

FISCAL NOTE
Requested by Legislative Council
12/21/2018

Bill/Resolution No.: SB 2085

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$85,000	\$0	\$0
Expenditures	\$0	\$0	\$0	\$5,000	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 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).*

Provides Job Service the authority to sell real property in Rolla. The vacant property previously housed a Job Service office which was closed in 2016.

- 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 1 provides the potential for fiscal impact. The fiscal impact would be the receipt of proceeds from the sale of the real property outlined within the section. For purposes of identifying the biennium in which proceeds would be received, it is assumed that the sale would occur in the 2019-2021 biennium. However, if the emergency clause in Section 2 was to be approved and a sale occurred quickly, the proceeds could be received in the 2017-2019 biennium. Additionally, because the sale is dependent upon the real estate market of the area, an extended delay in sale could result in receipt of the proceeds in the 2021-2023 biennium. The revenue and expenditure amounts noted are based upon an estimate of appraisal costs and the insured value of the property.

Job Service is almost exclusively federally funded. The property referred to in this bill was funded entirely by the Unemployment Insurance and Wagner-Peyser programs. Federal regulation requires that any sale proceeds be returned to the federal programs that funded the property acquisition. The funds will remain within North Dakota with Job Service, but must be used in the Unemployment Insurance and Wagner-Peyser programs.

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.*

The revenue amount of \$85,000 is not based upon an official appraisal, instead it is based upon the insured value of the property. An official appraisal has not been completed because authority to sell the property has not been gained, there is a cost to completing the appraisal, and market fluctuations could result in the need for additional appraisals should a delay in identifying a purchaser occur. The property referred to in this bill was funded entirely via federal funds from the Unemployment Insurance and Wagner-Peyser programs. Federal regulation requires that any sale proceeds be returned to the federal programs funding the property acquisition. The funds will remain within North Dakota with Job Service, but must be used in the Unemployment Insurance and Wagner-Peyser programs.

- 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 expenditure amount of \$5,000 is the estimated official appraisal costs. Federal regulations require that an appraisal be completed and that any property purchased with federal funds be sold at fair market value. The appraisal costs will be paid with federal funds. No FTE positions will be affected.

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

No appropriation is being requested in conjunction with this bill or property sale. While it is assumed that the sale would occur within the 2019-2021 biennium, the sale could actually occur in the current biennium or in the 2021-2023 biennium. Due to the uncertainty of federal funding the Job Service appropriation bill contains language that allows Job Service to expend federal funds received that are not specifically outlined within the original appropriation. Because the real property was acquired with federal funds, any proceeds from the sale that Job Service were to receive would be considered federal funds.

Name: Darren Brostrom

Agency: Job Service North Dakota

Telephone: 701-328-2843

Date Prepared: 12/27/2018

2019 SENATE GOVERNMENT AND VETERANS AFFAIRS

SB 2085

2019 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Sheyenne River Room, State Capitol

SB2085
1/4/2019
#30405

- Subcommittee
 Conference Committee

Committee Clerk: Pam Dever

Explanation or reason for introduction of bill/resolution:

A bill relating to authorizing Job Service North Dakota to sell certain property.

Minutes:

Att#1-Darren Brostrom

Chairman Davison: Called hearing to order. Clerk read the bill.

Darren Brostrom, Job Service, North Dakota: I am here in support of SB2085. (see attached #1) (5.02)

Chairman Davison: (5.15) When you received approval for the sale of Grafton property, did you try at that time to get approval of the Rolla property?

Darren: We did bring a bill last session to sell the Rolla property. It was passed, but because of other pieces within the bill, it was vetoed by the governor. This time the bill is independent of anything else.

Vice Chair Meyer: (5.57) Do you know how the appraisers will be selected?

Darren: Yes, we have gone through this process before. We go out and ask for bids and go with low bids. In rural communities, it is harder.

Chairman Davison: In 2016 the Grafton building was sold; you got permission to sell in 2015 to do that?

Darren: We had authority prior to 2015 to sell it. We had authority to sell the Fargo office because of expectation of growth. We did not sell. Grafton was closed in 2016 as part of our overall reduction. We sold Grafton in 2018.

Chairman Davison: Do you feel that the community wants you to sell and get something in the building to help the Rolla area?

Darren: Yes. If the bill had not been vetoed in 2017, the city or county had already received funding to do that and were interested in buying the building. That funding is not available to them at this point. Not sure what their move would be. We had conversations with their economic folks, and they had a strong interest in getting something in that property. It is a prime piece on main street.

Sen. Richard Marcellais: Can the sale of that building be transferred to the local tribe? (8.43)

Darren: No, that is not an available option. We looked at selling for a dollar, we looked at what we could transfer but federal government said no. Congress would be where it would have to happen.

Chairman Davison: Any more in support of SB2085? Any opposition? The hearing is closed. What are the committee wishes?

Vice Chair Meyer: I move a DO PASS. **Sen. Kristin Roers:** I second. Roll call was called. **YES 6 NO 1 Vice Chair Meyer will carry the bill.**

Chairman Davison: We are adjourned.

1/4/19

Date:
Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES SB 2085
BILL/RESOLUTION NO.

Senate Government and Veterans Affairs Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Sen. Meyer Seconded By Sen. Roers

Senators	Yes	No	Senators	Yes	No
Chair Davison	/		Sen. Oban		/
Vice Chair Meyer	/		Sen. Marcellais	/	
Sen. Elkin	/				
Sen. K. Roers	/				
Sen. Vedaa	/				

Total (Yes) 6 No 1

Absent 0

Floor Assignment Sen. Meyer

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

REPORT OF STANDING COMMITTEE

SB 2085: Government and Veterans Affairs Committee (Sen. Davison, Chairman)
recommends **DO PASS** (6 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING).
SB 2085 was placed on the Eleventh order on the calendar.

2019 HOUSE GOVERNMENT AND VETERANS AFFAIRS

SB 2085

2019 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Fort Union Room, State Capitol

SB 2085
3/7/2019
33378

- Subcommittee
 Conference Committee

Committee Clerk: Carmen Hart

Explanation or reason for introduction of bill/resolution:

Authorizing the state of ND acting through job service ND to sell certain property; and to declare an emergency

Minutes:

Attachment 1

Chairman Kasper opened the hearing on SB 2085.

Darren Brostrom, Deputy Director of Job Service North Dakota, appeared in support. Attachment 1. (:09-1:43)

Rep. Schauer: How big is this building, and has it been appraised?

Mr. Brostrom: It is around 5,000 square feet. It has not been appraised, because it is mandatory to sell it, and there is an expenditure required to _

Chairman Kasper closed the hearing.

Rep. Louser made a motion for a **DO PASS** and rerefer to appropriations.

Rep. Laning seconded the motion.

A roll call vote was taken. 13-0, 1 absent.

Rep. Louser will carry the bill.

Chairman Kasper explained that there is \$85,000 of income, so the appropriations committee wants to see what is going on.

Date: 3-7-19
 Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2085**

House Government and Veterans Affairs Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Rep. Louser Seconded By Rep. Laning

Representatives	Yes	No	Representatives	Yes	No
Chairman Jim Kasper	X		Rep. Pamela Anderson	X	
Vice Chair Vicky Steiner	X		Rep. Mary Schneider	X	
Rep. Jeff Hoverson	X				
Rep. Craig Johnson	X				
Rep. Daniel Johnston	A				
Rep. Karen Karls	X				
Rep. Ben Koppelman	X				
Rep. Vernon Laning	X				
Rep. Scott Louser	X				
Rep. Karen Rohr	X				
Rep. Austen Schauer	X				
Rep. Steve Vetter	X				

Total (Yes) 13 No 0

Absent 1

Floor Assignment Rep. Louser

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

REPORT OF STANDING COMMITTEE

SB 2085: Government and Veterans Affairs Committee (Rep. Kasper, Chairman) recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2085 was rereferred to the **Appropriations Committee**.

2019 HOUSE APPROPRIATIONS

SB 2085

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2085
3/19/2019
33978

- Subcommittee
 Conference Committee

Committee Clerk: Risa Bergquist by Caitlin Fleck

Explanation or reason for introduction of bill/resolution:

A BILL for an Act authorizing the state of North Dakota acting through job service North Dakota to sell certain property; and to declare an emergency.

Minutes:

Chairman Delzer: Called the meeting to order for SB 2085, Representative Kasper is here to present the bill.

Representative Kasper: This is a building in Rolla, they need the authority to sell it. The office is closed. The money would come back to the state or the job service, whatever job service does with the money. They have a buyer, and they think it's a good economic thing for the city of Rolla. They want it to be purchased to be used for other things.

Meeting closed.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2085
3/19/2019
33987

- Subcommittee
 Conference Committee

Committee Clerk: Risa Bergquist by Caitlin Fleck

Explanation or reason for introduction of bill/resolution

A BILL for an Act authorizing the state of North Dakota acting through job service North Dakota to sell certain property; and to declare an emergency.

Minutes:

Chairman Delzer: Opened hearing. This is for the property in Rolla.

Representative Boe: Everybody probably remembers this from last time. When job service pulled out of Rolla they came in and closed the shop. They didn't have a hearing or anything on whether or not to stay open. We tried to make it so they would salvage it because they had an interested buyer and the governor vetoed it so now here it is in front of us. I am working very diligently to get the funds back out of this in order to go for the use in their budget because they say they are Paiser-Wagner Funds. And they said that they have to or else the federal government will come down on them. I'm in favor of this so I motion for a do pass.

Representative Monson: Second.

Representative Schatz: What was the reason for the governor vetoing the bill?

Chairman Delzer: I think that had more to do with the fact that we tied it together with this one in Bismarck and some different things we had there. I don't think it was a separate issue to veto.

Representative Boe: I believe that is right. They notified me that they in fact had vetoed it and they thought they could sell it without authorization after the veto, but they found out they couldn't so it had to sit another 2 years.

Chairman Delzer: It did have to do with the utilization up here with these buildings too.

Representative Monson: In the fiscal note it said the revenue was 85,000. Is this building going to transfer for that price, or is it just the highest number that they could come up with and think they could get?

Representative Boe: I'd be surprised if that was the number. In discussions with them, this number is a number that is on the insurance policy.

Chairman Delzer: Also, it depends on what remains and if it is used in unemployment insurance programs.

A Roll Call vote was taken. Yea: 19 Nay: 0 Absent: 2. Motion carries.

Floor assignment: **Representative Louser**

Meeting closed.

Date: 3/19/2019
 Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 2085**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Representative Boe Seconded By Representative Monson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X				
Representative Kempenich	X				
Representative Anderson	X		Representative Schobinger	X	
Representative Beadle	X		Representative Vigesaa	X	
Representative Bellew	X				
Representative Brandenburg	A				
Representative Howe	X		Representative Boe		X
Representative Kreidt	X		Representative Holman	X	
Representative Martinson	X		Representative Mock		X
Representative Meier	X				
Representative Monson	X				
Representative Nathe	X				
Representative J. Nelson	X				
Representative Sanford	X				
Representative Schatz	X				
Representative Schmidt	A				

Total (Yes) 19 No 0

Absent 2

Floor Assignment Representative Louser

Motion Carries

REPORT OF STANDING COMMITTEE

SB 2085: Appropriations Committee (Rep. Delzer, Chairman) recommends **DO PASS**
(19 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2085 was placed on the
Fourteenth order on the calendar.

2019 TESTIMONY

SB 2085

Senate Bill 2085
Testimony of Darren Brostrom
Job Service North Dakota
Before the
Senate Committee On
Government and Veterans Affairs
Senator Kyle Davison, Chair
January 4, 2019

SB 2085
1-4-19
) Att #
pg 1

Mr. Chairman, members of the committee, I am Darren Brostrom, Deputy Director of Job Service North Dakota. I am here today in support of Senate Bill 2085.

Due to federal funding shortfalls, in January of 2016, Job Service faced the need to reduce our staffing by 64.5 and to close seven of our offices. Of the offices closed, Job Service was leasing all but two, the facilities in Grafton and Rolla. These two offices were owned by Job Service. With the closure of the offices, the need to sell these properties arose. Having gained legislative authority to sell the Grafton office, we were able to sell that property in 2018. However, at this time we do not have legislative authority to sell the Rolla office. Senate Bill 2085 seeks authority to do that.

Selling property owned by Job Service is somewhat unique based upon the fact that the agency is funded almost exclusively by the federal government, with our properties funded entirely by the federal government. Because of the federal investment, we are required to follow both state and federal laws when disposing of these properties.

SB 2085
1-4-19

A #1
pg 2

There are a variety of requirements that federal law outlines as it relates to property disposal, with a key component being that properties must be appraised and subsequently sold at fair market value, eliminating our ability to transfer the property to another entity at no cost or at a significantly reduced amount. Although we have not expended the funds to complete an appraisal due to the lack of authority to sell the property, the insurance value of the property is approximately \$85,000.

Federal law also dictates how sale proceeds are to be disbursed, requiring that proceeds of any sale be returned to the program from which the funding originated. In the case of the Rolla property, the Unemployment Insurance and Wagner-Peyser programs provided the funding for the acquisition of the property and any sale proceeds would be returned to these programs for use in North Dakota.

It is important for both Job Service and the community of Rolla that authority to sell the property be gained. The property is in a good location. It is very visible and having it utilized in some manner would be beneficial to the community. Additionally, although we have attempted to identify an entity to lease the property, we have not been successful and as a result continue to pay approximately \$10,000 per year to heat and maintain the property while it is vacant. Reducing this expenditure would be beneficial to Job Service.

Mr. Chairman, this concludes my testimony. At this time I would be happy to answer questions from the committee.

#1
SB 2085
3-7-19

Senate Bill 2085
Testimony of Darren Brostrom
Job Service North Dakota
Before the
House Committee On
Government and Veterans Affairs
Representative Jim Kasper, Chair
March 7, 2019

Mr. Chairman, members of the committee, I am Darren Brostrom, Deputy Director of Job Service North Dakota. I am here today in support of Senate Bill 2085.

Due to federal funding shortfalls, in January of 2016, Job Service faced the need to reduce our staffing by 64.5 and to close seven of our offices. Of the offices closed, Job Service was leasing all but two, the facilities in Grafton and Rolla. These two offices were owned by Job Service. With the closure of the offices, the need to sell these properties arose. Having gained legislative authority to sell the Grafton office, we were able to sell that property in 2018. However, at this time we do not have legislative authority to sell the Rolla office. Senate Bill 2085 seeks authority to do that.

Selling property owned by Job Service is somewhat unique based upon the fact that the agency is funded almost exclusively by the federal government, with our properties funded entirely by the federal government. Because of the federal investment, we are required to follow both state and federal laws when disposing of these properties.

#1
SB 2085
3-7-19

There are a variety of requirements that federal law outlines as it relates to property disposal, with a key component being that properties must be appraised and subsequently sold at fair market value, eliminating our ability to transfer the property to another entity at no cost or at a significantly reduced amount. Although we have not expended the funds to complete an appraisal due to the lack of authority to sell the property, the insurance value of the property is approximately \$85,000.

Federal law also dictates how sale proceeds are to be disbursed, requiring that proceeds of any sale be returned to the program from which the funding originated. In the case of the Rolla property, the Unemployment Insurance and Wagner-Peyser programs provided the funding for the acquisition of the property and any sale proceeds would be returned to these programs for use in North Dakota.

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Mr. Chairman, this concludes my testimony. At this time I would be happy to answer questions from the committee.