

2023 HOUSE FINANCE AND TAXATION

HB 1359

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1359
1/24/2023

A bill relating to the county aid distribution fund.

Chairman Headland opened the hearing at 9:00AM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Steiner, Representative Toman and Representative Ista. **Members absent:** Representative Olson, Representative Finley-DeVille.

Discussion Topics:

- Sunset clause
- County funds
- State Aid Distribution formula

Representative Nelson verbally introduced the bill in support.

Valerie McCloud, Rolette County Auditor, testified in support (#16223).

Representative Nelson responded to questions from the committee.

Aaron Birst, Executive Director with North Dakota Association of Counties, verbally testified in support.

Chairman Headland closed the hearing at 9:34AM.

Mary Brucker, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1359
1/24/2023

A bill relating to the county aid distribution fund.

Chairman Headland opened the meeting at 2:45PM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, and Representative Ista. Members absent: Representative Finley-DeVille.

Discussion Topics:

- Sunset clause proposed amendment
- Committee vote

Committee discussion.

Representative Dockter moved an amendment to sunset in four years to be effective **June 30, 2027**.

Representative Ista seconded the motion.

Roll call vote:

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVille	AB
Representative Jay Fisher	Y
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	Y
Representative Vicky Steiner	AB
Representative Nathan Toman	Y

Motion carried 12-0-2

Representative Hatlestad moved a Do Pass as Amended.

Representative Ista seconded the motion.

Roll call vote:

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVille	AB
Representative Jay Fisher	Y
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	Y
Representative Vicky Steiner	AB
Representative Nathan Toman	N

Motion carried 11-1-2

Representative Dockter is the bill carrier.

Chairman Headland closed the meeting at 2:51PM.

Mary Brucker, Committee Clerk

January 24, 2023

24 1-24-23

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1359

Page 1, line 2, remove "and"

Page 1, line 2, after "application" insert "; and to provide an expiration date"

Page 1, line 7, remove the overstrike over "~~Effective through June 30,~~"

Page 1, line 7, after "~~2023~~" insert "2027"

Page 1, line 7, remove the overstrike over the overstruck closing parenthesis

Renumber accordingly

REPORT OF STANDING COMMITTEE

HB 1359: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (11 YEAS, 1 NAY, 2 ABSENT AND NOT VOTING). HB 1359 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "and"

Page 1, line 2, after "application" insert "; and to provide an expiration date"

Page 1, line 7, remove the overstrike over "~~Effective through June 30,~~"

Page 1, line 7, after "~~2023~~" insert "2027"

Page 1, line 7, remove the overstrike over the overstruck closing parenthesis

Renumber accordingly

2023 SENATE FINANCE AND TAXATION

HB 1359

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1359
3/7/2023

Relating to the county aid distribution fund; to provide for application.

2:32 PM Chairman Kannianen opens hearing.

Senator Present: **Kannianen, Weber, Patten, Rummel, Piepkorn.**

Senators Absent: **Magrum**

Discussion Topics:

- Past success
- Expense
- Tax fund formula
- Formula history

2:33 PM Representative Nelson introduced bill.

2:38 PM Val McCloud, Rolette County Auditor, testified in favor verbally.

2:49 PM Representative Nelson, answered questions.

2:51 PM Val McCloud, Rolette County Auditor, answered questions.

2:52 PM Representative Nelson, answered questions.

Additional written testimony:

Wendy Belgarde #22355

2:56 PM Chairman Kannianen adjourns hearing.

Nathan Liesen, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1359
3/13/2023

Relating to the county aid distribution fund; to provide for application.

11:28 AM Chairman Kannianen opened hearing.

Senator Present: **Kannianen, Weber, Patten, Rummel, Piepkorn, Magrum.**

Discussion Topics:

- Sunset bill
- Federal government
- Committee action

11:34 AM Senator Patten moved Do Pass and Re-refer to Appropriations.

11:34 Senator Rummel seconded.

Roll call vote.

Senators	Vote
Senator Jordan Kannianen	Y
Senator Mark F. Weber	Y
Senator Jeffery J. Magrum	N
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Dean Rummel	Y

Passed 5-1-0

11:34 Senator Patten will carry the bill.

11:35 Chairman Kannianen closed the meeting.

Nathan Liesen, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1359, as engrossed: Finance and Taxation Committee (Sen. Kannianen, Chairman) recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). Engrossed HB 1359 was rereferred to the **Appropriations Committee**. This bill does not affect workforce development.

2023 SENATE APPROPRIATIONS

HB 1359

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1359
3/21/2023

A BILL for an Act relating to the county aid distribution fund; to provide for application; and to provide an expiration date.

8:08 AM Chairman Bekkedahl opened the hearing on HB 1359.

Members present: Senators Bekkedahl, Krebsbach, Burckhard, Dever, Dwyer, Erbele, Kreun, Meyer, Roers, Schaible, Sorvaag, Vedaa, Wanzek, Rust, and Mathern.

Members absent: Senator Davison

Discussion Topics:

- County aid distribution fund
- Continuation from last session
- Tribal land
- Rollette County
- Sunset clause

8:09 AM Adam Mathiak, Legislative Council, introduced the bill, no written testimony

8:22 AM Senator Mathern moved DO PASS. Senator Sorvaag seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	A
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y

Motion passed 15-0-1

Senator Patten will carry the bill.

8:23 AM Chairman Bekkedahl closed the hearing.

Kathleen Hall, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1359, as engrossed: Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **DO PASS** (15 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1359 was placed on the Fourteenth order on the calendar. This bill does not affect workforce development.

TESTIMONY

HB 1359

**Testimony Prepared for the
House Finance and Taxation Committee
January 24, 2023**

By: Valerie McCloud, Rolette County Auditor

RE: House Bill 1359

Good morning Chairman Headland and House Finance and Taxation Committee Members,

My name is Valerie McCloud, and I submit testimony today in support of the above referenced bill. I will provide you with the need for continued assistance through NDCC : 57-39.2-26.3 County Aid Distribution Fund for Rolette County and the Financial Status and Use of County Aid Funding to date.

County Aid Payments to Rolette County to date:

2021	202,128.37
2022	669,573.63
2023 Estimate (sunset 6/30/2023)	240,000.00

2021 Budget

- Rolette began receiving County Aid Funding through HB 1449 in August,2021, total funds received in 2021 were \$202,128.37. These funds were transferred along with other General fund taxes, for a total of \$450,000 to the Capital Projects Account to cover Debt Service payments on the Jail.
- The county has continued to levy 60 mills in the General fund which generated \$1,200,600 in 2021. The taxes generated by the 60 mills, continue to be insufficient to cover General Fund services.
- State Aid Distribution Funds for increased slightly in 2021, but with the decreases in population from the 2020 Census, the payments have declined somewhat, but are still integral to our county finances to balance the budget, total revenues in 2021 were \$1,343,799.36.
- Also impacting the 2021 budget are continued increased costs for the County Jail and Sheriff's Office. The county continues to struggle with additional staffing at the jail, based on DOCR requirements, because of not enough \$ to cover those costs.
- The County also received the Federal ARPA payment of \$1,376,761 in June, 2021. This is not reflected in the General Fund, but it is a separate fund, which has been used for Sheriff's Office patrol deputies, vehicles, hazard pay for employees, and SIRN Project radios.

2022 Budget

- County Aid received in 2022 totaled \$669,573.63, which \$669,000 has been and will continue to be utilized for Debt Service payments for the County Jail.

- Jail Fees increased by about \$120,000 over the budgeted revenue, which will help offset the additional operational jail costs.
- The county levied 60 mills again for General Fund purposes. Expenditures were budgeted in the amount of \$3,224,013 in the General Fund, but were overspent by amount of \$131,814. This is mainly due the County Jail expenditures overspent by \$164,350.
- Rolette County has also seen a decrease in valuations due to Bureau of Indian Affairs transferring more land into Trust status, ultimately decreasing tax dollars available to provide services.
- The county received an additional \$1,376,761 in ARPA in 2022. The county continued to utilize these funds for 3 additional Sheriff's Deputies plus benefits, SIRN Radio project, equipment and vehicle purchases, and building maintenance.

2023 Projected Budget

- County Aid projected in 2023 is estimated at \$200,000-275,000. Rolette County has budgeted to transfer \$350,000 to the Capital Projects at the end of 2023.
- 60 mills were levied again for General Fund purposes, with an estimated of \$1,353,628. Rolette County struggled to pass a balanced budget for 2023. The Commission plans a transfer of \$252,495 from ARPA, to cover the deficit in the General Fund budget. This leaves the county with an projected ending fund balance at the end of 2023 the \$9,479, but with a slight increase in actual ending fund balance at the end of 2022, the estimate now is \$147,000. This is critically low and puts the county risk of being in the red if budgets are overspent or unexpected expenditures happen. The Commission also did not give any salary increases to staff and even cut salaries to pass the budget. Salaries overall are low and it is becoming hard to retain and hire qualified staff.

Impact of County Aid:

Rolette County has been able to make the Debt Service payments on the jail, due to the County Aid provided by the State. Debt service payments were originally intended to be made utilizing, 10 mills in Capital Projects Levy, 10 mills of General Levy and General Fund Centrally Assessed Wind Generation tax allocations. The county has struggled to have enough General Revenues to transfer the 10 mills and wind generation tax to the capital projects fund, which total approximately \$350,000, as it has been needed to offset operational expenditures at the County Jail. Operational costs for the jail have increased from \$650,000 in 2017 in our old jail to approximately \$1,250,000 currently. These increased costs are making it difficult to continue required General Fund services for Rolette County, as there are not adequate revenues to cover those costs.

Additional Income considerations:

- In January 2020 the Rolette County Commission attempted to adopt a Home Rule Charter to possibly create a One-Cent Sales Tax to be dedication to law enforcement

activities. This initiative was met with stiff citizen resistance ultimately forcing the commission to abandon the initiative.

- An initiative to allow the commission to increase the capital improvements levy from 10 mills to 20 mills was rejected by the voters, in November, 2018.

General Fund - Ending Fund Balance 2021	327,327
Ending Fund Balance 2022	493,751
Projected 2023	147,000

Capital Projects Levy (Debt Service)

- Ending Fund Balance 2021	341,977
Ending Fund Balance 2022	710,840
Projected 2023	396,732

Fund Balances without County Aid

General Fund - Ending Fund Balance 2021	225,194
Ending Fund Balance 2022	91,048
Projected 2023	1,909

Capital Projects Levy (Debt Service)

-Ending Fund Balance 2021	241,977
Ending Fund Balance 2022	241,839
Projected 2023	210,873

State Requested Assistance:

- Remove Sunset clause, for the County Aid payments to continue.

**Testimony Prepared for the
Senate Finance and Taxation Committee
March 7, 2023
By: Wendy Belgarde,
Rolette County Tax Equalization Director**

RE: House Bill 1359

Rolette County-County Aid distribution via 57-39.2-26.3

Good morning Chairman Kannianen and Committee Members, my name is Wendy Belgarde, Rolette County Tax Equalization Director. I offer support for HB 1359, which provides County Aid to Rolette County.

Impact of County Aid 2021-2023

The Rolette County Auditor has described how the distribution of County Impact Aid has aided Rolette County's debt obligations and how the support of the legislature is greatly appreciated. Rolette County has been able to function properly with this help.

Continued Need for County Aid

The majority of need for funds comes from increasing costs to operate the County Jail. These costs continually increase as crime increases throughout Rolette County as it does throughout the state of North Dakota. There are increasing costs for other county departments that need to be addressed as well. County departments, other than the Sheriff, have an elected official and one deputy. County employees not only do specific job duties for their department, but also cover duties to help other departments, with no compensation (time or money). The salary base for Rolette County is one of the lowest in North Dakota, and the county's revenue isn't sufficient for raises or for an adequate cost of living increase. Employees often leave Rolette County to work for higher paying jobs in other counties or seek jobs on the Turtle Mountain Reservation. For most counties, yearly tax revenue is sufficient to cover all costs including jail costs, road department costs, county services costs, courthouse costs, etc. Rolette County is distinctive from other counties as revenue gained cannot sustain these costs, which increase annually. Rolette County is limited to tax collection from a shrinking tax base. Many variables contribute to an already burdened small tax base. Factors include fewer people farming as it costs too much to run small family farms. Many young farmers relocate to urban areas where there are more jobs available. Rolette County relies on farmers for a major portion of tax revenue. If that population continues to shrink, so does our tax base. Basically, revenue decreases with each passing year whereas county needs increase, generating a continuous cycle.

Another reason that Rolette County tax base is small is the location of the Turtle Mountain Band of Chippewa Indians on a reservation that is within county boundaries. Rolette County is unable to tax any tribal land which has an exempt status or any trust (federal) land throughout the entire county. This covers most of the 2 most populated townships, Couture and Ingebretson. No taxation means no revenue but Rolette County is still required to provide services including representation to the entire county. I have a unique perspective of both the County and the Tribe, as I am an enrolled member of the TMBCI and I work for Rolette County. I do own property off the reservation and I pay taxes which is a miniscule amount as far as revenue. For the past few years there has been a "reclamation" movement

within the Tribe, which is federally connected to the US Department of the Interior. Since a new Secretary of the DOI was appointed, this movement has grown. Using federal funds, the TMBCI has purchased land within the boundaries of the reservation and throughout Rolette County and has claimed exemption from taxation. Again, shrinking the tax base and shrinking the areas able to be taxed. Rolette County doesn't have the fiscal foundation to handle all its obligations.

Rolette County continues to need support. In the last 10 years that I have worked as a county employee, I've experienced the issues (poverty, crime, lack of jobs, low wages) and effect on not only the reservation, but also the entire county. The difference is, and it's a major difference, members of the TMBCI receive federal aid (including ARPA) to combat these issues, whereas Rolette County does not receive federal aid (other than ARPA). Rolette County cannot sustain its existence without help. I, along with this county, request that the Senate Finance and Taxation Committee acknowledge Rolette County's situation and consider its escalation of need. Please consider removing the sunset clause and approve HB 1359 for County Aid payments to continue.