, director, commissioner, superintendent, administrator, chairperson, secretary, city attorney, county attorney, district attorney, prosecuting attorney, state attorney, commonwealth attorney, and attorney general. The governing body's head is the person who allocates funds or approves the budget for the Agency. Examples of governing body heads include city manager, mayor, city council chairperson, county executive, county council chairperson, director, secretary, administrator, commissioner, and governor.

3. Uses. Any shared asset shall be used for law enforcement purposes in accordance with the statutes and guidelines that govern the federal Equitable Sharing Program as set forth in the current edition of the Department of Justice's *Guide to Equitable Sharing for State and Local Law Enforcement (Justice Guide)*, and the Department of the Treasury's *Guide to Equitable Sharing for Foreign Countries and Federal, State, and Local Law Enforcement Agencies (Treasury Guide)*.

4. Transfers. Before the Agency transfers cash, property, or proceeds to other state or local law enforcement agencies, it must first verify with the Department of Justice or the Department of Treasury, depending on the source of the funds, that the receiving agency is a federal Equitable Sharing Program participant and has a current Equitable Sharing Agreement and Certification on file.

5. Internal Controls. The Agency agrees to account separately for federal equitable sharing funds received from the Department of Justice and the Department of the Treasury. Funds from state and local forfeitures and other sources must not be commingled with federal equitable sharing funds. The Agency shall establish a separate revenue account or accounting code for state, local, Department of Justice, and Department of the Treasury forfeiture funds. Interest income generated must be accounted for in the appropriate federal forfeiture fund account.

The Agency agrees that such accounting will be subject to the standard accounting requirements and practices employed for other public monies as supplemented by requirements set forth in the current edition of the *Justice Guide* and the *Treasury Guide*, including the requirement in the *Justice Guide* to maintain relevant documents and records for five years.

The misuse or misapplication of shared resources or the supplantation of existing resources with shared assets is prohibited. Failure to comply with any provision of this agreement shall subject the recipient agency to the sanctions stipulated in the current edition of the *Justice or Treasury Guides*, depending on the source of the funds/property.

6. Audit Report. Audits will be conducted as provided by the Single Audit Act Amendments of 1996 and OMB Circular A-133. The Department of Justice and Department of the Treasury reserve the right to conduct periodic random audits.

Affidavit - Existing Participant

Under penalty of perjury, the undersigned officials certify that **they have read and understand their obligations under the Equitable Sharing Agreement** and that the information submitted in conjunction with this Document is an accurate accounting of funds received and spent by the Agency under the *Justice and/or Treasury Guides* during the reporting period and that the recipient Agency is in compliance with the National Code of Professional Conduct for Asset Forfeiture.

The undersigned certify that the recipient Agency is in compliance with the nondiscrimination requirements of the following laws and their Department of Justice implementing regulations: Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*), Title IX of the Education Amendments of 1972 (20 U.S.C. § 1681 *et seq.*), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794), and the Age Discrimination Act of 1975 (42 U.S.C. § 6101 *et seq.*), which prohibit discrimination on the basis of race, color, national origin, disability, or age in any federally assisted program or activity, or on the basis of sex in any federally assisted education program or activity. The Agency agrees that it will comply with all federal statutes and regulations permitting federal investigators access to records and any other sources of information as may be necessary to determine compliance with civil rights and other applicable statutes and regulations.

During the past fiscal year: (1) has any court or administrative agency issued any finding, judgment, or determination that the Agency discriminated against any person or group in violation of any of the federal civil rights statutes listed above; or (2) has the Agency entered into any settlement agreement with respect to any complaint filed with a court or administrative agency alleging that the Agency discriminated against any person or group in violation of any of the federal civil rights statutes listed above?

Yes No

If you answered yes to the above question, complete Table I

Agency Head

See ¶ 2 on page

Signature:


James J. Prochniak

Name:

James J. Prochniak

Title:

Superintendent

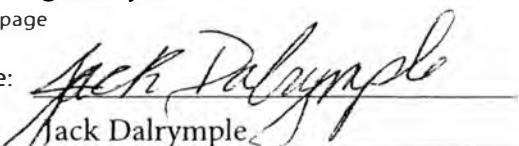
Date:

9/13/12

Governing Body Head

See ¶ 2 on page

Signature:


Jack Dalrymple

Name:

Jack Dalrymple

Title:

Governor

Date:

9/18/12

Subscribe to Equitable Sharing Wire:

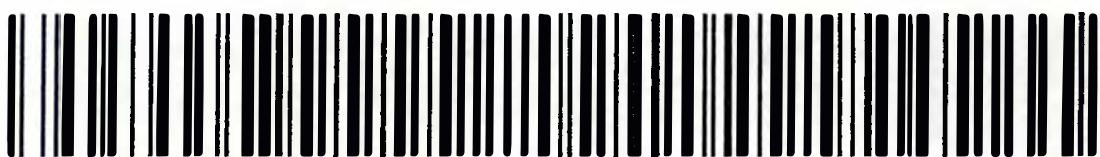
The Equitable Sharing Wire is an electronic newsletter that gives you important, substantive, information regarding Equitable Sharing policies, practices, and procedures.

Final Instructions:

- Step 1: Click to save for your records
Step 2: Click to save in XML format

- Step 3: E-mail the XML file to aca.submit@usdoj.gov
Step 4: Fax THIS SIGNED PAGE ONLY to (202) 616-1344

FOR AGENCY USE ONLY
Entered by _____



Entered on _____

FY End: 06/30/2012

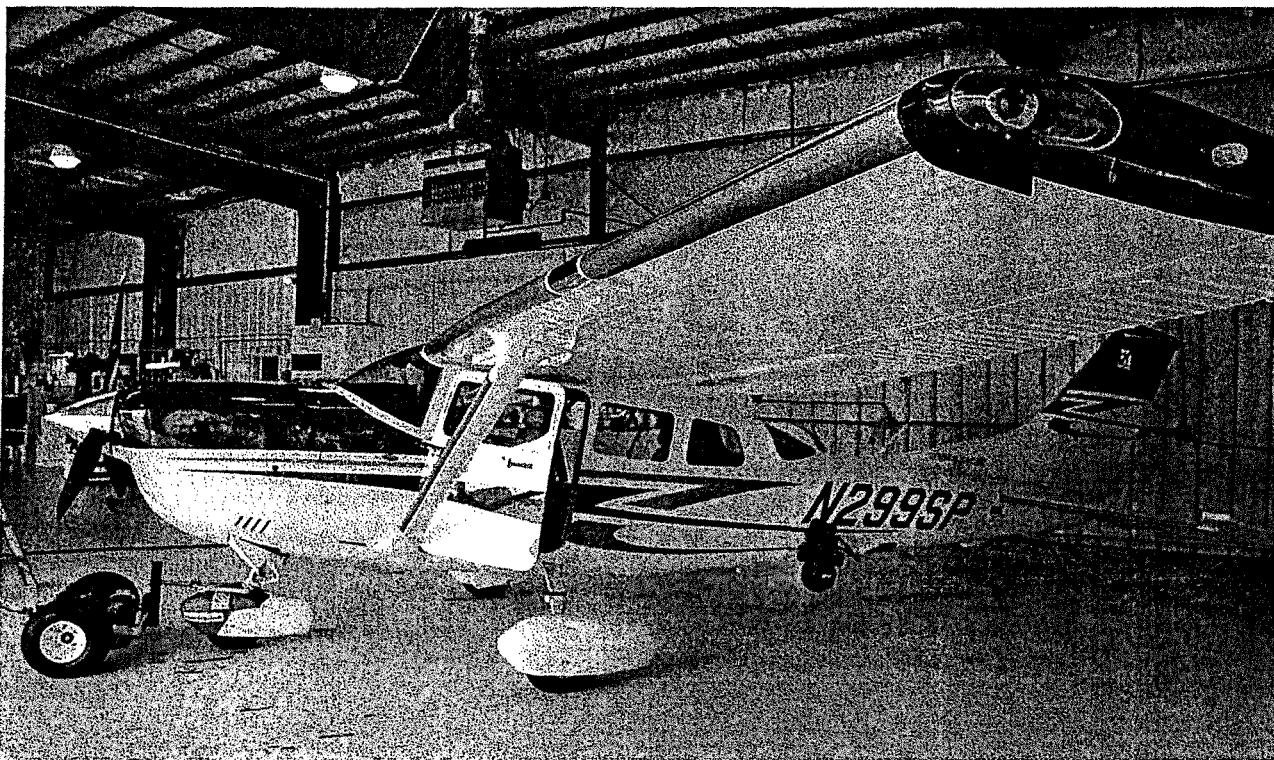
Date Printed: September 11, 2012 15:53

NCIC: NDNHP0000 Agency: North Dakota Highway Patrol

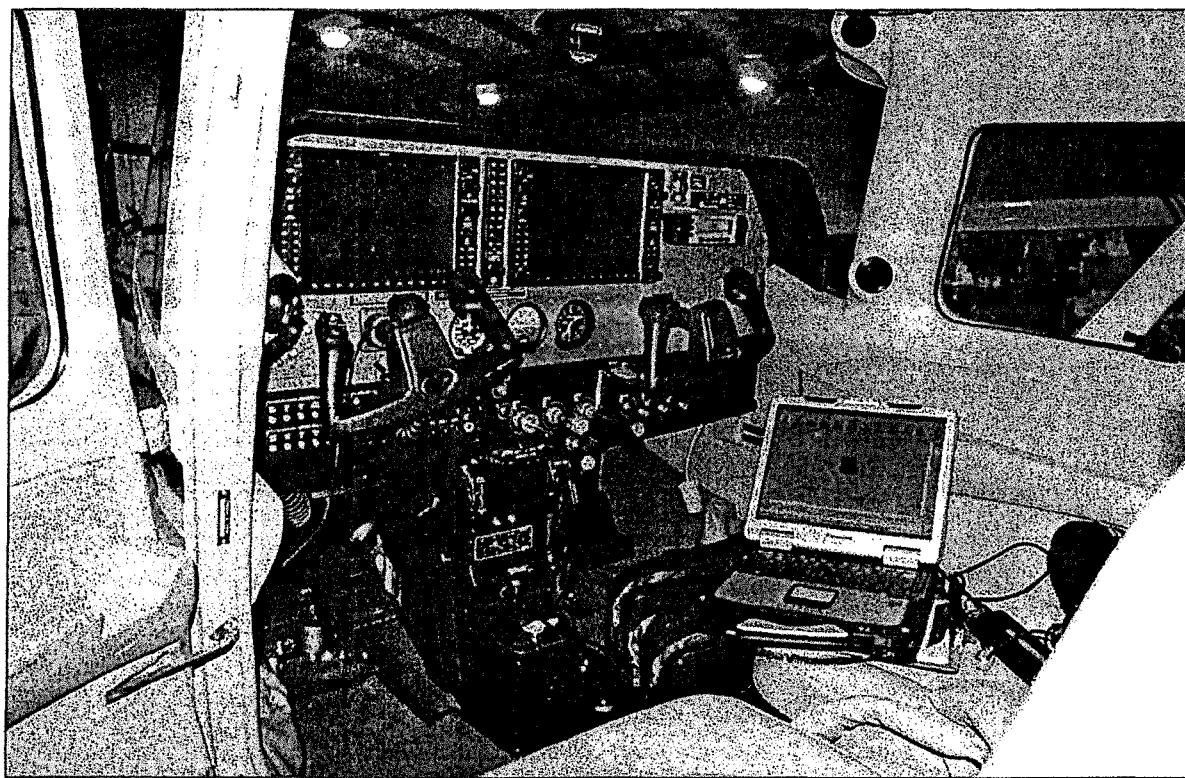
Phone: 701-328-4346

State: ND Contact: David Kleppe

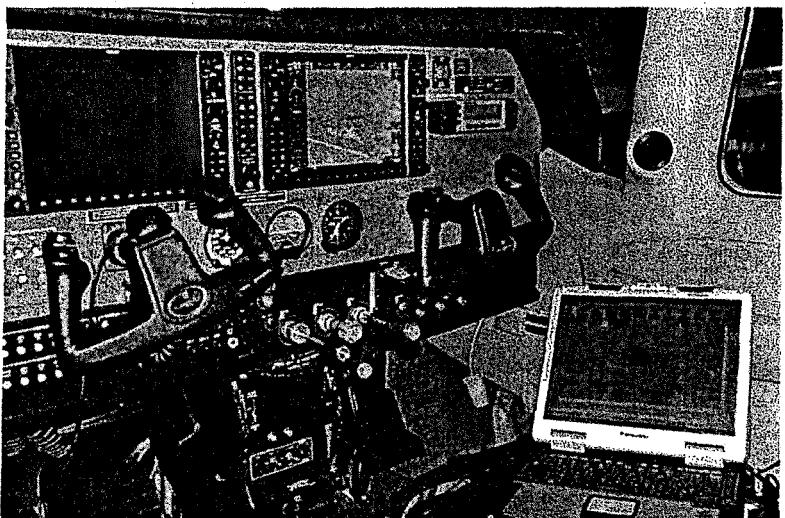
E-mail: dkleppe@nd.gov



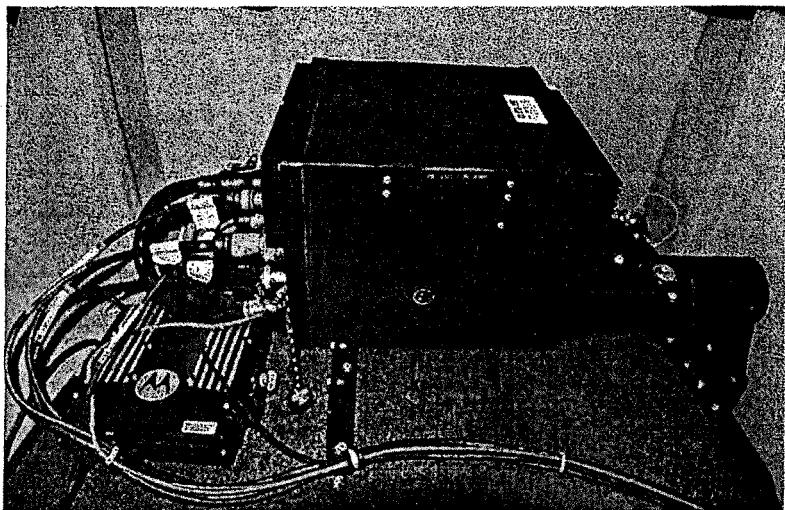
2007 Cessna T206



Cockpit Mobile Data Computer



Cockpit Air Traffic Collision Avoidance System



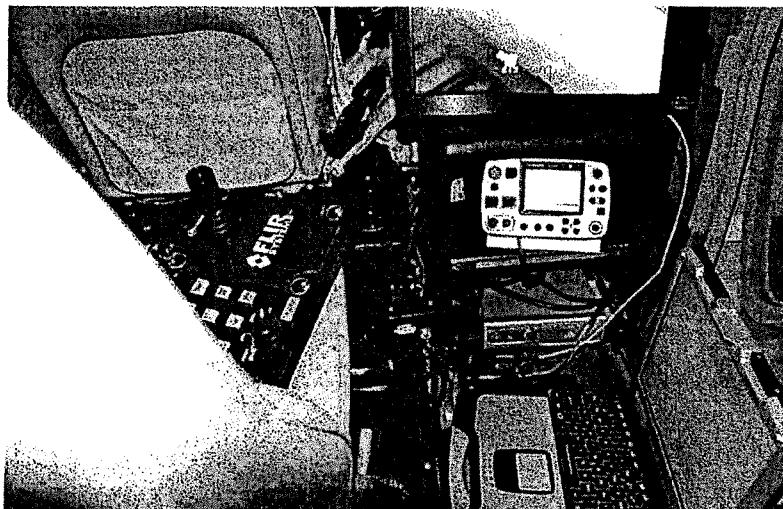
FLIR Brain and State Radio



FLIR Controls



FLIR Exterior



FLIR Recorder



Ice Protection System

**TESTIMONY BEFORE THE
GOVERNMENT SERVICES COMMITTEE
ON STUDY OF THE USE OF STATE-OWNED AIRPLANES**

**BY DALLAS CARLSON, DIRECTOR
BUREAU OF CRIMINAL INVESTIGATION
OFFICE OF ATTORNEY GENERAL
DECEMBER 15, 2011**

SUMMARY

The Office of Attorney General obtained a T-42A 1965 Beechcraft Barron in 1993 at no cost through a Counter Drug Program at the US Department of Defense. The initial five years of ownership required that this plane be limited to drug enforcement efforts. After the initial five years of ownership, the airplane became available for other law enforcement functions.

- T-42A 1965 Beechcraft Barron
- Acquisition Date: March 1993
- Initial Cost: \$0
- Cost per hour to operate: \$425
- Total hours used in the past three years: 125
- Specialized equipment included: Police radio equipped with necessary programming to communicate with other local, state, and federal law enforcement agencies

JUSTIFICATION

The Office of Attorney General received a T-42A 1965 Beechcraft Barron in 1993 at no cost through a Counter Drug Program at the US Department of Defense. The initial five years of ownership required the airplane be used primarily for drug enforcement efforts. After the initial five years of ownership, the airplane became available for other law enforcement functions.

Currently, this airplane is used for missions such as transporting evidence (usually in high priority cases such as homicides where DNA may be needed to identify a suspect), surveillance, transporting agents to conduct interviews out of state, searches for missing persons, photography of crime scenes, transporting personnel to and from meetings, monitoring flood activity by the Department of Emergency Services personnel, and transporting agents to assist out of their assigned area when time is essential (Gibbs case in Valley City).

The common denominator for most of these uses is time. We cannot control when a serious crime will be committed, or when someone will go missing. In these types of cases, time is vital to a positive outcome, and we are truly reactive. Having to schedule the use of an airplane would hinder some investigations, such as a successful search for a lost person, and could severely hinder our obligation to provide effective assistance to local law enforcement.

The availability of this aircraft to not only BCI, but to the sheriffs and police departments in the state, is a valuable law enforcement tool. Because local law enforcement agencies do not have the resources some state agencies have, the state is relied upon to assist with specialized equipment such as this aircraft. By statute, BCI is an assisting agency, and we need to prepare and equip ourselves to meet that responsibility.

Approval to dispose of or transfer this aircraft would have to come from the Department of Defense Law Enforcement Support Office.

EQUIPMENT

The only piece of specialized equipment BCI has added to this airplane is a police radio. This radio is equipped with the necessary programming to be able to communicate with all other state, local, and federal law enforcement agencies in North Dakota.

PER HOUR COST TO OPERATE

An example of the cost per hour to operate is: A round trip from Bismarck to Grand Forks is a two-hour flight. Fuel use is approximately 28 gallons per hour. At \$6 per gallon, this equals \$336 for the round trip, or \$168 per hour. Driving 540 miles at \$.51 per mile would cost \$275, plus possibly a motel room and

additional meal per diem. Total cost per hour to operate the airplane (fuel, insurance, hanger rental, annual inspection/repairs) is \$425 per hour.

USEAGE

This plane has been used a total of 125 hours by Attorney General staff in the past three years. (NOTE: The aircraft was out of service for five months for repair after a bird strike.)

UNITED STATES OF AMERICA
 DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION
AIRCRAFT BILL OF SALE

FORM APPROVED
 OMB NO. 2120-0042

FOR AND IN CONSIDERATION OF \$ THE
 UNDERSIGNED OWNER(S) OF THE FULL LEGAL
 AND BENEFICIAL TITLE OF THE AIRCRAFT DES-
 CRIBED AS FOLLOWS:

UNITED STATES N
 REGISTRATION NUMBER

AIRCRAFT MANUFACTURER & MODEL

1965 Beechcraft Barron

AIRCRAFT SERIAL No.

65-12723

DOES THIS 3rd DAY OF May 19 93

HEREBY SELL, GRANT, TRANSFER AND

DELIVER ALL RIGHTS, TITLE, AND INTERESTS

IN AND TO SUCH AIRCRAFT UNTO:

Do Not Write In This Block
 FOR FAA USE ONLY

NAME AND ADDRESS
 (IF INDIVIDUAL(S), GIVE LAST NAME, FIRST NAME, AND MIDDLE INITIAL.)

North Dakota Attorney General's Office/
 Bureau of Criminal Investigation (BCI)

PURCHASER

DEALER CERTIFICATE NUMBER

AND TO EXECUTORS, ADMINISTRATORS, AND ASSIGNS TO HAVE AND TO HOLD
 SINGULARLY THE SAID AIRCRAFT FOREVER, AND WARRANTS THE TITLE THEREOF.

IN TESTIMONY WHEREOF HAVE SET HAND AND SEAL THIS 3 DAY OF May 93

SELLER	NAME (S) OF SELLER (TYPED OR PRINTED)	SIGNATURE (S) (IN INK) (IF EXECUTED FOR CO-OWNERSHIP, ALL MUST SIGN.)	TITLE (TYPED OR PRINTED)

ACKNOWLEDGMENT (NOT REQUIRED FOR PURPOSES OF FAA RECORDING; HOWEVER, MAY BE REQUIRED
 BY LOCAL LAW FOR VALIDITY OF THE INSTRUMENT.)

ORIGINAL: TO FAA

UNITED STATES OF AMERICA DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION-MIKE MONROE AERONAUTICAL CENTER AIRCRAFT REGISTRATION APPLICATION	
UNITED STATES REGISTRATION NUMBER	N
AIRCRAFT MANUFACTURER & MODEL 1965 Beechcraft Barron	
AIRCRAFT SERIAL No. 65-12723	

CERT. ISSUE DATE

FOR FAA USE ONLY

TYPE OF REGISTRATION (Check one box)

1. Individual 2. Partnership 3. Corporation 4. Co-owner 5. Govt. 8. Foreign-owned Corporation

NAME OF APPLICANT (Person(s) shown on evidence of ownership. If individual, give last name, first name, and middle initial.)

North Dakota Attorney General's Office/
Bureau of Criminal Investigation (BCI)

TELEPHONE NUMBER: (701) 221-6180

ADDRESS (Permanent mailing address for first applicant listed.)

Number and street: P.O. Box 1054

Rural Route:

P.O. Box:

CITY

STATE

Bismarck

North Dakota

ZIP CODE

CHECK HERE IF YOU ARE ONLY REPORTING A CHANGE OF ADDRESS
ATTENTION! Read the following statement before signing this application.

A false or dishonest answer to any question in this application may be grounds for punishment by fine and/or imprisonment (U.S. Code, Title 18, Sec. 1001).

CERTIFICATION

I/WE CERTIFY:

(1) That the above aircraft is owned by the undersigned applicant, who is a citizen (including corporations) of the United States.

(For voting trust, give name of trustee: _____), or:

CHECK ONE AS APPROPRIATE:

- a. A resident alien, with alien registration (Form 1-151 or Form 1-551) No. _____
b. A foreign-owned corporation organized and doing business under the laws of (state or possession) _____, and said aircraft is based and primarily used in the United States. Records of flight hours are available for inspection at _____

(2) That the aircraft is not registered under the laws of any foreign country; and

(3) That legal evidence of ownership is attached or has been filed with the Federal Aviation Administration.

NOTE: If executed for co-ownership all applicants must sign. Use reverse side if necessary.

TYPE OR PRINT NAME BELOW SIGNATURE

EACH PART OF THIS APPLICATION MUST BE SIGNED IN INK.	SIGNATURE	TITLE	DATE
		Director	05/03/93
	SIGNATURE	TITLE	DATE
SIGNATURE	TITLE	DATE	

NOTE: Pending receipt of the Certificate of Aircraft Registration, the aircraft may be operated for a period not in excess of 90 days, during which time the PINK copy of this application must be carried in the aircraft.

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DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD
FORT BELVOIR, VIRGINIA 22060-6221

IN REPLY
REFER TO J-372

DEC 16 2005

MEMORANDUM FOR EXCESS PROPERTY PROGRAM STATE COORDINATORS AND
LAW ENFORCEMENT AGENCIES (LEAs)

SUBJECT: Policy and Procedure for the Sale or Trade of Aircraft or Aircraft Parts Received
Under Title 10 USC, Section 2576a, *Excess personal property; sale or donation for
law enforcement activities*

1. **Purpose:** To provide policy and procedures for the Defense Logistics Agency (DLA) Law Enforcement Support Office (LESO) to approve or disapprove the sale or trade of aircraft or aircraft parts received by LEAs on or before September 30, 1996. This Memorandum supersedes the prior Memorandum "Criteria for the Sale or Trade of Aircraft or Aircraft Parts Received through the 1208 Program," dated April 15, 2005.
2. **Scope:** This policy applies to all Federal, State and Local LEAs that were enrolled in the 1208 Program and are now enrolled in the 1033 Program.
3. **Background:** The excess personal property program for law enforcement activities was established by Section 1208 of the National Defense Authorization Act for 1990-91 and codified at Title 10 USC, Section 2576a. It was amended in 1996. Section 2576a now authorizes the transfer of excess Department of Defense (DOD) personal property to federal and state agencies for use in counter-drug activities and counter-terrorism activities. The excess personal property program initially was operated by Regional Logistical Support Offices before being centralized at the DLA Headquarters, Fort Belvoir, Virginia in June 1995.
4. **Policy:** In an effort to prevent the sale or trade of aircraft and aircraft parts to an unauthorized person or agency, LEAs enrolled in the 1208 Program can sell, trade or barter aircraft and aircraft parts issued on or before September 30, 1996, after being approved by LESO. LEAs that received aircraft or aircraft parts after September 30, 1996 have the following options: retain the aircraft or aircraft parts, transfer them to another LEA or turn them in to the Defense Reutilization and Marketing Office.
5. **Procedures:** The State Coordinator must ensure compliance with the following procedures when requesting sale, trade or transfer of aircraft or aircraft parts to any recipients other than another LEA, DOD Agency or Entity:
 - A. The prospective buyer or trade recipient is responsible for completing the DLA Form 1822 (End User Certificate), providing a copy of the recipient's drivers license and



submitting it to the LEA. If the DLA Form 1822 is completed on behalf of a corporation or business, the person executing the DLA 1822 must submit a copy of the authorization to sign documents on behalf of the business or corporation with the completed form. The DLA Form 1822 must be completed with all requested information, legible. Instructions on how to complete the form are located at <https://demil.osd.mil>.

- B. The LEA submits a written request endorsed by the Chief Executive Official to the State Coordinator. The written request includes:
 1. The DLA Form 1822 with a copy of the recipient's drivers license and authority to sign for the corporation or business when appropriate.
 2. The proposed disposition of the aircraft or aircraft parts (i.e. sale, auction or trade).
 3. Statement of flight hours and maintenance for the duration of the LEA possession (if applicable).
 4. Status of the aircraft (whether it is flyable or non-flyable, if applicable)
 5. Photographs of the aircraft – interior and exterior.
- C. The State Coordinator recommends in writing approval or disapproval of the proposed sale, auction or trade transaction.
- D. The State Coordinator is responsible for collecting all required documentation, including but not limited to the completed DLA Form 1822, Chief Executive Official's endorsement, State Coordinator's written recommendation and submission of the complete packet to the LESO.
- E. The LESO will send the DLA Form 1822, copy of the LEAs request and a copy of the recipient's drivers license to the Trade Security Controls Assessment Office (TSCAO) for an assessment of the prospective buyer or trade recipient.
 1. Key factors in the TSCAO assessment are whether the prospective buyer or trade recipient is a U.S. Citizen, a Legal U.S. Resident or a company incorporated to do business in the U.S.; the subject of an indictment for or conviction for violating any U.S. criminal laws governing export of Munitions List Items and Commerce Control List Items (which includes aircraft and aircraft parts) are ineligible to contract with or receive a license or other approval from any agency of the U.S. Government
 2. The TSCAO assessment is not an approval or disapproval of the sale, auction or trade. It can however result in a recommendation to the LESO to disapprove the proposed sale or trade based on the legal status of the prospective buyer or trade recipient.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1033

Page 1, after line 15, insert:

"c. The office of attorney general with respect to aircraft received either by federal grant of surplus property or by civil forfeiture as a result of criminal activity."

Renumber accordingly

HOUSE TRANSPORTATION COMMITTEE

Testimony on HB 1033
Kim Molesworth
ND Game and Fish Department
January 10, 2013

I am testifying today in opposition to HB 1033.

This bill requires the ND Game and Fish Department (NDGFD) to transfer ownership of our aircraft to the Department of Transportation (DOT). The bill also allows the director of DOT to enter an agreement with the game and fish department, highway patrol, and aeronautics commission regarding the exclusive use of specialized aircraft operated by these agencies.

The NDGFD owns two aircraft. Both aircraft were purchased with game and fish license funds and Wildlife and Sport Fish Restoration Program federal funds from the U.S. Fish and Wildlife Service (USFWS). If the bill stays as written, it would be considered a diversion of federal funds per 50 CFR 80.10. The attached letter from the USFWS states, "...it is our opinion that transfer of ownership and control of the NDGFD owned aircraft to the ND Department of Transportation would constitute a diversion of hunting and fishing license revenues per the regulations... This would render the NDGFD ineligible for further participation in the benefits of the Pittman-Robertson Wildlife Restoration Act Program and the Dingell-Johnson Sport Fish Restoration Act Program...". See attached letter.

The department would lose approximately \$20 million of federal funds from USFWS per biennium which amounts to approximately 37% of our total revenue.

The NDGFD aircraft are: an American Champion 8GCBC (Scout) and a Cessna T182T. Both are used extensively by the NDGFD, but for different purposes.

American Champion 8GCBC (Scout)

- The 'Scout' is used for mission specific purposes such as flying big game surveys and telemetry work, i.e., locating radio collared animals for research purposes. It is designed to fly slow and low, which is required for survey work. The type of plane used needs to have the maneuverability for survey work that larger planes, e.g., Cessna 182, do not have. It is a special use aircraft which provides the capability for 1) short field high performance take offs and landings; 2) off airport operations; 3) two place tandem seats for best visibility for pilot and biologist; 4) large (tundra) tires for items 1 & 2 as well as safety; 5) retractable snow skis for winter operations; and 6) telemetry equipment for tracking radio collared wildlife.
- Survey flights such as those for mule deer and antelope can be difficult to schedule since they are time specific from year to year and dependent on weather, e.g., snow on the

ground, good visibility, and fair wind conditions. There is generally a short window of opportunity to schedule the surveys and the entire survey area of the state must be flown at the same time of the year.

Cessna T182T

- The primary role of the Cessna 182 is for game and fish enforcement work but also serves as support for other law enforcement entities on a statewide basis. Aerial surveillance has shown great value in enforcement of game and fish laws as well as other enforcement and emergency purposes. The plane is occasionally used as a transport when needed for other Game and Fish Department purposes, e.g. flying department staff to meetings when driving is less cost effective and time is critical.
- Availability is critical when missions are ‘spur of the moment’ and not scheduled. When enforcement personnel receive a call to fly a night mission for illegal night hunting they need to respond immediately or the opportunity is likely lost.
- Night flights are a common occurrence and the plane needs to be equipped for this. While also an important feature for daytime flying it is even more critical during night flights that special equipment on the plane is in place. A traffic avoidance system (Avidyne Traffic Advisory System) allows the pilot to focus attention on searching the ground for the intended purpose of the flight, e.g., illegal night hunting, while the system provides warning when another aircraft approaches too closely.
- Emergency response for search and rescue, air assistance for criminal escapees, crimes in progress, and state/federal disaster emergency responses occur at times that are difficult to predict.

We have a pilot who is also a mechanic and provides a large amount of maintenance on our aircraft as part of his job function. We know our flight schedules and can make sure the plane overhaul is performed during known down times so it doesn't interfere with flights critical to our operations.

I respectfully request the ND Game and Fish Department be excluded from this bill.

This concludes my testimony. I'd be happy to answer any questions.



IN REPLY REFER TO
FWS/R6/WSFR

United States Department of the Interior

FISH AND WILDLIFE SERVICE Mountain-Prairie Region



MAILING ADDRESS:
Post Office Box 25486
Denver Federal Center
Denver, Colorado 80225-0486

STREET LOCATION:
134 Union Blvd.
Lakewood, Colorado 80228-1807

Kim Molesworth, Chief
Administrative Services Division
North Dakota Game and Fish Department
100 N. Bismarck Expressway
Bismarck, North Dakota 58501

NOV 22 2012

Dear Ms. Molesworth:

This responds to your email dated October 16, 2012, requesting our views regarding a draft bill, "Relating to the creation of a central aircraft management system for state-owned or state-leased aircraft..." (see enclosure). If enacted, the ownership and control of North Dakota Game and Fish Department (NDGFD) owned aircraft would be transferred to the North Dakota Department of Transportation.

Wildlife and Sport Fish Restoration Program federal regulations that apply to this situation include the following:

50 CFR 80.10 – "States acting through their fish and wildlife agencies are eligible for benefits of the Acts only if they pass and maintain legislation that:

(c) Requires that revenue from hunting and fishing licenses be:

- (1) Controlled only by the State fish and wildlife agency; and
- (2) Used only for administration of the State fish and wildlife agency, which includes only the functions required to manage the agency and the fish- and wildlife-related resources for which the agency has authority under State law."

50 CFR 80.20 – "Hunting and fishing license revenue includes:

- (b) Real or personal property acquired with license revenue..."

50 CFR 80.21 – "The Director may declare a State to be in diversion if it violates the requirements of § 80.10 by diverting license revenue from the control of its fish and wildlife agency to purposes other than the agency's administration. The State is then ineligible to receive benefits under the relevant Act from the date the Director signs the declaration until the State resolves the diversion..."

Section 2 of the proposed bill - TRANSFER OF STATE-OWNED OR STATE-LEASED AIRCRAFT – states: "The title or other documents representing ownership of aircraft owned or leased by a state agency subject to chapter 2-05.1 must be transferred to the director of the department of transportation on July 1, 2013."

It is our understanding that the NGFGD purchased the two aircrafts with license revenues. If so and the bill became law, it is our opinion that transfer of ownership and control of the NDGFD-owned aircraft to the North Dakota Department of Transportation would constitute a diversion of hunting and fishing license revenues per the regulations above. This would render the NDGFD ineligible for further participation in the benefits of the Pittman-Robertson Wildlife Restoration Act Program and the Dingell-Johnson Sport Fish Restoration Act Program until resolution of the diversion issue. As you know, NDGFD received over \$9 million from the Wildlife and Sport Fish Restoration Program in Federal Fiscal Year 2012.

Thank you for the opportunity to comment on the proposed bill. Please keep us informed as to its progress and any changes that may be proposed. Also, please contact me or Steve Jose, Grants Fiscal Officer, at any time for further assistance with this matter at (303) 236-4411 or (303) 236-7394, respectively.

Sincerely,



David McGillivray
Chief, Wildlife and Sport Fish
Restoration Program

Enclosure



Position on Aircraft Pool Bill

We respectfully request that the Aircraft Pool Bill passed by the Government Services Committee be amended to include the North Dakota Aeronautics Commission (NDAC) as an excluded entity under Section 1, subsection 4 of the Bill and delete any further references to the NDAC in the Bill.

- The NDAC aircraft is used for the furtherance of the Commission's mission:

"To serve the public by providing economic and technical assistance for the aviation community while ensuring the safe and cost effective advancement of aviation in North Dakota".
- The NDAC aircraft is used to inspect the 80+ public use airports in the state in accordance with FAA regulations, attend local airport board meetings and is considered a revenue neutral asset for the Commission. It is used in the conduct of the NDAC's mission, not as a business for NDAC.
- NDAC's aircraft was purchased with "special funds" that are derived from aviation fuel tax collections that were accumulated over several years. This "special fund" will need to be reimbursed if the NDAC aircraft were to be transferred to another state agency.
- Due to the fact that the aircraft was not purchased with general funds, this proposed transaction will create an unnecessary administrative burden by requiring the NDAC to transfer its aircraft to the North Dakota Department of Transportation (NDDOT), and NDDOT requesting an appropriation from general funds to reimburse the NDAC's special fund, grant the NDAC exclusive use of the aircraft but require the scheduling of its use through a NDDOT dispatcher and pay an hourly fee for its use to be deposited in a replacement fund at NDDOT does not appear to accommodate efficiency or a more responsible replacement cost funding method.
- The aircraft and associated expenses are reflected in our budget for tracking purposes for maintenance, and annual training requirements for Federal Aviation Administration (FAA) compliance regulations.
- NDAC's aircraft does not possess any "specialized equipment" on board, therefore it is not considered to be a "special use" aircraft for the Commission.
- NDAC does not possess an FAA FAR Part 119 or 135 operating certificate to allow us to fly individuals for compensation or hire with our aircraft.

For the above mentioned reasons, the NDAC feels it would be an unnecessary administrative and financial burden to include the aircraft in the proposed state aircraft pool. NDAC aircraft is used for the sole purpose of conducting the Aeronautics' mission on behalf of the state of North Dakota.

Jay B. Lindquist

Jay B Lindquist, Chairman
North Dakota Aeronautics Commission

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1033

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to require authorization of the purchase or lease of aircraft; to provide for the use of department of transportation airplanes; to provide for the sale of airplanes; and to provide an appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1.

Authorization to purchase or lease aircraft - Legislative assembly or budget section approval.

A state agency or other entity of state government may not purchase or lease an aircraft without specific authorization from the legislative assembly or the budget section of the legislative management if the legislative assembly is not in session. This section does not apply to aircraft purchased or leased by the office of the adjutant general or the university of North Dakota school of aviation.

SECTION 2.

Use of department of transportation airplanes.

Upon request, the department of transportation shall provide air transportation services to other state agencies. Each agency using air transportation services from the department shall pay a user charge determined by the department of transportation which must be based upon the actual cost of operating the aircraft. The department shall give priority to requests for air transportation services from the attorney general's office when the request is for law enforcement purposes. The director of the department of transportation shall allow employees of other state agencies to operate the department's airplanes for official purposes if the employee is properly licensed and trained to operate the requested airplane.

SECTION 3. SALE OR DISPOSAL OF DEPARTMENT OF TRANSPORTATION AIRPLANES. The director of the department of transportation shall sell or dispose of the department's 1977 piper cheyenne airplane and the department's 1975 cessna skymaster airplane. The proceeds from the sale or disposal of the airplanes must be used for replacement airplane purchases as provided in section 6 of this Act. After June 30, 2014, the department may not use any funds appropriated by the legislative assembly to maintain or operate the department's 1977 piper cheyenne airplane or the department's 1975 cessna skymaster airplane.

SECTION 4. DISPOSAL OF ATTORNEY GENERAL'S OFFICE AIRPLANE.

The attorney general's office shall sell or dispose of the office's 1965 beechcraft baron airplane. The proceeds from the sale of the airplane must be retained by the attorney general's office and used in accordance with the agreement entered into by the office to obtain the airplane. After June 30, 2014, the office may not use any funds appropriated by the legislative assembly to maintain or operate the airplane.

SECTION 5. NORTH DAKOTA STATE UNIVERSITY AIRPLANE. After June 30, 2014, North Dakota state university may not use any funds appropriated by the legislative assembly, including funds from continuing appropriations authorized by the legislative assembly, for the purpose of leasing an airplane.

SECTION 6. APPROPRIATION - DEPARTMENT OF TRANSPORTATION - AIRPLANE REPLACEMENT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$4,500,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of purchasing replacement airplanes for the department's airplane fleet, for the biennium beginning July 1, 2013, and ending June 30, 2015. The appropriation provided in this section must be reduced by an amount equal to the total proceeds received from the sale or disposal of department airplanes as provided in section 3 of this Act. The funding provided in this section is considered a one-time funding item."

Renumber accordingly

GOVERNMENT SERVICES COMMITTEE

The Government Services Committee was assigned the following responsibilities:

- A study of the use of state-owned airplanes pursuant to Section 13 of 2011 House Bill No. 1012. The study was to include a review of airplanes owned by state agencies, the justification for owning each airplane, the frequency of use of each airplane, and the feasibility and desirability of requiring state-owned airplanes to be managed by Fleet Services. The study was amended by the Legislative Management to exclude state-owned airplanes operated by the University of North Dakota (UND) School of Aviation.
- A study of options for relocating the Highway Patrol training academy pursuant to Section 5 of 2011 House Bill No. 1011. The study was to include a review of options for relocating the training academy, options for relocating the emergency operations vehicle training course, and options for constructing a Highway Patrol shooting range.
- Approve any agreements between a North Dakota state entity and the state of South Dakota to form a bistate authority pursuant to North Dakota Century Code Section 54-40-01.

The Chairman of the Legislative Management also assigned the committee the following budget-related duties:

1. Monitor the status of state revenues and expenditures for the 2011-13 biennium.
2. Receive input from major state agencies regarding the status of their budgets and changes in federal funds.
3. Receive information from state agencies regarding estimated cost-to-continue items for the 2013-15 biennium.
4. Receive the July 2012 revised 2011-13 biennium and the preliminary 2013-15 biennium general fund revenue forecasts.
5. Review projected revenues, expenditures, and fund balances of major state funds.
6. Identify and prioritize potential one-time funding items for the 2013-15 biennium.
7. Discuss possible legislative initiatives affecting the budget, including initiatives to return excess revenues to taxpayers.
8. Identify key budget issues for the 2013 legislative session.
9. Determine, in consultation with the Office of Management and Budget (OMB), a sustainable level of spending for the 2013-15 biennium.
10. As appropriate, make recommendations to the Legislative Management.

Committee members were Representatives Jeff Delzer (Chairman), Duane DeKrey, Glen Froseth, Ed Gruchalla, Matthew M. Klein, Curtiss Kreun, Bob Martinson, Lisa Meier, Phillip Mueller, Todd Porter, David S. Rust, Vicky Steiner, Blair Thoreson, Don Vigesaa, and Alon Wieland and Senators Ron Carlisle,

Lonnie J. Laffen, Gary A. Lee, David O'Connell, Jim Roers, and Donald Schaible.

The committee submitted this report to the Legislative Management at the biennial meeting of the Legislative Management in November 2012. The Legislative Management accepted the report for submission to the 63rd Legislative Assembly.

STUDY OF THE USE OF STATE-OWNED AIRPLANES

The Government Services Committee was assigned a study of the use of state-owned airplanes pursuant to Section 13 of 2011 House Bill No. 1012. The study was to include a review of airplanes owned by state agencies, the justification for owning each airplane, the frequency of use of each airplane, and the feasibility and desirability of requiring state-owned airplanes to be managed by Fleet Services. The study was amended by the Legislative Management to exclude state-owned airplanes operated by the UND School of Aviation.

Fleet Services

Section 24-02-03.3 requires the Department of Transportation to operate a central vehicle management system (Fleet Services) to regulate the operation, maintenance, and management of all motor vehicles owned or leased by the state. Each state agency that utilizes a vehicle from Fleet Services pays a fee to Fleet Services for the cost of the vehicle, including operating costs. The fee is based on the estimated costs of acquiring and maintaining the vehicle. Fleet Services currently manages approximately 3,200 vehicles.

Previous Studies

The 1981-82 Legislative Audit and Fiscal Review Committee studied the utilization of aircraft by state agencies and the feasibility of establishing a state aircraft pool. The committee adopted a resolution that recommended the establishment of a state aircraft pool. However, the resolution was not approved by the Legislative Assembly in 1983.

State-Owned Airplanes

Excluding the North Dakota University System, five state agencies own a total of eight airplanes. The table below details the ownership of airplanes by state agencies, including the purpose of ownership:

Agency	Aircraft	Purpose
Department of Transportation	1998 Beechcraft-Raytheon King Air	Passenger transportation
Department of Transportation	1977 Piper Cheyenne	Passenger transportation
Department of Transportation	1975 Cessna Skymaster	Engineering photography
North Dakota Aeronautics Commission	2008 Cessna 206	Airport inspections and construction

Agency	Aircraft	Purpose
Game and Fish Department	2006 American Champion Scout	Wildlife surveys
Game and Fish Department	2006 Cessna 182	Enforcement
Highway Patrol	2007 Cessna 206	Enforcement
Attorney General	1965 Beechcraft Baron	Enforcement

The University of North Dakota owns 72 aircraft and the UND Aerospace Foundation owns an additional 56 aircraft which are used primarily for flight training purposes and occasionally for passenger transportation. North Dakota State University (NDSU) does not own any aircraft but leases a King Air B200 airplane from the NDSU Development Foundation for passenger transportation purposes.

Department of Transportation Airplanes

The committee received information regarding the three airplanes operated by the Department of Transportation. The committee learned the department has four permanent employees to provide air service which includes three pilots and a maintenance manager. The department also has a temporary employee to provide aircraft scheduling services and several temporary part-time pilots available as needed. The following schedule provides information regarding aircraft owned by the department:

Aircraft	Purchase Price	Passenger Capacity	Flight Hours		
			2008	2009	2010
1975 Cessna Skymaster	\$99,283	One pilot, one passenger (also contains photography equipment)	142	191	403
1977 Piper Cheyenne	\$438,433	Two pilots, five passengers	190	110	133
1998 Beechcraft-Raytheon King Air	\$3,901,377	Two pilots, seven passengers	288	216	242

The committee learned the department provides air transportation service to several state agencies, including the Governor's office. The department charges other agencies a fee for providing air transportation services. The fees are used to recover costs relating to the operation of the aircraft. The committee received the following schedule detailing the current rates charged to other agencies for air service:

Aircraft	Rate Per Hour
1975 Cessna Skymaster	\$413
1977 Piper Cheyenne	\$923
1998 Beechcraft-Raytheon King Air	\$995

The committee received information regarding the number of Department of Transportation flights during state fiscal year 2011, including the number of passengers on the flights and passenger fees collected. The following schedule summarizes passenger flights utilizing the department's passenger airplanes:

Flight Information - State Fiscal Year 2011 (July 1, 2010 - June 30, 2011)		
	1998 King Air B200	1977 P Cheye
Number of trips	191	~
Flight hours	276.4	86.7
Total passengers	753	155
Total fees collected	\$374,191	\$111,523
Average fees collected per passenger	\$496.93	\$719.51

Highway Patrol Airplane

The committee learned the Highway Patrol owns a 2007 Cessna 206 which is primarily used for search and rescue operations, assisting in criminal apprehension, traffic-related duties, and AMBER Alert functions. The plane was purchased for \$429,000 with approximately \$35,000 of the funding provided from state sources and \$394,000 provided from federal asset forfeiture funds. The airplane is equipped with forward looking infrared (FLIR) equipment to assist in search missions.

The following schedule details the flight hours of the airplane for state fiscal years 2009 through 2011:

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Flight hours	236	143	156

The committee learned the Highway Patrol pilots are also ground troopers. The troopers that serve as pilots do not receive any additional pay related to their pilot duties.

Game and Fish Department Airplanes

The committee received information regarding airplanes owned by the Game and Fish Department. The department owns a 2006 American Champion Scout which is used for research purposes, such as big game surveys. The department purchased the airplane for \$181,186. The department also owns a 2006 Cessna 182 which was purchased for \$375,000 and is used for law enforcement purposes and search and rescue missions.

The following schedule provides information regarding the flight hours of each department airplane for state fiscal years 2009 through 2011:

Game and Fish Department Airplane Flight Hours			
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
2006 American Champion Scout	437.5	418.6	533.5
2006 Cessna 182	192.3	219.6	216.3

The committee learned the department has a pilot who also performs airplane maintenance duties on Game and Fish Department airplanes.

North Dakota Aeronautics Commission Airplane

The committee received information regarding airplane owned by the North Dakota Aeronautics Commission. The commission purchased a 2008 Cessna 206 airplane for \$560,000 in September 2011. The airplane is used primarily for

airport safety inspections and passenger transportation and is estimated to be used 200 flight hours per year.

The committee learned the current airplane owned by the commission was purchased to replace a 1980 Cessna Skymaster. The 1980 Cessna Skymaster was purchased in 1987 for \$83,500 and was sold in 2011 for \$109,600.

Attorney General's Office Airplane

The committee received information regarding the airplane owned by the Attorney General's office. The office owns a 1965 Beechcraft Baron airplane which has two engines and can transport four passengers. The airplane is used for transporting evidence, transporting law enforcement agents and emergency personnel, surveillance, and for other various purposes. The plane has been used for a total of 125 hours during the past three years.

The committee learned the Attorney General's office obtained the 1965 Beechcraft Baron airplane at no cost through a federal Department of Defense program. Permission is needed from the federal government to sell the airplane, but the state could retain the proceeds from the sale.

North Dakota State University Airplane

The committee learned NDSU does not own any airplanes but leases a King Air B200 airplane from the NDSU Development Foundation. The NDSU Development Foundation purchased the airplane for \$2,348,000 in June 2007. North Dakota State University began leasing the airplane in July 2007, and the university makes quarterly lease payments of \$80,730. The lease continues until July 2017, and the university can purchase the aircraft for \$1 at the end of the lease.

The university uses non-general fund revenues to pay for airplane operating costs which may consist of interest income, indirect cost recoveries, transfers from department local funds, and revenues received under the North Dakota/Minnesota tuition reciprocity

agreement. The current insurance policy on the airplane provides for a liability coverage limit of \$100 million and a physical damage limit of \$2 million. The current annual premium amount for the insurance policy is \$18,395.

The airplane is used primarily to transport university personnel to other University System facilities located across the state. From March 1, 2011, to March 2, 2012, 55 percent of the passengers on the university's airplane were campus personnel. The remaining passengers were nonuniversity personnel, including members of the State Board of Higher Education and personnel from other institutions.

The committee learned the university has entered an agreement with the Fargo Jet Center to sublease the university's airplane at a fee of \$660 per hour. The agreement provides that the Fargo Jet Center pay fuel and other variable costs when using the airplane. From November 2011 through June 2012, the Fargo Jet Center used the airplane 86.9 hours and provided total payments of \$57,354 to the university.

The committee learned the university has its airplane for sale. As of August 1, 2012, the payoff amount for the remaining loan on the airplane was \$1,312,624. The committee discussed options to authorize the Department of Transportation to purchase the university's airplane for use in a state airplane pool. The plane could be used as an additional passenger transportation airplane or to replace an older passenger airplane owned by the department.

Airplane Expenses

The committee learned airplane expenses vary significantly between similar airplanes due to the intended use of the airplane and airplane flight hours. Airplane expenses also vary significantly between years due to timing of certain expenses, such as major repairs or special aircraft uses. The committee reviewed the following information regarding state fiscal year 2011 expenses of state-owned aircraft:

	Summary of Fiscal Year 2011 Airplane Expenses								
	North Dakota Aeronautics Commission	Attorney General	Game and Fish Department		Highway Patrol	NDSU	Department of Transportation		
2008 Cessna 206 (Estimated) ¹	1965 Beechcraft Baron	2006 American Champion Scout	2006 Cessna 182	2007 Cessna 206	1991 King Air B200	1975 Cessna Skymaster	1977 Piper Cheyenne	1998 King Air B200	
Total flight hours	200.00	21.60	533.50	216.30	156.00	69.00	414.10	94.50	283.00
Variable costs	\$19,100.00	\$4,883.00	\$51,699.00	\$31,143.00	\$20,223.00	\$87,099.33	\$114,259.00	\$48,385	\$155,071.00
Variable cost per flight hour	\$95.50	\$226.06	\$96.91	\$143.98	\$129.63	\$1,262.31	\$275.92	\$512.01	\$547.95
Fixed costs	\$15,421.00	\$8,928.00	\$79,213.00	\$35,803.00	\$34,679.00	\$140,271.28	\$196,605.00	\$166,043.00	\$280,251.00
Fixed costs per flight hour	\$77.11	\$413.33	\$148.48	\$165.52	\$222.30	\$2,032.92	\$474.78	\$1,757.07	\$990.29
Funding allocated to reserve accounts	\$7,533.00	\$0.00	\$0.00	\$0.00	\$5,928.00	\$0.00	\$19,458.00	\$10,962.00	\$50,343.00
Reserve account allocation per hour	\$37.67	\$0.00	\$0.00	\$0.00	\$38.00	\$0.00	\$46.99	\$116.00	\$177.89
Total costs, excluding depreciation	\$42,054.00	\$13,811.00	\$130,912.00	\$66,946.00	\$60,830.00	\$227,370.61	\$330,322.00	\$225,390	\$485,665.00

Summary of Fiscal Year 2011 Airplane Expenses									
	North Dakota Aeronautics Commission	Attorney General	Game and Fish Department		Highway Patrol	NDSU	Department of Transportation		
	2008 Cessna 206 (Estimated) ¹	1965 Beechcraft Baron	2006 American Champion Scout	2006 Cessna 182	2007 Cessna 206	1991 King Air B200	1975 Cessna Skymaster	1977 Piper Cheyenne	1998 King Air B200
Total costs per hour, excluding depreciation	\$210.27	\$639.40	\$245.38	\$309.51	\$389.94	\$3,295.23	\$797.69	\$2,385.08	\$1,716.13
Depreciation cost	\$0.00 ²	\$4,666.00	\$18,119.00	\$4,687.00 ³	\$19,305.00	\$164,360.00	\$0.00 ⁴	\$43,225.00	\$69,833.00
Depreciation cost per hour	\$0.00	\$216.02	\$33.96	\$21.67	\$123.75	\$2,382.03	\$0.00	\$457.41	\$246.76
Total costs, including depreciation	\$42,054.00	\$18,477.00	\$149,031.00	\$71,633.00	\$80,135.00	\$391,730.61	\$330,322.00	\$268,615	\$555,498.00
Total per hour costs, including depreciation	\$210.27	\$855.42	\$279.35	\$331.17	\$513.69	\$5,677.26	\$797.69	\$2,842.49	\$1,962.89

¹The North Dakota Aeronautics Commission purchased the Cessna 206 airplane in September 2011. The amounts listed are based on estimated flight hours and expenses for fiscal year 2012.

²The agency did not calculate depreciation on the airplane because the agency estimates the residual value of the aircraft to be greater than the purchase price.

³The airplane was purchased in October 2010. The amount shown does not reflect a full year of depreciation.

⁴The airplane has been fully depreciated.

Airplane Hangar Facilities

The committee learned some state-owned airplanes are housed in private hangars while other state-owned airplanes share hangar space. The committee received the following information regarding airplane hangars utilized by state agencies:

	North Dakota Aeronautics Commission	Attorney General	Game and Fish Department	Highway Patrol	NDSU	Department of Transportation	Department of Transportation
Location of hangar	Bismarck Airport	Bismarck Airport	Bismarck Airport	Bismarck Airport	Fargo Airport	Bismarck Airport	Bismarck Airport
Hangar owner	Bismarck Aero Center	Bismarck Aero Center	Fargo Jet Center	Fargo Jet Center	Fargo Jet Center	City of Bismarck	Bismarck Aero Center
Private or shared hangar	Shared	Shared	Shared ²	Shared ²	Shared	Private	Shared
Airplane(s) stored in hangar	2008 Cessna 206	1965 Beechcraft Baron	2006 American Champion Scout, 2006 Cessna 182	2007 Cessna 206	1991 Beechcraft King Air B200	1998 Beechcraft King Air B200, 1977 Piper Cheyenne	1975 Cessna Skymaster
Fiscal year 2011 lease costs	\$4,730 ¹	\$3,260	\$7,275	\$5,820	\$11,940	\$25,003	\$5,000
Fiscal year 2011 utilities cost			6,544	2,119			
Total fiscal year 2011 costs	\$4,730	\$3,260	\$13,819	\$7,939	\$11,940	\$25,003	\$5,000

¹The North Dakota Aeronautics Commission obtained the Cessna 206 airplane in September 2011. The amount shown is an estimate based on the hangar lease rate for the previous airplane owned by the commission.

²The Game and Fish Department and Highway Patrol jointly lease an aircraft hangar which is used to store airplanes owned by each agency. The hangar is also used by the Game and Fish Department pilot/mechanic to perform maintenance on the department's aircraft.

Recommendations

The committee recommends House Bill No. 1033 to create a central aircraft management system for state-owned or state-leased aircraft operated by executive branch state agencies, excluding the office of the Adjutant General and entities under the control of the State Board of Higher Education. The bill requires the Director of the Department of Transportation to operate the central aircraft management system and creates a special fund in the state treasury for proceeds related to the operation of the system. The bill also requires the

agencies subject to the central management system to transfer ownership of all state-owned aircraft to the Department of Transportation on July 1, 2013.

STUDY OF OPTIONS TO RELOCATE THE HIGHWAY PATROL TRAINING ACADEMY

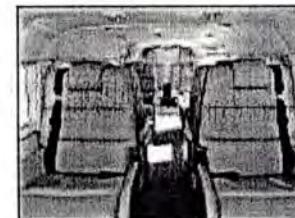
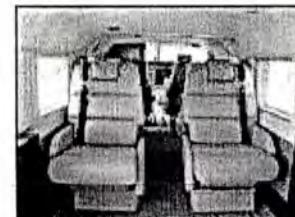
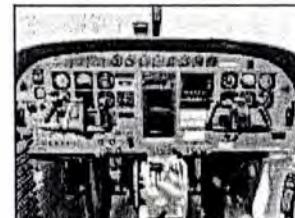
The Government Services Committee was assigned a study of options for relocating the Highway Patrol training academy pursuant to Section 5 of 2011 House Bill No. 1011. The study was to include a review of options for relocating the training academy, options for

Attachment #2

FEATURED AIRCRAFT BROADCAST

FindAircraft.com

2002 Grand Caravan

**Serial Number:** 208B-0982**Registration Number:** N800JG**Price:** \$1,595,000**Airframe Total Time:** 1,922 Hours**Engine:** 1,922 TSN | 227 SHS**Prop:** 227**Avionics:**

Garmin / King Silver Crown

Comms Dual Garmin GNS-530W

Navs Dual Garmin GNS-530W

ADF King KR-87

DME King KN-63

Transponder King KT-70

Radar King RDR-2000 on KMD-850

Flight Director King KFC-225

HSI King KI-825 EHSI

Autopilot King KFC-225 w/ Yaw Damper

Long Range Nav King KLN-94

2007 Beechcraft King Air C90GT (For Sale)

Summary Info

Year: 2007
Manufacturer: Beechcraft
Model: King Air C90GT
Price: \$1,980,000.00
Location: Germany
Condition: Used
Serial Number: 1800
Registration Number: N37200
Airframe Total Time: 735
Engine Times: N/A
Prop Times: N/A
Flight Rules: IFR

[Photos](#) [Videos](#) [Documents \(Logbooks, etc.\)](#)



Item Description

2007 King Air C90GT; TT:735 h; No damage History, all times hangared; Maintenance at Beech Service Center.

Avionics

Collins APS-65H Automatic Flight Control System with 2-lube EFIS-84, Garmin GPS-400 w/GAD-42 Adapter & Shadin ADC-2000, Collins ADF-80A, CVR, Collins VHF-22, Collins DME-42, Collins APC-65H, Collins TDR-94, Honeywell KMH-820, Collins ADS-65, Collins EFD-84, Honeywell KMD-850 Multifunctiondisplay, Collins ALT-1000, Artx ELT C406-2, Crew quick Donning Masks, Maintenance at Beech Service Center, last Phase 1 - 4 (24 months inspection) 01/2012; 6 year Inspection (gear, props) 01/2013

Miscellaneous Information

Special Attributes

None

Fractional Ownership Amount: N/A

Paint Year: N/A

Interior Year: N/A

Number of Seats: 8

Hot Section Times - Engine 1: N/A

Engine 2: N/A

Engine 3: N/A

Engine 4: N/A

Interior

6 Passenger Seating in Beige Leather: 4 rotatable Club Seats, brown Carpet forward Cabin Partition w/Door, Cabinet with Ice Chest and Liquid Dispenser, aft Cabin Partition w/Sliding Panels, fw facing belted toilet

Exterior

White and Brown coloured with Blue and Golden Brown Stripes and Blue Top Tail

Equipment

forward Cabin Partition w/Door, Cabinet with Ice Chest and Liquid Dispenser, aft Cabin Partition w/Sliding Panels, fw facing toilet - electric

Remarks

No damage History, Only one Owner since new, all times hangared, Maintenance at Beech Service Center

Contact Information

Seller: Bas Business Aviation Services GmbH
Phone 1: 004974039140466
Phone 2: N/A
Fax: 0049-7403-9140467
Email: [Contact This Seller](#)

Contact: Detlef W. Keinath
Address: Roemerstrasse 27
D-78655 Dunningen

**Senate Government and Veterans Affairs Committee
10:15 a.m., March 14, 2013
Missouri River Room**

**North Dakota Department of Transportation
Dave Leftwich, Deputy Director for Business Support**

HB1033

Mr. Chairman and members of the committee, my name is Dave Leftwich and I am the Deputy Director for Business Support for the North Dakota Department of Transportation (DOT).

The DOT would like to provide the following information for the Committee's consideration. This bill appears to be attempting to start an aircraft fleet by requiring the DOT to charge all parties its costs. The number of aircraft is too small to operate as a fleet, especially since State agencies can decide to use or not use the aircrafts. If a major repair is needed, the fleet would need supplemental income. The bill does not provide seed money or additional funding for aircraft maintenance to start a fleet concept other than what is in the DOT budget.

In Section 2 it states; "Each agency using air transportation services from the department shall pay a user charge determined by the department of transportation which must be based upon the actual cost of operating the aircraft." If other agencies are flying with the DOT for meetings at the request of the DOT or in support of the DOT, the DOT does not charge those agencies. The DOT would like to propose the attached amendment to allow the DOT flexibility in who gets charged for the flight time.

If you have any question, I'll be happy to respond to them.

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1033

Page 1, line 16, after the period insert "Unless waived by the department,"

Page 1, line 16, replace "Each" with "each"

Renumber accordingly.

13.0083.05000

Sixty-third
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1033

Introduced by

Legislative Management

(Government Services Committee)

- 1 A BILL for an Act to provide for the creation of a central aircraft management system for state-owned or state-leased aircraft and to create a central aircraft management fund; and to provide for the transfer of aircraft to the central aircraft management system.

4 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**5 SECTION 1.****6 Definitions.**

7 As used in this chapter unless the context otherwise requires:

- 8 1. "Aircraft" means an airplane or a helicopter.
- 9 2. "Department" means the department of transportation.
- 10 3. "Director" means the director of the department of transportation or the director's designee.
- 12 4. "State agency" means an agency, board, bureau, commission, department, institution, office, or any other entity of the executive branch of state government, excluding:
 - 14 a. The office of the adjutant general; and
 - 15 b. Entities under the control of the state board of higher education.

16 Central aircraft management system for state-owned aircraft.

- 17 1. The director shall establish within the department a central aircraft management system to regulate the operation, maintenance, and management of all aircraft owned or leased by the state for use by state agencies subject to this chapter. The director shall provide a uniform method of recording and reporting the utilization, aircraft hours, and other costs of operating the aircraft. The director, within legislative authorizations, may employ personnel necessary to carry out the duties prescribed by this Act. The director shall advise the director of the office of management and budget regarding the need to acquire or dispose of system aircraft.

Sixty-third
Legislative Assembly

1 2. Every state agency must use the central aircraft management system for air-related
2 transportation or other aircraft operations. However, a state agency may authorize an
3 officer or employee to use a private passenger airplane pursuant to section 54-06-09.
4 or a commercial air service. Upon agreement between a state agency and the director,
5 the director may purchase or lease specialized aircraft for use by the agency that
6 meets specifications set by the agency. The director shall enter agreements with the
7 highway patrol, aeronautics commission, and game and fish department regarding the
8 exclusive use of specialized aircraft operated by these agencies.

9 **User charges - Incidental revenues.**

10 Each agency using the central aircraft management system shall pay a user charge to the
11 director. The director shall determine the user charge which must be based upon the actual cost
12 of operating the aircraft, including applicable pilot costs and other operational costs,
13 depreciation costs, and estimated aircraft replacement costs. The user charges and any
14 proceeds from insurance claims, aircraft sales, commercial refunds or rebates, or similarly
15 derived proceeds must be remitted to the state treasurer for deposit in the central aircraft
16 management fund.

17 **Central aircraft management fund.**

18 The central aircraft management fund is a special fund in the state treasury. Moneys in the
19 fund are available, subject to legislative appropriations, to the department of transportation for
20 expenses related to the operation of the central aircraft management system.

21 **SECTION 2. TRANSFER OF STATE-OWNED OR STATE-LEASED AIRCRAFT.** The title or
22 other documents representing ownership of aircraft owned or leased by a state agency subject
23 to section 1 of this Act must be transferred to the director of the department of transportation on
24 July 1, 2013.

FISCAL NOTE
Requested by Legislative Council
12/19/2012

Bill/Resolution No.: HB 1033

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$2,000,000		\$2,000,000
Expenditures				\$1,750,000		\$1,750,000
Appropriations				\$1,750,000		\$1,750,000

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill would create a central aircraft management system under the ND Department of Transportation.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Under this bill, the central aircraft management system would be operated on an actual cost basis whereby users would be billed at a rate based on the actual operating and pilot costs, as well as depreciation and estimated aircraft replacement costs. Accordingly, NDDOT would need additional appropriation sufficient to cover the related costs. The excess of revenue over expenditures represents depreciation and reserves for high cost repairs/replacements. This excess would be spent in later years as the aircraft pool incurs costs to replace aircraft and make major, high cost repairs to the aircraft. Note: The revenue and expenditure figures represent only the central aircraft pool. They do not represent the impact on agencies using the pool. The agencies using the pool should see an increase in expenditures for the fees they pay to the aircraft pool and a decrease in expenditures for aircraft operating costs that will now be covered by the pool. This fiscal note is based on the assumption that the aircraft currently used by the affected agencies would continue to be operated by the aircraft pool. The assumptions do not include near term replacement of any aircraft. If it becomes necessary to replace aircraft in the near term, the costs would be significantly greater than presented in this fiscal note.

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.*

It is very difficult to accurately estimate the initial biennium revenues associated with a central aircraft management system until we have accumulated actual operating data for a biennium. Nonetheless, we estimate the additional first biennium revenues to operate the pool of aircraft to be approximately \$2 million greater than the NDDOT currently recognizes on its current aircraft. This revenue would be intended to cover the actual operating costs of the additional aircraft as well as depreciation and reserves for high cost repair/replacement. The DOT would not initially have a revenue source to cover major repairs/replacements. Funds for this purpose would be accumulated over time through the charging of reserves for major repairs/replacements and depreciation charges. Therefore, for the

first biennium, NDDOT would need an additional revenue source to cover the estimated major repairs/replacements of \$500,000 that might occur in the 1st biennium. Such revenue source is not covered in the revenue identified in Part 1A above.

- 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.*

It is very difficult to accurately estimate the initial biennium expenditures associated with a central aircraft management system until we have accumulated actual operating data for a biennium. Nonetheless, we estimate the additional, "out of pocket" expenditures to operate the additional aircraft not currently operated by NDDOT to be approximately \$1.75 million as shown on the attached schedule.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The NDDOT will require an addition to its existing appropriation in the amount of \$1.75 million to cover the additional costs of operating the aircraft pool

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 01/09/2013

HB1033

Estimated Additional 1st Biennium Costs to Operate Aircraft Pool

January 9, 2013

Salaries – Temporary salaries and additional overtime	\$ 300,000
Additional travel costs	43,000
Additional training costs	50,000
Software, charts, manuals	7,000
Fuel	200,000
Insurance	60,000
Repairs	500,000
Licenses and miscellaneous fees	20,000
Hangar Rental	70,000
1st biennium initial startup major repairs/replacements	<u>500,000</u>
Total	<u><u>\$ 1,750,000</u></u>

Attachment #1

March 28, 2013

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO 1033.

Page 1, line 16, after the period insert "Unless waived by the department,"

Page 1, line 16, replace "Each" with "each"

Page 2, remove lines 8 through 12

Renumber accordingly

GOVERNMENT SERVICES COMMITTEE

The Government Services Committee was assigned the following responsibilities:

- A study of the use of state-owned airplanes pursuant to Section 13 of 2011 House Bill No. 1012. The study was to include a review of airplanes owned by state agencies, the justification for owning each airplane, the frequency of use of each airplane, and the feasibility and desirability of requiring state-owned airplanes to be managed by Fleet Services. The study was amended by the Legislative Management to exclude state-owned airplanes operated by the University of North Dakota (UND) School of Aviation.
- A study of options for relocating the Highway Patrol training academy pursuant to Section 5 of 2011 House Bill No. 1011. The study was to include a review of options for relocating the training academy, options for relocating the emergency operations vehicle training course, and options for constructing a Highway Patrol shooting range.
- Approve any agreements between a North Dakota state entity and the state of South Dakota to form a bistate authority pursuant to North Dakota Century Code Section 54-40-01.

The Chairman of the Legislative Management also assigned the committee the following budget-related duties:

1. Monitor the status of state revenues and expenditures for the 2011-13 biennium.
2. Receive input from major state agencies regarding the status of their budgets and changes in federal funds.
3. Receive information from state agencies regarding estimated cost-to-continue items for the 2013-15 biennium.
4. Receive the July 2012 revised 2011-13 biennium and the preliminary 2013-15 biennium general fund revenue forecasts.
5. Review projected revenues, expenditures, and fund balances of major state funds.
6. Identify and prioritize potential one-time funding items for the 2013-15 biennium.
7. Discuss possible legislative initiatives affecting the budget, including initiatives to return excess revenues to taxpayers.
8. Identify key budget issues for the 2013 legislative session.
9. Determine, in consultation with the Office of Management and Budget (OMB), a sustainable level of spending for the 2013-15 biennium.
10. As appropriate, make recommendations to the Legislative Management.

Committee members were Representatives Jeff Delzer (Chairman), Duane DeKrey, Glen Froseth, Ed Gruchalla, Matthew M. Klein, Curtiss Kreun, Bob Martinson, Lisa Meier, Phillip Mueller, Todd Porter, David S. Rust, Vicky Steiner, Blair Thoreson, Don Vigesaa, and Alon Wieland and Senators Ron Carlisle,

Lonnie J. Laffen, Gary A. Lee, David O'Connell, Jim Roers, and Donald Schaible.

The committee submitted this report to the Legislative Management at the biennial meeting of the Legislative Management in November 2012. The Legislative Management accepted the report for submission to the 63rd Legislative Assembly.

STUDY OF THE USE OF STATE-OWNED AIRPLANES

The Government Services Committee was assigned a study of the use of state-owned airplanes pursuant to Section 13 of 2011 House Bill No. 1012. The study was to include a review of airplanes owned by state agencies, the justification for owning each airplane, the frequency of use of each airplane, and the feasibility and desirability of requiring state-owned airplanes to be managed by Fleet Services. The study was amended by the Legislative Management to exclude state-owned airplanes operated by the UND School of Aviation.

Fleet Services

Section 24-02-03.3 requires the Department of Transportation to operate a central vehicle management system (Fleet Services) to regulate the operation, maintenance, and management of all motor vehicles owned or leased by the state. Each state agency that utilizes a vehicle from Fleet Services pays a fee to Fleet Services for the cost of the vehicle, including operating costs. The fee is based on the estimated costs of acquiring and maintaining the vehicle. Fleet Services currently manages approximately 3,200 vehicles.

Previous Studies

The 1981-82 Legislative Audit and Fiscal Review Committee studied the utilization of aircraft by state agencies and the feasibility of establishing a state aircraft pool. The committee adopted a resolution that recommended the establishment of a state aircraft pool. However, the resolution was not approved by the Legislative Assembly in 1983.

State-Owned Airplanes

Excluding the North Dakota University System, five state agencies own a total of eight airplanes. The table below details the ownership of airplanes by state agencies, including the purpose of ownership:

Agency	Aircraft	Purpose
Department of Transportation	1998 Beechcraft-Raytheon King Air	Passenger transportation
Department of Transportation	1977 Piper Cheyenne	Passenger transportation
Department of Transportation	1975 Cessna Skymaster	Engineering photography
North Dakota Aeronautics Commission	2008 Cessna 206	Airport inspections and construction

Agency	Aircraft	Purpose
Game and Fish Department	2006 American Champion Scout	Wildlife surveys
Game and Fish Department	2006 Cessna 182	Enforcement
Highway Patrol	2007 Cessna 206	Enforcement
Attorney General	1965 Beechcraft Baron	Enforcement

The University of North Dakota owns 72 aircraft and the UND Aerospace Foundation owns an additional 56 aircraft which are used primarily for flight training purposes and occasionally for passenger transportation. North Dakota State University (NDSU) does not own any aircraft but leases a King Air B200 airplane from the NDSU Development Foundation for passenger transportation purposes.

Department of Transportation Airplanes

The committee received information regarding the three airplanes operated by the Department of Transportation. The committee learned the department has four permanent employees to provide air service which includes three pilots and a maintenance manager. The department also has a temporary employee to provide aircraft scheduling services and several temporary part-time pilots available as needed. The following schedule provides information regarding aircraft owned by the department:

Aircraft	Purchase Price	Passenger Capacity	Flight Hours		
			2008	2009	2010
1975 Cessna Skymaster	\$99,283	One pilot, one passenger (also contains photography equipment)	142	191	403
1977 Piper Cheyenne	\$438,433	Two pilots, five passengers	190	110	133
1998 Beechcraft-Raytheon King Air	\$3,901,377	Two pilots, seven passengers	288	216	242

The committee learned the department provides air transportation service to several state agencies, including the Governor's office. The department charges other agencies a fee for providing air transportation services. The fees are used to recover costs relating to the operation of the aircraft. The committee received the following schedule detailing the current rates charged to other agencies for air service:

Aircraft	Rate Per Hour
1975 Cessna Skymaster	\$413
1977 Piper Cheyenne	\$923
1998 Beechcraft-Raytheon King Air	\$995

The committee received information regarding the number of Department of Transportation flights during state fiscal year 2011, including the number of passengers on the flights and passenger fees collected. The following schedule summarizes passenger flights utilizing the department's passenger airplanes:

Flight Information - State Fiscal Year 2011 (July 1, 2010 - June 30, 2011)		
	1998 King Air B200	1977 P' Cheye
Number of trips	191	
Flight hours	276.4	86.7
Total passengers	753	155
Total fees collected	\$374,191	\$111,523
Average fees collected per passenger	\$496.93	\$719.51

Highway Patrol Airplane

The committee learned the Highway Patrol owns a 2007 Cessna 206 which is primarily used for search and rescue operations, assisting in criminal apprehension, traffic-related duties, and AMBER Alert functions. The plane was purchased for \$429,000 with approximately \$35,000 of the funding provided from state sources and \$394,000 provided from federal asset forfeiture funds. The airplane is equipped with forward looking infrared (FLIR) equipment to assist in search missions.

The following schedule details the flight hours of the airplane for state fiscal years 2009 through 2011:

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Flight hours	236	143	156

The committee learned the Highway Patrol pilots are also ground troopers. The troopers that serve as pilots do not receive any additional pay related to their pilot duties.

Game and Fish Department Airplanes

The committee received information regarding airplanes owned by the Game and Fish Department. The department owns a 2006 American Champion Scout which is used for research purposes, such as big game surveys. The department purchased the airplane for \$181,186. The department also owns a 2006 Cessna 182 which was purchased for \$375,000 and is used for law enforcement purposes and search and rescue missions.

The following schedule provides information regarding the flight hours of each department airplane for state fiscal years 2009 through 2011:

Game and Fish Department Airplane Flight Hours			
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
2006 American Champion Scout	437.5	418.6	533.5
2006 Cessna 182	192.3	219.6	216.3

The committee learned the department has a pilot who also performs airplane maintenance duties on Game and Fish Department airplanes.

North Dakota Aeronautics Commission Airplane

The committee received information regarding airplane owned by the North Dakota Aeronautics Commission. The commission purchased a 2008 Cessna 206 airplane for \$560,000 in September 2011. The airplane is used primarily for



airport safety inspections and passenger transportation and is estimated to be used 200 flight hours per year.

The committee learned the current airplane owned by the commission was purchased to replace a 1980 Cessna Skymaster. The 1980 Cessna Skymaster was purchased in 1987 for \$83,500 and was sold in 2011 for \$109,600.

Attorney General's Office Airplane

The committee received information regarding the airplane owned by the Attorney General's office. The office owns a 1965 Beechcraft Baron airplane which has two engines and can transport four passengers. The airplane is used for transporting evidence, transporting law enforcement agents and emergency personnel, surveillance, and for other various purposes. The plane has been used for a total of 125 hours during the past three years.

The committee learned the Attorney General's office obtained the 1965 Beechcraft Baron airplane at no cost through a federal Department of Defense program. Permission is needed from the federal government to sell the airplane, but the state could retain the proceeds from the sale.

North Dakota State University Airplane

The committee learned NDSU does not own any airplanes but leases a King Air B200 airplane from the NDSU Development Foundation. The NDSU Development Foundation purchased the airplane for \$2,348,000 in June 2007. North Dakota State University began leasing the airplane in July 2007, and the university makes quarterly lease payments of \$80,730. The lease continues until July 2017, and the university can purchase the aircraft for \$1 at the end of the lease.

The university uses non-general fund revenues to pay for airplane operating costs which may consist of interest income, indirect cost recoveries, transfers from department local funds, and revenues received under the North Dakota/Minnesota tuition reciprocity

agreement. The current insurance policy on the airplane provides for a liability coverage limit of \$100 million and a physical damage limit of \$2 million. The current annual premium amount for the insurance policy is \$18,395.

The airplane is used primarily to transport university personnel to other University System facilities located across the state. From March 1, 2011, to March 2, 2012, 55 percent of the passengers on the university's airplane were campus personnel. The remaining passengers were nonuniversity personnel, including members of the State Board of Higher Education and personnel from other institutions.

The committee learned the university has entered an agreement with the Fargo Jet Center to sublease the university's airplane at a fee of \$660 per hour. The agreement provides that the Fargo Jet Center pay fuel and other variable costs when using the airplane. From November 2011 through June 2012, the Fargo Jet Center used the airplane 86.9 hours and provided total payments of \$57,354 to the university.

The committee learned the university has its airplane for sale. As of August 1, 2012, the payoff amount for the remaining loan on the airplane was \$1,312,624. The committee discussed options to authorize the Department of Transportation to purchase the university's airplane for use in a state airplane pool. The plane could be used as an additional passenger transportation airplane or to replace an older passenger airplane owned by the department.

Airplane Expenses

The committee learned airplane expenses vary significantly between similar airplanes due to the intended use of the airplane and airplane flight hours. Airplane expenses also vary significantly between years due to timing of certain expenses, such as major repairs or special aircraft uses. The committee reviewed the following information regarding state fiscal year 2011 expenses of state-owned aircraft:

Summary of Fiscal Year 2011 Airplane Expenses

	North Dakota Aeronautics Commission	Attorney General	Game and Fish Department		Highway Patrol	NDSU	Department of Transportation		
	2008 Cessna 206 (Estimated) ¹	1965 Beechcraft Baron	2006 American Champion Scout	2006 Cessna 182	2007 Cessna 206	1991 King Air B200	1975 Cessna Skymaster	1977 Piper Cheyenne	1998 King Air B200
Total flight hours	200.00	21.60	533.50	216.30	156.00	69.00	414.10	94.50	283.00
Variable costs	\$19,100.00	\$4,883.00	\$51,699.00	\$31,143.00	\$20,223.00	\$87,099.33	\$114,259.00	\$48,385	\$155,071.00
Variable cost per flight hour	\$95.50	\$226.06	\$96.91	\$143.98	\$129.63	\$1,262.31	\$275.92	\$512.01	\$547.95
Fixed costs	\$15,421.00	\$8,928.00	\$79,213.00	\$35,803.00	\$34,679.00	\$140,271.28	\$196,605.00	\$166,043.00	\$280,251.00
Fixed costs per flight hour	\$77.11	\$413.33	\$148.48	\$165.52	\$222.30	\$2,032.92	\$474.78	\$1,757.07	\$990.29
Funding allocated to reserve accounts	\$7,533.00	\$0.00	\$0.00	\$0.00	\$5,928.00	\$0.00	\$19,458.00	\$10,962.00	\$50,343.00
Reserve account allocation per hour	\$37.67	\$0.00	\$0.00	\$0.00	\$38.00	\$0.00	\$46.99	\$116.00	\$177.89
Total costs, excluding depreciation	\$42,054.00	\$13,811.00	\$130,912.00	\$66,946.00	\$60,830.00	\$227,370.61	\$330,322.00	\$225,390	\$485,665.00

Summary of Fiscal Year 2011 Airplane Expenses									
	North Dakota Aeronautics Commission	Attorney General	Game and Fish Department		Highway Patrol	NDSU	Department of Transportation		
	2008 Cessna 206 (Estimated) ¹	1965 Beechcraft Baron	2006 American Champion Scout	2006 Cessna 182	2007 Cessna 206	1991 King Air B200	1975 Cessna Skymaster	1977 Piper Cheyenne	1998 King Air B200
Total costs per hour, excluding depreciation	\$210.27	\$639.40	\$245.38	\$309.51	\$389.94	\$3,295.23	\$797.69	\$2,385.08	\$1,716.13
Depreciation cost	\$0.00 ²	\$4,666.00	\$18,119.00	\$4,687.00 ³	\$19,305.00	\$164,360.00	\$0.00 ⁴	\$43,225.00	\$69,833.00
Depreciation cost per hour	\$0.00	\$216.02	\$33.96	\$21.67	\$123.75	\$2,382.03	\$0.00	\$457.41	\$246.76
Total costs, including depreciation	\$42,054.00	\$18,477.00	\$149,031.00	\$71,633.00	\$80,135.00	\$391,730.61	\$330,322.00	\$268,615	\$555,498.00
Total per hour costs, including depreciation	\$210.27	\$855.42	\$279.35	\$331.17	\$513.69	\$5,677.26	\$797.69	\$2,842.49	\$1,962.89

¹The North Dakota Aeronautics Commission purchased the Cessna 206 airplane in September 2011. The amounts listed are based on estimated flight hours and expenses for fiscal year 2012.

²The agency did not calculate depreciation on the airplane because the agency estimates the residual value of the aircraft to be greater than the purchase price.

³The airplane was purchased in October 2010. The amount shown does not reflect a full year of depreciation.

⁴The airplane has been fully depreciated.

Airplane Hangar Facilities

The committee learned some state-owned airplanes are housed in private hangars while other state-owned airplanes share hangar space. The committee received the following information regarding airplane hangars utilized by state agencies:

	North Dakota Aeronautics Commission	Attorney General	Game and Fish Department	Highway Patrol	NDSU	Department of Transportation	Departm. Transporta... ¹
Location of hangar	Bismarck Airport	Bismarck Airport	Bismarck Airport	Bismarck Airport	Fargo Airport	Bismarck Airport	Bismarck Airport
Hangar owner	Bismarck Aero Center	Bismarck Aero Center	Fargo Jet Center	Fargo Jet Center	Fargo Jet Center	City of Bismarck	Bismarck Aero Center
Private or shared hangar	Shared	Shared	Shared ²	Shared ²	Shared	Private	Shared
Airplane(s) stored in hangar	2008 Cessna 206	1965 Beechcraft Baron	2006 American Champion Scout, 2006 Cessna 182	2007 Cessna 206	1991 Beechcraft King Air B200	1998 Beechcraft King Air B200, 1977 Piper Cheyenne	1975 Cessna Skymaster
Fiscal year 2011 lease costs	\$4,730 ¹	\$3,260	\$7,275	\$5,820	\$11,940	\$25,003	\$5,000
Fiscal year 2011 utilities cost			6,544	2,119			
Total fiscal year 2011 costs	\$4,730	\$3,260	\$13,819	\$7,939	\$11,940	\$25,003	\$5,000

¹The North Dakota Aeronautics Commission obtained the Cessna 206 airplane in September 2011. The amount shown is an estimate based on the hangar lease rate for the previous airplane owned by the commission.

²The Game and Fish Department and Highway Patrol jointly lease an aircraft hangar which is used to store airplanes owned by each agency. The hangar is also used by the Game and Fish Department pilot/mechanic to perform maintenance on the department's aircraft.

Recommendations

The committee recommends House Bill No. 1033 to create a central aircraft management system for state-owned or state-leased aircraft operated by executive branch state agencies, excluding the office of the Adjutant General and entities under the control of the State Board of Higher Education. The bill requires the Director of the Department of Transportation to operate the central aircraft management system and creates a special fund in the state treasury for proceeds related to the operation of the system. The bill also requires the

agencies subject to the central management system to transfer ownership of all state-owned aircraft to the Department of Transportation on July 1, 2013.

STUDY OF OPTIONS TO RELOCATE THE HIGHWAY PATROL TRAINING ACADEMY

The Government Services Committee was assigned a study of options for relocating the Highway Patrol training academy pursuant to Section 5 of 2011 House Bill No. 1011. The study was to include a review of options for relocating the training academy, options for

April 4, 2013 Testimony Regarding HB 1033

Jim Miller
HB 1033 4-4-13

#2

Mr. Chair and members of the committee, my name is Jim Miller, President and CEO of the NDSU Development Foundation. I am here this morning to speak to House Bill 1033.

From a historical perspective, North Dakota State University's experience with a university plane dates back to the mid 1970's when the Joe Thompson family of Grafton gifted a Cessna aircraft to the NDSU Development Foundation to facilitate and expedite travel for university events by the university's administration and faculty.

I assumed my position in 1982 and was a beneficiary of travel in that plane, whether it was to attend an Ag Day at the Hettinger Experiment Station, an alumni event in Wishek or a major donor event in Minneapolis. In almost all of those instances and many other travel experiences, the plane was full to capacity. The cost saving of hotels, meals and time was significant.

Since the Thompson gift, the University has had access to two other planes including the current King Air 200, which was purchased in 2007.

Following legislative directives, this plane was listed for sale worldwide beginning May 16, 2012. The plane was taken off the market on October 4, 2012. During that time, we received one written offer to purchase which was rescinded two days after it was received. No reason for the termination of the sale agreement was given.

House Bill 1033, specifically Section 4 mandates that, "After June 30, 2014, NDSU may not use any funds appropriated by the legislative assembly, including funds from continuing appropriations authorized by the legislative assembly, for the purpose of leasing an airplane."

I'm not sure how the imposed date was arrived at, but as I'm sure you know, the resale market for used aircraft is very soft, and as a result, the imposed date becomes problematic.

This issue is not for a lack of trying to sell the plane. Nor is it one of not understanding the intent of discussions that have lead up to this decision. The message has been received. Rather, it is the stipulation of a pre-determined sale date in a very soft plane re-sale economy.

Let us assume that despite our best attempts to sell the plane we are unsuccessful and we still have it in our possession on July 1, 2014. Section 4 mandates that lease payments from the University would stop. The only recourse for the Foundation would be to assume those lease payments at the expense of academic and student programs that the Foundation provides funding for. This is the reality of the situation.

I would like to propose two options for your consideration: The first would be to amend Section 4 as it now reads to the following. "After June 30, 2016, or up to the date of sale, whichever occurs first, North Dakota State University may not use any funds appropriated by the legislative assembly, including funds from continuing appropriations authorized by the legislative assembly, for the purpose of leasing an airplane."

In turn, the Development Foundation would make every effort possible to sell the plane prior to that date. Clearly this option is in our mutual interest. It would satisfy your intent, and give the Development Foundation some breathing room given the current re-sale market.

The State could find itself in the same situation as we are in with respect to the mandated sale in Section 3 of House Bill 1033 regarding the 1977 Piper Cheyenne and the 1975 Cessna Skymaster.

The second consideration would be for the Department of Transportation, as outlined in Section 5 of House Bill 1033, to purchase, at a fair market price as determined by appraisal the NDSU King Air as a replacement airplane for the department's airplane fleet. This amendment would insure the state is buying a well maintained plane for its fleet at a fair and reasonable value and would assure that the university would still be able to charter the use of a plane through the Department of Transportation.

Thank you for your consideration of these options as feasible amendments to House Bill 1033 as now written.

4/18

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1033

That the Senate receive the amendments as adopted on page 1396 of the House Journal and pages 946 and 1262 of the Senate Journal, and that reengrossed House Bill No. 1033 be amended as follows:

Page 1, line 2, replace "sale" with "purchase"

Page 2, line 1, remove "SALE OR"

Page 2, line 2, remove "director of the"

Page 2, line 2, replace "transportation" with "transportation's"

Page 2, line 2, remove "shall sell or dispose of the"

Page 2, line 3, remove the first "department's"

Page 2, line 4, after "airplane" insert "shall be used in trade for the purchase of replacement airplanes as provided in Section 6 of this Act."

Page 2, line 4, remove "The proceeds from the sale or disposal of the airplanes must be remitted to the state"

Page 2, line 5, remove "treasurer for deposit in the general fund."

Renumber accordingly.

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1033
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JM

That the Senate received the amendments as adopted on page 1396 of the House Journal and pages 946 and 1262 of the Senate Journal, and that reengrossed House Bill No. 1033 be amended as follows:

Page 1, line 2, replace "sale" with "disposition"

Page 1, line 16, replace "Each" with "Unless waived by the department, each"

Page 1, line 17, insert a period after "transportation"

Page 1, line 17, remove "which must be based upon"

Page 1, line 18, remove "the actual cost of operating the aircraft."

Page 2, line 1, replace "SALE OR DISPOSAL" with "DISPOSITION"

Page 2, line 2, remove "sell or"

Page 2, line 2, after "dispose of" insert ", by sale or trade,"

Page 2, line 4, replace "The" with "If the airplanes are sold, the"

Page 2, line 4, remove "or disposal"

Renumber accordingly.

Sixty-third
Legislative Assembly
of North Dakota

REENGROSSED HOUSE BILL NO. 1033

Introduced by

Legislative Management

(Government Services Committee)

1 A BILL for an Act to require authorization of the purchase or lease of aircraft; to provide for the
2 use of department of transportation airplanes; to provide for the sale of airplanes; to provide
3 legislative intent; to provide for budget section approval; and to provide an appropriation.

4 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

5 SECTION 1.

6 Authorization to purchase or lease aircraft - Legislative assembly or budget section
7 approval.

8 A state agency or other entity of state government may not purchase or lease an aircraft
9 without specific authorization from the legislative assembly or the budget section of the
10 legislative management if the legislative assembly is not in session. This section does not apply
11 to aircraft purchased or leased by the office of the adjutant general or the university of North
12 Dakota school of aviation.

13 SECTION 2.

14 Use of department of transportation airplanes.

15 Upon request, the department of transportation shall provide air transportation services to
16 other state agencies. Each agency using air transportation services from the department shall
17 pay a user charge determined by the department of transportation which must be based upon
18 the actual cost of operating the aircraft. The department shall give priority to requests for air
19 transportation services from the attorney general's office when the request is for law
20 enforcement purposes. The director of the department of transportation shall allow employees
21 of other state agencies to operate the department's airplanes for official purposes if the
22 employee is properly licensed and has the proper rating and type endorsement to operate the
23 requested airplane.

Sixty-third
Legislative Assembly

1 **SECTION 3. SALE OR DISPOSAL OF DEPARTMENT OF TRANSPORTATION**

2 **AIRPLANES.** The director of the department of transportation shall sell or dispose of the
3 department's 1977 piper cheyenne airplane and the department's 1975 cessna skymaster
4 airplane. The proceeds from the sale or disposal of the airplanes must be remitted to the state
5 treasurer for deposit in the general fund. After June 30, 2014, the department may not use any
6 funds appropriated by the legislative assembly to maintain or operate the department's 1977
7 piper cheyenne airplane or the department's 1975 cessna skymaster airplane.

8 **SECTION 4. LEGISLATIVE INTENT - DISPOSAL OF ATTORNEY GENERAL'S OFFICE**

9 **AIRPLANE.** It is the intent of the sixty-third legislative assembly that the attorney general's
10 office shall dispose of the office's 1965 beechcraft baron airplane or transfer the title of the
11 airplane to an eligible entity in accordance with the agreement entered by the office to obtain
12 the airplane.

13 **SECTION 5. NORTH DAKOTA STATE UNIVERSITY AIRPLANE.** After June 30, 2014,
14 North Dakota state university may not use any funds appropriated by the legislative assembly,
15 including funds from continuing appropriations authorized by the legislative assembly, for the
16 purpose of leasing an airplane.

17 **SECTION 6. APPROPRIATION - DEPARTMENT OF TRANSPORTATION - AIRPLANE**

18 **REPLACEMENT - BUDGET SECTION APPROVAL - ADVISORY COMMITTEE.** There is
19 appropriated out of any moneys in the general fund in the state treasury, not otherwise
20 appropriated, the sum of \$4,500,000, or so much of the sum as may be necessary, to the
21 department of transportation for the purpose of purchasing replacement airplanes for the
22 department's airplane fleet, for the biennium beginning July 1, 2013, and ending June 30, 2015.
23 The department of transportation must receive budget section approval prior to expending any
24 funds appropriated under this section in excess of \$4,000,000. The funding provided in this
25 section is considered a one-time funding item.

26 During the biennium beginning July 1, 2013, and ending June 30, 2015, the department of
27 transportation shall establish an airplane replacement advisory committee to advise the
28 department of transportation regarding the purchase of replacement airplanes authorized under
29 this section. The members of the advisory committee include:

- 30 1. The director of the department of transportation or the director's designee who shall
31 serve as chairman;

Sixty-third
Legislative Assembly

- 1 2. The director of the aeronautics commission or the director's designee;
- 2 3. The director of the office of management and budget or the director's designee; and
- 3 4. Two members of the legislative assembly appointed by the chairman of the legislative management.
- 5 The committee shall meet at the call of the chairman. The members of the committee who are members of the legislative assembly are entitled to receive compensation and expense reimbursement as provided under section 54-03-20 and reimbursement for mileage as provided by law for state officers. The legislative council shall pay the compensation and expense reimbursement for the legislative members.
- 9

April 18, 2013

#2

4/19
AM**PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1033**

That the Senate recede from its amendments as printed on page 1396 of the House Journal and pages 1262 of the Senate Journal and that Reengrossed House Bill No. 1033 be amended as follows:

Page 1, line 3, after "approval" insert "; to provide for a report to the sixty-fourth legislative assembly"

Page 2, replace lines 13 through 16 with:

"SECTION 5. LEGISLATIVE INTENT - NORTH DAKOTA STATE UNIVERSITY AIRPLANE LEASE - REPORT TO SIXTY-FOURTH LEGISLATIVE ASSEMBLY. It is the intent of the sixty-third legislative assembly that prior to June 30, 2017, North Dakota state university discontinues the lease entered into by the university for a KingAir B200 airplane and that North Dakota state university provide a report to the appropriations committees of the sixty-fourth legislative assembly regarding the status of its KingAir B200 airplane lease and efforts to utilize other air transportation services."

Renumber accordingly

#1
4/19
PM

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1033

That the Senate recede from its amendments as printed on page 1396 of the House Journal and page 1262 of the Senate Journal and that Reengrossed House Bill No. 1033 be amended as follows:

Page 1, line 2, replace "sale" with "disposition"

Page 1, line 3, after "approval" insert "; to provide for a report to the sixty-fourth legislative assembly"

Page 1, line 16, replace "Each" with "Unless waived by the department, each"

Page 1, line 17, remove "which must be based upon"

Page 1, line 18, remove "the actual cost of operating the aircraft"

Page 2, line 1, replace "**SALE OR DISPOSAL**" with "**DISPOSITION**"

Page 2, line 2, remove "sell or"

Page 2, line 2, after the third "of" insert ", by sale or trade,"

Page 2, line 4, replace "The" with "If the airplanes are sold, the"

Page 2, line 4, remove "or disposal"

Page 2, replace lines 8 through 16 with:

"SECTION 4. LEGISLATIVE INTENT - NORTH DAKOTA STATE UNIVERSITY AIRPLANE LEASE - REPORT TO SIXTY-FOURTH LEGISLATIVE ASSEMBLY. It is the intent of the sixty-third legislative assembly that before June 30, 2017, North Dakota state university discontinue the lease entered by the university for a KingAir B200 airplane and that North Dakota state university provide a report to the appropriations committees of the sixty-fourth legislative assembly regarding the status of its KingAir B200 airplane lease and efforts to utilize other air transportation services."

Renumber accordingly