

**February 7, 2025**  
**House Government & Veterans Affairs Committee**  
**HB 1445**

Mr. Chairman and members of the House Government & Veterans Affairs Committee, my name is Russ Hanson, and I am with the Associated General Contractors of North Dakota (AGC of ND). The AGC of ND is the largest construction trade association in North Dakota representing 400 members who perform all types of commercial construction (highway/bridge, vertical commercial, water/utility). Our membership also consists of equipment and material suppliers and has been in existence since 1951.

The AGC of ND is in opposition to HB 1445 which proposes to increase the design threshold to \$1,000,000 for "pre-engineered structures".

The purpose of thresholds is for a transparent bid. Transparency in bidding usually leads to more bidders. The proposal to raise the design threshold for a specific type of project \$1,000,000 raises concerns and confusion dealt with in past policy.

Since the inception of the bid thresholds, I believe the design and bid thresholds had been the same except for the 2015-17 biennium. My experience with thresholds goes to the early 1990's and I believe they may have started at \$50,000 or in that range. At some point they were adjusted to \$100,000 and stayed at that level for well over a decade, maybe close to a decade and a half.

The 2015 Legislature (SB 2246) raised the design threshold from \$100,000 to \$150,000 while leaving the construction/advertising/bidding/bonding thresholds at \$100,000. When they became two different, there was confusion.

The 2017 Legislature (SB 2146) raised the construction and bonding threshold to match the design threshold, so they were all the same amount - \$150,000. The 2019 Legislature (HB 1356) raised all NDCC 48 thresholds to \$200,000 where they have remained since.

The stakeholders believe having uniform thresholds for advertising, bidding, bonding, and procuring designs is an important element to keep NDCC 48 (Public Bid Code) simple and easy to apply to the construction process. While public entities in our more metro areas build regularly and are very familiar with the NDCC 48 statutes, many of the rural political subdivisions are not.

They may only have a construction project every 20 to 30 years so having a process to guide them in a simple (and safe) manner is important. De-coupling the thresholds at different amounts and adding a specific threshold for “pre-engineered structure” into the code makes the process more complex, confusing, and ripe for NDCC 48 noncompliance. Having a statute that is easy to comply with is important to stakeholder groups. We have found when the section is misapplied, it is generally not because of their intention to do so, they didn’t know the process or policies.

There are consequences which are likely should this bill become law. When the Legislature enacts policy for one specific entity, or in this case a type of building, you can almost be certain the line for similar special considerations will follow. Where does the Legislature stop with the special provisions once it goes there for a certain situation? The more it does, the more confusion is likely, and the health, safety, and welfare concerns become greater. An excellent illustration of this situation occurred just a couple of weeks ago in the House IBL committee involving a requested addition to WSI coverage to a small group of employees at a certain state facility – it was to add “just them”. By the time the hearing concluded, two more groups requested to be included with the same special consideration as those who asked for the bill to be introduced. I’d expect there to be numerous additional future requests of the same type of consideration that is being requested in HB 1445, should this legislation be enacted as proposed.

For those reasons, we do not view HB 1445 as necessary, and we would request a **Do Not Pass Committee Recommendation**. Thank you for allowing me to present this testimony.

PS – I wanted to include in this testimony for the committee to monitor HB 1369. It has a section proposing to increase the NDCC 48 bid, bond, and design thresholds that are also being discussed in HB 1445. HB 1369 proposes all the thresholds in NDCC 48 (stated in previous sentence) be raised from \$200,000 to \$250,000.