

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1508

2007 HOUSE POLITICAL SUBDIVISIONS

HB 1508

2007 HOUSE STANDING COMMITTEE MINUTES

Bill No. HB 1508

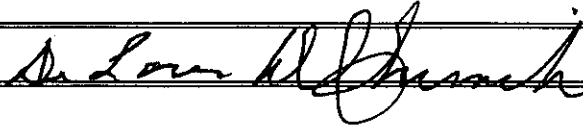
House Political Subdivisions Committee

☐ Check here for Conference Committee

Hearing Date: February 2, 2007

Recorder Job Number: 2690

Committee Clerk Signature



Minutes:

Chairman Herbel opened the hearing on HB 1508.

Rep. Boehning: Simple bill about taxation with representation. When they create a special assessment district, it will take and send out a notice to you how much your property taxes will increase. It will send out a ballot if you approve or disapprove of the fee that is going to be charged. The trouble is special assessments are getting put on regularly in Fargo and all of the larger cities. People do not realize how they can protest these special assessments. They are published in the forum on Mondays. Most people don't read the legal section and this will allow the property owner to know that their property taxes are going to go up. Section 2 explains the ballot process. This bill just keeps property owners informed and give the developers more control in what is happening.

Rep. Lawrence Klemin on the last part of this, 50% of 5,000 or more. Why did you apply this to cities of 5,000 or more?

Rep. Boehning: When you get into smaller cities the special assessments are a little bit larger area and smaller cities special assessments probably cover a larger area to get things done.

Rep. William Kretschmar: In this election that you describe in the bill. For an example if the city sends out 1,000 ballots and 50 come back and they are against it, would that stop the project?

Rep. Boehning: Look at lines 16 & 17. It says owners of the majority of the area property. At least 50% would have to vote or be against the property.

Chairman Herbel: What if only 60% got returned? Do they still have 500 votes in favor of it?

Rep. Boehning: Yes that is the intent. Would have to have 501.

Rep. Lawrence Klemin: Are two lots considered one parcel?

Rep. Boehning: Depends on how the tax statement is set up.

Rep. Steve Zaiser: Discussed size of lot inequity.

Rep. Boehning: If you have five lots you get five votes. That is the only fair way to do it.

Opposition:

Allen Grasser City Engineer of Grand Forks: (see attached testimony #1) We send out a notice and give a range of costs and give the engineers estimate and in the range is -10% plus 25%. That is a scary range, but until we actually get bids it is hard to be very specific on the cost.

Rep. Pat Hatlestad: Question of hearings. Your hearings are done before the special district is created or after?

Allen Grasser: The first process is the engineers report identifies the project where the location is and the cost and then the counsel then creates the district. Officially the counsel creates the district, that then defines the geographical area of notification.

Rep. Pat Hatlestad: So when would I find out you are creating this district. Do I get a notice of the hearing by letter?

Allen Grasser: Unless you are paying attention to the counsel agenda you would not know they are considering the assessment district. However, once the district is created, that is when the notifications go out. That is when you are a citizen would get the specific mailing.

Robert (Bob) Trantsvoy: League of Cities: I am handing out testimony from the city of Minot since due to weather they did not come. (testimony #2). I had a 35 year career with the city of Minot and was involved with special assessments. Storm sewers would be a problem for this bill. There are generally those parcels of property that contribute to the problem and those that benefit by the project. So if 50 parcels are on a hillside they are contributors to the problem, but if 15 people live in the valley they are the ones that benefit by it. They did establish a storm sewer fund so that it pays about half the cost of special assessment districts as it relates to storm sewers. The city of Minot also sends out informal letters to all affect property owners at the time they are going through the public notice process.

It invites people into an informal meeting to discuss the project. We too like Grand Forks have projects that are protested out every year. I think that the people that prepared this bill probably have some frustrations with special assessments, but if there is anything we can do to try and make the process better we are more than glad to do it. I think the system works the way it is.

Bill Wocken City Administrator of Bismarck: We are in opposition to this bill in its present form. It requires letters and ballots to go to all affected property owners and a majority would need to vote in favor of it to proceed. It would kill any projects in our area. Engineering is technical in nature and persons who are confused by issues typically vote against issues or don't vote at all. The way this is constructed that is a vote against the district. I am afraid this bill will put us in a position where you will have to have a crisis to proceed. We have had districts that were protested out and with good reason. I think the present process works.

Chairman Herbel: When you create a special assessment district do you send out ballots like Grand Forks does?

Bill Wocken: We do not send out ballots for every special assessment district. We do send out ballots for sidewalk improvement districts for example. We give the property owner a chance to fix their problem themselves. Otherwise we will come in and do it and bill them. Most of the other districts we rely on the statutory requirements of advertising etc. the reason we haven't sent out letters in the pass is that it adds allot of cost to the project. Expense to the district is our number one concern we get from the citizens. So we try to keep the expense down.

Rep. William Kretschmar When the special assessment district has determined an amount do you then notify the land owner?

Bill Wocken: My understanding is once the special assessment has been determined we put it in the news papers in the legal ads. We choose not to do both a letter and the newspaper add.

Rep. Lawrence Klemin If there is a prospective citizen considering buying property and if you don't publish this in the news paper, how would they know?

Bill Wocken: Once a special assessment commission had decided on the assessment for the individual parcel then we publish the advertisement in the newspaper that has all the large listing of the legal descriptions.

Rep. Donald Dietrich: I think allot of the frustration is that people who do not get papers do not know what is going on.

Bill Wocken: With response to the letters, my personal view is that the letters are more effective to notify property owners what is happening to their potential property. Not sure if the

newspaper is the most effective way? I would support a bill that gives us a choice of notification.

Connie Sprynczynatyk: So far you have heard from communities that are larger and there is daily newspaper etc .I would suggest that you put one or the other, since some small towns may not have the ability to do both. Even our small communities have excess to a public cable channel. There are all kinds of ways that people can find out. As an elected official I kid you not people can find out if they are unhappy about something the will let you know.

Chairman Herbel They are currently required to publish in the newspaper? Connie said yes that is correct.

Rep. Steve Zaiser Do you have a break down of larger cities of how many cities use what method?

Connie Sprynczynatyk We host a leister for city hall and we host more and ask for input.

Al Grasser: I would support for an option of newspapers or letters. Letters on a good faith effort like Grand Forks is doing is one thing. If it is a legal requirement it kind of puts it up too another plateau that we want to be careful.

Hearing closed.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill No. HB 1508

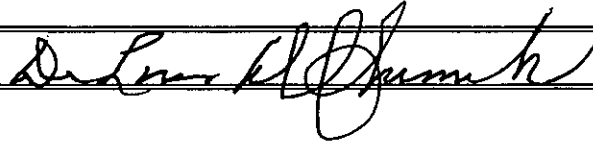
House Political Subdivisions Committee

☐ Check here for Conference Committee

Hearing Date: February 8, 2007

Recorder Job Number: 3317

Committee Clerk Signature



Minutes:

Chairman Herbel reopened the hearing on HB 1508.

Do Not Pass Motion Made By Rep. Kari Conrad Seconded By Rep. Louis Pinkerton

Discussion:

Rep. Kim Koppelman I realize this bill calls for an extreme process. Is there a process now for noticed to be sent to people affected by these special improvement districts in regard to the project costs etc?

Chairman Herbel I believe there were a number of people from Minot, Grand Forks and Bismarck all gave the procedures they follow which seems to be very well described.

Rep. William Kretschmar I have been involved in several of these things and under the procedure I have always that when the amount of the special assessment has been determined notices should be mailed to all the property owners and they have the opportunity to protest to a special assessment commission. Also the special assessment commission must certify the list to the city governing body and they must hold a hearing on it to approve it. Explained the process in detail.

Rep. Dwight Wrangham I plan to support the do not pass even though my name is on this bill since it seems to be unworkable.

 **Vote: 12 Yes 0 No 2 Absent Carrier: Rep. William Kretschmar**

Hearing closed.

Date: 2-8-07
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB1508

House Political Subdivisions Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

Do Not Pass

Motion Made By

Rep. Conrad

Seconded By

Rep. Pinkerton

Representatives	Yes	No	Representatives	Yes	No
Rep. Gil Herbel-Chairman	✓		Rep. Kari Conrad	✓	
Rep. Dwight Wrangham-V. Chair	✓		Rep. Chris Griffin	✓	
Rep. Donald Dietrich	✓		Rep. Lee Kaldor	✓	
Rep. Patrick Hatlestad	✓		Rep. Louis Pinkerton	✓	
Rep. Nancy Johnson	✓		Rep. Steve Zaiser	✓	
Rep. Lawrence Klemin	✓				
Rep. Kim Koppelman	✓				
Rep. William Kretschmar	✓				
Rep. Vonnie Pietsch	—				

Total (Yes) 12 No 0

Absent 2

Floor Assignment

Rep. Kretschmar

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

REPORT OF STANDING COMMITTEE

HB 1508: Political Subdivisions Committee (Rep. Herbel, Chairman) recommends DO NOT PASS (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1508 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

HB 1508

#1

TESTIMONY ON HOUSE BILL 1508

House Political Subdivisions Committee

**Allen R. Grasser, City Engineer
City of Grand Forks, ND**

February 2, 2007

Mr. Chairman and members of the Committee, my name is Allen Grasser and I am the City Engineer of Grand Forks. I want to thank you for the opportunity to testify on House Bill 1508 and request your recommendation of a DO NOT PASS.

The focus of this legislation is the process for communities to execute improvement projects by special assessments, which require a resolution of necessity. Specifically, this legislation offers amendments to the established process in the areas of notification and balloting. I am testifying today that these amendments are unnecessary and will lead to a more cumbersome and overall costly process.

The current process for special assessments is to notify property owners of the project through official publications. The property owners take this information and determines whether they wish to protest the project. If a protest is desired, the owners circulate a petition for signature. If 50% or more of the property owners by area protest the project and submit the petition to the City Auditor, the project is dead by State statute.

This process has served the public well. Because of the grass roots nature of this process, it does not generate a lot of overhead costs for the community to absorb. It allows people

who are supportive or neutral on a project to let the project proceed. It is an efficient and effective system that allows locally elected decision makers to provide guidance on a project and is the path of least resistance for those people who have faith in their elected officials.

This bill turns each individual project into a referendum style of government decision making. If this was an efficient and effective form of government decision making, we would be using it to make all decisions that impact people's lives. We see this bill as adding time and expense to projects. There is already too much overhead burden on special assessment projects, which adds to both project costs and general funds costs. The effort of educating and motivating the majority of owners to a point of making a truly informed decision should not be underestimated and is not without considerable cost.

In fact, the process, in our opinion, is so onerous as to have the effect of making most projects untenable. It turns the current process into minority rule as history has taught us that these are the folks most likely to take the time to turn in ballots. The decision to not support a project may well be on a short term personal outlook without regards to long term community interests.

If ballots are going to be public record, how many people will choose not to participate due to concerns of neighbor relations or exposure to the media?

How many people truly understand the cost effectiveness of spending \$1 today on a seal coat which will help prevent a \$10 overlay in 5 to 10 years? People hoping to move in the near future may elect to vote the project out and leave the problem to the next owners. Is this in the best interest of the community?

Changing current law from an area based protest ability to a single ballot system can cause a significant disconnect between who pays the costs and who has the votes.

In Grand Forks, large size parcels and large frontage parcels receive a proportionately large share of project costs. Small parcels receive a proportionately smaller share of project costs. Consider the consequences of a relatively small land area of 20 town homes adjacent to an area of 20 single family homes. You could see most of the project costs assigned to the single family homes due to the area they cover. However, project control could fall to the town homes and their association. Balloting is a bad idea, balloting by parcel is an even worse idea.

If this bill is considered further, I would request language in 40-22-15, line 11, be amended to clarify that neither balloting nor resolution is required for sewer or water improvements.

Special assessments are a local issue and should be left to the local governing bodies to listen to their constituents and modify as needed at the local level. This certainly is not an issue that should reduce home rule authority for a community. Remember, our City

Council members are available, responsive, and responsible to their constituents every day of the year. Let them make the best decisions for their community.

The proposals of House Bill 1508, while perhaps well intended, will not improve this process. In fact it will result in more delays, more areas of disrepair, and more costs. It is for these reasons that I would ask for a DO NOT PASS recommendation of House Bill 1508.

Thank you for your consideration.

#2

TO: House Political Subdivisions Committee
FROM: City of Minot
DATE: 9:00 AM February 2, 2007
RE: Hearing on HB 1508

HOUSE BILL NO. 1508

Mr. Chairman, my name is Jackie Velk and I serve as City Treasurer for the City of Minot. I would like to thank Chairman Herbel and the committee for allowing me to submit this written testimony in opposition to HB 1508.

Our city has several procedures in place that address various special assessment situations that we feel adequately gives property owners the opportunity to voice any concerns they have with a special assessment project.

For paving projects, a district is created only if a petition is submitted that is signed by a minimum of 50% of the property owners within the district.

Pursuant to State Law and since storm sewers convey water, special assessment districts for storm sewers are not subject to legal protest. An Engineering Report is developed that determines the contributing drainage area, estimated cost, and estimated assessments for each and every property parcel within the district. A public informational meeting is advertised in the official paper and the property owners within the district are informed of the meeting by mail. The mailing includes all pertinent information relating to the project along with a site-specific estimate of cost for each property within the district. Depending on the public comments, the City Council will determine if the project will move forward to completion.

Pursuant to State Law, sewer and water special assessment districts are not subject to legal protest. Our City Council has determined that sewer and water infrastructure are the responsibility of the developer. Therefore, the special assessment method is not used for sewer and water infrastructure in our city.

This bill appears to require balloting of all property owners in a proposed special assessment district. This requirement will add to the expense of the project that will be ultimately passed on to the property owner. It also adds additional cost to the administration of the project that is over and above what our city is currently doing to notify property owners with in a district.

Therefore, I encourage your committee to recommend a **do-not-pass** on HB 1508.

Thank you again for allowing me to present this written testimony to the committee.

#1

Total Taxable Value 2005 - Countywide

	Value	1- Mill	2-Mill
Adams	7,090,343	7,090	14,181
Barnes	35,106,456	35,106	70,213
Benson	12,886,129	12,886	25,772
Billings	4,988,509	4,989	9,977
Bottineau	25,517,224	25,517	51,034
Bowman	9,665,149	9,665	19,330
Burke	8,621,458	8,621	17,243
Burleigh	171,148,847	171,149	342,298
Cass	357,775,914	357,776	715,552
Cavalier	20,190,073	20,190	40,380
Dickey	16,350,186	16,350	32,700
Divide	9,158,546	9,159	18,317
Dunn	12,722,410	12,722	25,445
Eddy	6,306,157	6,306	12,612
Emmons	13,651,558	13,652	27,303
Foster	12,504,479	12,504	25,009
Golden Valley	5,505,189	5,505	11,010
Grand Forks	147,923,914	147,924	295,848
Grant	7,965,635	7,966	15,931
Griggs	8,762,852	8,763	17,526
Hettinger	9,263,938	9,264	18,528
Kidder	9,494,888	9,495	18,990
LaMoure	17,566,028	17,566	35,132
Logan	6,486,807	6,487	12,974
McHenry	21,432,334	21,432	42,865
McIntosh	9,705,405	9,705	19,411
McKenzie	16,652,524	16,653	33,305
McLean	26,453,687	26,454	52,907
Mercer	18,461,117	18,461	36,922
Morton	58,294,903	58,295	116,590
Mountrail	15,110,075	15,110	30,220
Nelson	10,990,507	10,991	21,981
Oliver	5,452,936	5,453	10,906
Pembina	29,832,498	29,832	59,665
Pierce	13,578,137	13,578	27,156
Ramsey	25,487,811	25,488	50,976
Ransom	16,336,201	16,336	32,672
Renville	10,003,320	10,003	20,007
Richland	49,104,933	49,105	98,210
Rolette	9,740,775	9,741	19,482
Sargent	15,044,530	15,045	30,089
Sheridan	6,233,130	6,233	12,466
Sioux	2,050,855	2,051	4,102
Slope	5,117,746	5,118	10,235
Stark	40,254,067	40,254	80,508
Steele	10,562,451	10,562	21,125
Stutsman	50,889,665	50,890	101,779
Towner	11,438,529	11,439	22,877
Traill	25,772,240	25,772	51,544
Walsh	31,260,549	31,261	62,521
Ward	115,193,059	115,193	230,386
Wells	17,551,637	17,552	35,103
Williams	38,014,404	38,014	76,029