

1999 HOUSE POLITICAL SUBDIVISIONS

HB 1093

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1093

House Political Subdivisions Committee

Conference Committee

Hearing Date 01-14-99

Tape Number	Side A	Side B	Meter #
1		x	3.9-22.4
Committee Clerk Signature <i>Pam Sever</i>			

Minutes:

BILL SUMMARY: Relating to the sale of Job Service property.

Chairman Froseth opened the hearing with members present: Chairman Froseth, Vice Chair Maragos, Rep. Delmore, Rep. Disrud, Rep. Eckre, Rep. Ekstrom, Rep. Glassheim, Rep. Gunter, Rep. Johnson, Rep. Koppelman, Rep. Niemeier, Rep. Rose, Rep. Severson, Rep. Thoreson, and Rep. Wikenheiser.

Wayne Kindem, Adm. Support Area Manager-Job Service N.D. : 4.0 Testified in favor of HB1093 which provides authority to Job Service to sell it's local office property located at 216 2nd Street N. in Bismarck. (See attached testimony)

Rep. Ekstrom : 5.2 Is it a marketable property; and if not marketable will it be taken down?

Wayne : 5.7 It is good structurally, but it is not ADA accessible. The cost to make it ADA available is extremely costly. There is limited parking with 24 spaces and we need 100 to serve our clients. The building is marketable for the right user.

Vice Chair Maragos : 8.3 If you sell the property and build a new building, one that suits your goal better, will this be a transaction with the Dept. of Labor again and will they be 100% equity owner of the building; or will we be required to put in general fund dollars?

Wayne : 9.2 No, our replacement for the current building would not be federally financed. The US Dept of Labor does not want to get in the real-estate business. They would not grant us permission, even if we asked, to build and own a building using federal funds. We are looking at leasing and paying the cost out of our federal operating grants.

Vice Chair Maragos : 10.6 Do you use RFP process to the public?

Wayne : 11.0 No, we haven't generally used the public process.

Vice Chair Maragos : Wouldn't it be better to request proposals? If someone is interested in building a building to your specs, it would seem a benefit to all to make the public aware.

Wayne: 12.4 That sounds like something we should consider.

Rep. Severson :13.5 Do you pay the rent with federal funds?

Wayne : We pay the operating costs with our federal grant funds. We don't pay any lease cost to the federal government.

Rep. Glassheim : 15.0 What happens if you don't get permission to sell?

Wayne : We could stay where we are at. We could look to lease another building and rent out our present building and remit those proceeds to the federal government.

Chairman Froseth : 16.9 Does Job Service lease most of their buildings across the state?

Page 3

House Political Subdivisions Committee

Bill/Resolution Number hb1093

Hearing Date 01-14-99

Wayne : We own most of them. We own 13 and lease 7, which are primarily the smaller ones.

Rep. Glassheim : 19.4 Do we need to refer this to appropriations? Their budget may be different.

Wayne : The appropriations bills we have in now do include these already.

Rep. Wikenheiser : How many years do you lease a building?

Wayne: 21.0 There is no standard, although all of our current leases run coincidentally with the biennium.

Chairman Froseth : Hearing no opposition, the hearing was closed.

Committee Action: Rep. Koppelman made a motion of DO PASS; Rep. Johnson seconded the motion.

Roll Call Vote: 15 Yes and 0 No with 0 Absent. Rep. Johnson will carry the bill.

Taken from hearing 1-14-99 House Political Subdivisions on HB 1093:

Wayne Kindem : (See attached testimony) This bill doesn't require that we sell the building but if we are able to locate a more adequate facility, this will give us the authority to sell or transfer title. (question and answers follow)

Rep. Ekstrom : Is there anything in the city plan, in the case the building is not marketable, to dispose or what?

Wayne : 5.7 Parking is not good. It also has a very old air flow system that would have to be changed out. It could be a good building if it doesn't require a lot of public traffic going to the building.

Rep. Ekstrom : Does the DOL have a feeling about the disposition of this building as far as what they'd like you to do?

Wayne : We have not asked the DOL, at this point, for disposition instructions. My guess would be from past experience, is that they would direct us to sell the building and remit the proceeds. They would not want to take title to the building.

Rep. Koppelman : According to your testimony, the DOL holds 100% equity. Why is it necessary to have a statute to direct you to do that. Why not just do it.?

Wayne : Legally we do hold title in trust to the DOL. State statute does require that there be an act of the legislature allowing for this sale of state property.

Rep. Koppelman : Is there some mechanism we can put in a bill like this, that when and if this transaction takes place, this statute would go away. It's not DOL property or Job Service property any more, so we don't have to come back in two years and pass another bill to take this one out of the code.

Wayne : The legislation we are asking in HB 1093, I don't think, becomes part of permanent statute. You may have to ask Leg. Council about that for sure.

Vice Chair Maragos : 8.3 see other minutes

Wayne : 9.2 see other minutes

Vice Chair Maragos : Does Job Service have the sole authority or do you have to gain approval from the legislature to enter into a new lease? How does that work?

Wayne : The current state statute on that requires state agencies to enter into real-estate leases only after review and approval by the OMB's facility people. We can't unilaterally do that.
(cont. on other minutes)

Vice Chair Maragos : 10.6 see other minutes

Wayne : 11.0 see other minutes

(The above portion was not included in original minutes, because we are to summarize not include all conversations in minutes, unless specifically requested verbatim)

Please type or use
black pen to complete

Date 1/14/99

Roll call vote # 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1093

House POLITICAL SUBDIVISIONS Committee

Subcommittee on _____

Conference Committee

} Identify or
check where
appropriate

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Rep. Koppelman Seconded By Rep. N. Johnson

Representatives	Yes	No	Representatives	Yes	No
Chairman Froseth			Rep. Wikenheiser		
Vice Chair Maragos					
Rep. Delmore					
Rep. Disrud					
Rep. Eckre					
Rep. Ekstrom					
Rep. Glassheim					
Rep. Gunter					
Rep. Johnson					
Rep. Koppelman					
Rep. Niemeier					
Rep. Rose					
Rep. Severson					
Rep. Thoreson					

Total 15 -0-
(Yes) (No)

Absent -0-

Floor Assignment Rep. N. Johnson

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

DO NOT USE HIGHLIGHTER ON ANY FORMS

1999 HOUSE APPROPRIATIONS

HB 1093

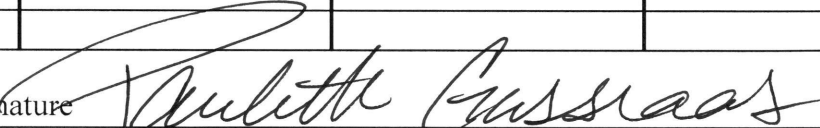
1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1093

House Appropriations Committee
Human Resources Division

Conference Committee

Hearing Date January 20, 1999

Tape Number	Side A	Side B	Meter #
1	x		0-25.0
Committee Clerk Signature 			

Minutes:

Vice Chairman Bernstein called the hearing on HB 1093 to order. HB 1093 is a bill for an act authorizing the state of North Dakota acting through job service North Dakota to sell or transfer certain property.

(0.7) Wayne Kindem, Administrative Support Area Manager for JSND, gave introductory statements in support of the bill. (See attached testimony.)

(2.3) Rep. Timm commented that JSND is currently operating out of a rent-free building, and asked why they want to move into a building which would have high lease payments. Mr. Kindem said that is correct because the current property is inadequate for their delivery of service.

(8.0) Rep. Delzer asked how JSND would function if they were not given the requested appropriation. Mr. Kindem said that if the bill were not passed they would be prevented from selling the building even if they no longer needed it. He said their need for adequate services would exist whether or not the bill is passed.

(10.4) Rep. Timm asked what kind of funds would be used for the lease of a new building and for employees. Mr. Kindem answered that they would use the federal operating grants for administration.

Page 2

Human Resources Division

Bill/Resolution Number bill 1093 min

Hearing Date January 20, 1999

(12.2) Chairman Svedjan asked how JSND could sell the building to the federal government, when the federal government already owns it. Mr. Kindem said that JSND holds the title in trust.

(17.6) Chairman Svedjan asked how JSND plans to handle the costs of actual relocation. Mr. Kindem responded that they included the cost for that in the next biennial budget. The costs were calculated as of July 1, 1999, but would like to begin moving as soon as possible. The amount of money they included in the budget for the next biennium is \$204,000 per year for the operating expense and \$150,000 for modular furniture.

Chairman Svedjan adjourned the hearing on HB 1093.

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date February 5, 1999			
Tape Number	Side A	B Side	Meter #
1		x	37.3-44.3
Committee Clerk Signature <i>Paulitt Gussaaas</i>			

Minutes:

A Bill for an Act authorizing the state of North Dakota acting through Job Service North Dakota to sell or transfer certain property.

(Tape 1, B, 37.3) **Chairman Svedjan** opened committee work on HB 1093.

(38.9) **Committee** worked on amending the bill.

(41.5) **Mr. Kindum** was available to answer questions for the committee.

(44.3) **Chairman Svedjan** adjourned until amendments are drawn up.

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date February 8, 1999			
Tape Number	Side A	B Side	Meter #
2	x		15.19.4
Committee Clerk Signature <i>Paulette Gussias</i>			

Minutes:

A Bill for an Act authorizing the state of North Dakota acting through job service North Dakota to sell of transfer certain property.

(15.1) **Chairman Svedjan** opened committee work on HB 1093.

(15.9) **Rep. Delzer** moved to pass amendment 98110.0102, 2nd by Vice Chairman Bernstein.

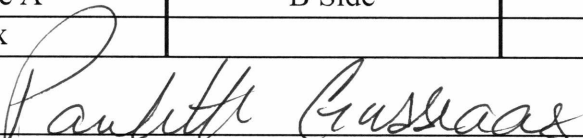
The vote was 5 yes, 0 no, 1 absent.

(17.9) **Vice Chairman Bernstein** moved to pass the bill, 2nd by Rep. Kerzman. The vote was 5 yes, 0 no, 1 absent.

Rep. Hoffner will carry the bill to full committee.

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date February 11, 1999			
Tape Number	Side A	B Side	Meter #
3	x		24.5-35.9
Committee Clerk Signature			

Minutes:

A Bill for an Act authorizing the state of North Dakota acting through job service North Dakota to sell or transfer certain property.

24.5 Chairman Dalrymple opened the committee work on HB 1093.

24.7 Rep Hoffner introduced the amendment .0102.

25.4 Rep. Hoffner moves the amendment, 2nd by Rep Svedjan.

33.8 Rep. Byerly checks the law for the wording.

35.7 Chairman Dalrymple holds the bill until the amendment is drawn up.

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date February 15 1999			
Tape Number	Side A	B Side	Meter #
1	x		44.1-50.6
Committee Clerk Signature <i>Casey Davis</i>			

Minutes:

HB 1093

CHAIRMAN DALRYMPLE opened discussion on HB 1093, and explained that amendment 0103 states that proceeds will go toward the purchase of a new building.

1A: 46.4 REP. BYERLY made a motion to adopt amendment 0103 to HB 1093. The motion was seconded by Rep. Carlisle. A voice vote was taken and the motion carried.

1A: 47.7 REP. CARLISLE made a motion for a Do Pass as amended. The motion was seconded by Rep. Svedjan. A roll call vote was taken and the motion carried with 19 yeas and 1 nay. Rep. Hoffner will carry the bill to the House floor.

98110.0101
Title.

Prepared by the Legislative Council staff for
House Appropriations - Human Resources
Division

January 20, 1999

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1093

Page 1, line 6, remove "to the city of Bismarck,"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 380 - JOB SERVICE NORTH DAKOTA

HOUSE - This amendment removes the language which would only allow for the land to be sold to the city of Bismarck.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1093

Page 1, line 6, remove "to the city of Bismarck,"

Page 1, line 9, replace "used as" with "reinvested in a new federally owned building"

Page 1, line 10, remove "authorized and directed by the law"

Renumber accordingly

Date: 2009
 Roll Call Vote #: 2

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 1093

House **APPROPRIATION** Committee

Subcommittee on human service
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do pass

Motion Made By Bernstein Seconded By Kerzman

Representatives	Yes	No	Representatives	Yes	No
Chairman Ken Svedjan	✓				
Vice Chairman LeRoy Bernstein	✓				
Rep. Jeff Delzer	✓				
Rep. Serenus Hoffner	✓				
Rep. James Kerzman	✓				
Rep. Mike Timm	✓				

Total (Yes) 5 No 0

Absent 1

Floor Assignment Hoffner

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

Date: 2-15-99
 Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. ~~1093~~ 1093

House Appropriations Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number 0103

Action Taken DP as amended

Motion Made By Carlisle Seconded By Svedjan

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple	X		Nichols	X	
Vice-Chairman Byerly	X		Poolman		X
Aarsvold	X		Svedjan	X	
Bernstein	X		Timm	X	
Boehm	X		Tollefson	X	
Carlson	X		Wentz	X	
Carlisle	X				
Delzer	X				
Gulleson	X				
Hoffner	X				
Huether	X				
Kerzman	X				
Lloyd	X				
Monson	X				

Total (Yes) 19 No 1

Absent _____

Floor Assignment Hoffner

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

REPORT OF STANDING COMMITTEE

HB 1093: Appropriations Committee (Rep. Dalrymple, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (19 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1093 was placed on the Sixth order on the calendar.

Page 1, line 6, remove "to the city of Bismarck,"

Page 1, line 9, after "used" insert ", subject to appropriation by the legislative assembly, for the purchase of a building to be used as an office facility by job service North Dakota in Bismarck, North Dakota,"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 380 - JOB SERVICE NORTH DAKOTA

HOUSE - This amendment provides that if Job Service North Dakota sells its local office building in Bismarck, the proceeds must be used to purchase a new building.

1999 SENATE POLITICAL SUBDIVISIONS

HB 1093

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HOUSE BILL 1093

Senate Political Subdivisions Committee

Conference Committee

Hearing Date MARCH 12, 1999

Tape Number	Side A	Side B	Meter #
1	X		0 TO 999
Committee Clerk Signature			

Minutes:

SENATOR LEE: open hearing on HOUSE BILL 1093

WAYNE KINDEM: introduce 1093, see testimony, manager for administrative support for the job service

SENATOR NELSON: what is the building used for that is up the road here in Bismarck

WAYNE KINDEM: state administrative office

SENATOR NELSON: the one that your selling is where

WAYNE KINGDEM: building that we are selling is used for the delivery of our services for this area.

SENATOR LEE: the address for this property

WAYNE KINDEM: In testimony

SENATOR WATNE: does the department of labor own the building

Page 2

Senate Political Subdivisions Committee

Bill/Resolution Number Hb1093

Hearing Date March 11, 1999

WAYNE KINDEM: our position is that we request the legislatures permission to sell the building. State of North Dakota does have ownership of the building, in trust for the US Dep. of Labor, Money used by the Dep. of Labor to purchase the building. 100% equity

SENATOR WATNE: North Dakota has title, certain processes that you have to go through, you don't feel that you have to go through these processes

WAYNE KINDEM: yes it is required for us , specified in legislation it has these requirements for the sale of this building, section 54-0105.1 and 2 contains these requirements

SENATOR WATNE: so the opinion here does not apply

WAYNE KINDEM: section 54-0105.5 that does not apply to the sale

SENATOR WATNE: 54-01 05.1 is the correct one

WAYNE KINDEM: yes, 01 and 02 are the ones that should be applied

SENATOR NELSON: don't understand this process and what funds are going to transfer

WAYNE KINDEM: Property is no longer needed to provide a service, then the federal department of Labor requires seeking of disposition instruction. 1) transfer property to federal department of labor 2) sell the building and remit proceeds to dep. of Labor 3) direct to sell property and reinvest proceeds into another owned property, appropriation authority required

SENATOR NELSON: they don't want the building either

WAYNE KINDEM: practice in the past that they rarely want the title transferred, they typically don't want the property back

SENATOR LEE: 05.1 is a quick claim deed to the governor and 05.2 is the process, confused about line 16 and provisions of this line and not being applicable to the sale of state land.

Page 3

Senate Political Subdivisions Committee

Bill/Resolution Number Hb1093

Hearing Date March 11, 1999

provisions of this bill as entitled to the procedures for the sale of state owned land, this does not apply, section two does not apply and neither does the process

WAYNE KINDEM: section 2 is a transfer of title and not having a sale when there is a transfer

SENATOR LEE: any other questions

SENATOR NELSON: section one, sale option, section 2 transfer of title option.

WAYNE KINDEM: that is correct

SENATOR LEE: questions, Jennifer just watching

SENATOR NELSON: explain a quick claim deed

SENATOR LEE: governor would be on behalf of the state of North Dakota, have no interest in the property anymore

SENATOR LEE: anyone else on HOUSE BILL 1093

MOTION: close public hearing

SENATOR WATNE: move the amendment

SENATOR NELSON: second the amendment

SENATOR LEE: discussion

Voice vote on amendment

SENATOR FLAKOLL: spelling of personal privilege

MOTION: hold action on the bill

Prepared by Job Service
North Dakota for Senate
Political Subdivisions
Committee

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1093

Page 1, line 9, replace "Proceeds" with "Net proceeds" and replace "must" with "may"

Renumber accordingly

REPORT OF STANDING COMMITTEE (410)
March 12, 1999 11:40 a.m.

Module No: SR-45-4645
Carrier: Watne
Insert LC: 98110.0201 Title: .0300

REPORT OF STANDING COMMITTEE

HB 1093, as engrossed: Political Subdivisions Committee (Sen. Lee, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1093 was placed on the Sixth order on the calendar.

Page 1, line 9, replace "Proceeds" with "Net proceeds" and replace "must" with "may"

Renumber accordingly

1999 HOUSE POLITICAL SUBDIVISIONS

HB 1093

CONFERENCE COMMITTEE

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1093-conf-1

House Political Subdivisions Committee

X

X-Conference Committee

Hearing Date 3-30-99

Tape Number	Side A	Side B	Meter #
1	x		0.5--58.8
1		x	0.1--10.5
Committee Clerk Signature <i>Pam Dever</i>			

Minutes: Chairman Froseth called the conference committee to order with other members

present: Rep. N. Johnson, Rep. Niemeier, Sen. Lyson, Sen. Watne, and Sen. C. Nelson.

Chairman Froseth : The senate put two very simple amendments on line 9 to add "net proceeds" instead of "proceeds" and change "must" to "may". I visited with Job Service and they said "may" would allow them to use the funds possible for other purposes then for reinvestment opportunities. I concurred with the amendment. Then Rep. Dalrymple and a couple of other people had a problem with the language and they thought there would be no directive issue from the state to make the proceeds be reinvested in N.D. Job Service said there is no way to make the Dept. of Labor do that because it is their property and their money. By using "may" if they didn't reinvest the proceeds, would give them the opportunity to use it for leasing. Job Service wanted some kind of legislative directive to encourage the Dept. of Labor to keep the money in N.D. This intent amendment may not do much, but it gives the Dept. of Labor the directive that the state is looking for. I had to Do Not Concur to get this back to conference committee.

Sen. Watne : (Read what she presented when she carried this bill on the senate floor.) The building is owned 100% by the Dept. of Labor and held by the state of N.D. in trust for the Dept. Job Service needs more room and intends to sell the building and/or transfer title. If the Dept. of Labor directs the local Job Service to sell the property, then you will further specify if the net proceeds are to be returned to them or allowed to be used by Job Service for reinvestment in replacement property. The house amended the bill requiring the sale of proceeds must be used for reinvestment in owned replacement property. The term is too restrictive. The amendment replaces the “must” with the “may”. The decision on this use of sale proceeds is not within the control of the state. It is strictly the Dept. of Labor’s control. Thus the permissive use of the word “may” is more appropriate. The word “net” was added to proceeds. Selling costs must be paid from the sale proceeds, so this is necessary because Job Service has no other source of funds to pay for the sale costs. (end of reading) This legislative intent in the new amendment, I believe we have no right to do. We have no say in the building. It is owned 100% by Dept. of Labor. I don’t see how we can do this based on testimony.

Chairman Froseth : 5.6 It is only a legislative intent and can not harm the bill. Gives the Dept. of Labor a directive of the state’s intentions on wanting the sale proceeds to be reinvested back into a new facility.

Sen. Watne : I could see the first sentence. The second intent could be changed to “wishes” or something along those lines. All we have done is hold this in trust. We have nothing in this building.

Chairman Froseth : 7.0 The thought was if the building was sold and the proceeds would be transferred to the Dept. of Labor; that amount of building that is utilized by Job Service will be lost to the state. We have no assurance that the money would be reinvested in the state.

Sen. Lyson : Do we have that assurance anyway. It's not owned by the state. We can request things all we want. I agree with Sen. Watne. I don't see that we have any right to do anything.

Chairman Froseth : There is another purpose down the road for this building. They would like to keep it and use it for a call center. They hope it will not be sold and the Dept. of Labor will allow Job Service to keep the building and convert it into a call center. There was none of this brought out in this legislation. The purpose of this amendment was to satisfy the concerns of house appropriations. I don't know where the bill will go without this amendment.

Sen. Watne : 9.6 If the Dept. owns this 100% and we just have it in trust, why do we even need a law?

Chairman Froseth : We've passed a lot of legislation since I've been here that allows people to sell property that the state has held in trust. They are not the owners, but they hold the title in trust.

Mike Dillinger, house intern : It would depend on the trust instrument.

Sen. Watne : We don't know what the value is of this property. But there are many buildings that don't have enough value in them to make them ADA assessable, because the cost is high to remodel. With this amendment, you are saying you can't tear it down for anything. It may be a good location and be a good enough price for someone to buy it and tear it down and build a very nice office building, etc. You are restricting them by this intent legislation.

Sen. Nelson : 14.5 I have a problem with the sentence toward the end of the amendment with the word “equity”. Reading the testimony, we don’t have any equity. It belongs to the Dept. of Labor. What equity are we preserving?

Chairman Froseth : Is the lease considered equity?

Rep. Niemeier : Do you think that if they convert this building to a call center, that the Dept. of Labor may not approve this change?

Chairman Froseth : Always possible. That’s the negotiations between Job Service and Dept. of Labor, too.

Sen. Nelson : Just don’t see the necessity for the second sentence.

Sen. Lyson : Can you explain equity, Mike?

Mike Dillinger : I read it two different ways. One, the equity could be the lease. Or the equity is you maintain the building. Don’t let it degrade or move out.

Sen. Watne : This whole bill is only permissive legislation. This amendment was drafted by Job Service.

Sen. Lyson : I agree with the intent of Job Service, but I think “equity” is the wrong word.

Sen. Watne : I think we can keep the first sentence.

(Committee discussed taking out job service wording and putting in Dept. of Labor in several places.)

Rep. Niemeier : 21.4 If we are going to consider the first part of the intent amendment, then we do need to recede from the senate amendments. I don’t think our appropriations has that authority to authorize the purchase of a building. The proceeds of the sale belong to the Dept. of Labor. The senate amendment and this intent amendment are contradictory.

Chairman Froseth : 22.4 The language in the original bill was not questioned, so it must be correct language. Let's ask LC to come explain this draft.

Rep. Niemeier : 25.5 Concerning the senate amendment, did I understand you to say that the legislative assembly does have the authority to authorize the purchase of a building as long as that property is in trust to the state.

Chairman Froseth : Not to purchase, just to sell.

Jennifer Clark, LC Office : Came and explained the information she was given in drafting the amendment. She was not aware of the ownership by the Dept. of Labor. As I understood the intent of Job Service, in section 3, was if they do sell the property, the money would be rolled over to a replacement property. If they don't sell the property, they are to continue upkeep of it until the next session in two years.

Chairman Froseth : I believe that was the intent. So State Job Service has the option to sell the building.

Jennifer : That's my understanding, with the "may" language in the senate amendment.

Rep. N. Johnson : 30.5 The dilemma we have is the equity in the building belongs 100% to the Dept. of Labor. How can we as a state say our intent is this or that when we have no ownership.

Jennifer : There probably is a conflict. I don't know what kind of trust agreement the state has with the Dept. of Labor.

Chairman Froseth : I don't see that the legislative intent has any teeth in it. I don't think we should be afraid of this statement. We just want that money reinvested.

Jennifer : In drafting this, had I known about the Dept. of Labor owning 100%, I probably would have recommended that a statement be included clarifying all parties involved.

Chairman Froseth : Could you, Jennifer, please draft something better for us.

Sen. Lyson : In testimony on the senate side, the practice in the past has been that the Dept. of Labor doesn't want the title transferred. They typically don't want the property back. We are making this law so we can sell the property so the Dept. of Labor can get their money. That's way we have the bill.

Rep. N. Johnson made a motion for the House to accede to the Senate amendments and Sen. Nelson seconded the motion.

ROLL CALL VOTE: 5 YES and 1 NO. MOTION CARRIED.

Sen. Nelson : made a motion to have Jennifer draft a revised version of the intent amendment and resubmit it to this committee. Rep. Niemeier seconded the motion. VOICE VOTE was held with ALL Yes. MOTION CARRIED.

Chairman Froseth : The clerk will get you the testimony, Jennifer, and Wayne Kindem is the person from Job Service if you need information from them.

Sen. Lyson : I would like Jennifer to also check on lines 9 through 11 and see if they are proper for this bill. I don't understand where the language came from.

Chairman Froseth : We had to refer this bill to appropriations. That other wording came from an appropriations amendment. Job Service can't do anything unless it's approved by the appropriations committee. Maybe the appropriations amendment can be included in the new draft of the intent legislation.

Rep. Niemeier : We need to get the Dept. of Labor named in the bill somewhere.

Sen. Lyson : The only place I see them named is in the fiscal note.

Page 7

House Political Subdivisions Committee

Bill/Resolution Number HB 1093-conf-1

Hearing Date 3-30-99

Sen. Watne : I don't think appropriations knew about the Dept. of Labor owning this building, looking at their amendment and their minutes.

Rep. Niemeier : 6.0 I move that we (senate) recede from the senate amendments and strike the language in line 9 through 11, and add the language from the original house bill with the word "net proceeds". Sen. Lyson seconded the motion. (we are further amending) VOICE VOTE was held with 5 YES and 1 NO. MOTION CARRIED.

Sen. Nelson : I think Jennifer could draft one that says what Rep. Niemeier wants and also draft another legislative intent for us to review at our next meeting.

Chairman Froseth : We'll get together again on HB 1093 this Thur. 9:45 a.m. in this room if the schedule is free. This meeting is closed.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1093conf-2

House Political Subdivisions Committee

Conference Committee

Hearing Date 4-1-99

Tape Number	Side A	Side B	Meter #
1	x		0.3--30.8
Committee Clerk Signature <i>Pam Dever</i>			

Minutes: Chairman Froseth called the conference committee to order with other members

present: Rep. N. Johnson, Rep. Niemeier, Sen. Lyson, Sen. Watne, and Sen. Nelson.

Chairman Froseth : 0.3 Since our last meeting on this bill, Jennifer Clark drafted a new set of amendments that you have before you. I talked to appropriations people this morning about line 9,10,and 11. They said this was standard language used by LC when other job service property was sold, so they wanted this language in there. This assures that the money will stay in the state to be used for reinvestment. They felt quite strongly this language needed to stay in. Wayne Kindem is here from Job Service.

Wayne Kindem, Job Service : 1.4 We have several amendments and I want to make sure which amendments go where. I understand we are going back to the bill as amended by the house. In line 9, you have the word "must" in it. We are concerned with the amendment in the house that added the language that states the proceeds "must" be used. We came to the senate and asked that be changed to "may", because it is not the state of N.D.'s determination as to how the

proceeds are to be used. The state language may be at odds with the U.S. Dept. of Labor federal law. Our attorneys said the federal law would prevail over the state law. What we are attempting to do, is to do all we can to preserve the equity in our Bismarck building for use in purchasing a replacement facility at some point down the road, when there is a policy that's developed for acquisition of state property in Bismarck. The governor has made his position quite clear, to the agency heads, that he doesn't want to be purchasing property on an individual basis until there is a comprehensive policy developed. We at Job Service are looking for the short term, 2 to 5 years, goal to lease a more adequate facility in Bismarck and then use our current facility for another purpose. We still want to protect the equity in the building until we get to the next legislative session. Maybe we can purchase a building or become part of a building that would be purchased for state office use. The word "must" potentially sets up a conflict between state and federal law in the disposition of the proceeds from the local office.

Sen. Lyson : 4.0 My understanding from the letter that you sent to Chairman Froseth, that you plan on using the building after you lease for a call center. You still will have it under Job Service control, so why do we need this bill until next session.

Wayne : We probably don't need this bill until next session. The key word is probably. We feel there are other employment security uses for the current building. That's not necessarily guaranteed. One use may be a call center for claims processing. It's not for sure we will get the federal funding to go to centralized call center. Then, if we obtain the funding, it's not a given that the call center will be located in Bismarck. Another use for this building would be as temporary location of staff, while our central office building is having the asbestos taken out. While it's not likely, the DOL might say to use they don't see an appropriate continuing

employment security use of that existing building and direct us to do something else with it. In the event of that happening, we introduced this bill. In my opinion, it's highly likely we won't need the authority in this bill until the next session.

Sen. Lyson : 5.7 If we kill the bill, and the DOL tells you to do something, because it is in trust to N.D. you can't do anything without something like this bill, is that what I'm hearing?

Wayne : 6.0 That gets to the bottom line. If we don't have this bill, and DOL directs us to dispose of the building, we would have to sell and remit the proceeds back to the federal government. Going back 20-30 years, it has been our practice in Job Service, when we dispose of a building, to request the legislature to do that. In most cases we had already had plans to replace that building with another owned facility and had already made arrangements for financing. We got DOL approval to roll the equity of one building into another. This is different with this one. We aren't asking for that authority to roll because of the governors position on owned facilities right now.

Sen. Lyson : If we pass this, and if you lease some place, and they tell you to get rid of the building, what will you do with the money?

Wayne : 7.6 They will direct us to either transfer title of the building or direct us to remit the proceeds back to DOL.

Sen. Watne : 7.8--9.1 asked Wayne about \$1.1 M in budget discussed in appropriations.

Wayne : 9.1--12.8 explained what and why it was in budget, etc.

Chairman Froseth : 12.9 I believe that your point of DOL allowing the proceeds to be reinvested in N.D. is why appropriations added their amendments. I think we need that phrase left in the bill, so that the appropriations process will be there. Is that a correct understanding?

Wayne : If that language were left in there. We would still come back next session for the appropriations. What it would set up is the potential where the DOL and the state to be in conflict. If we leave the word "may" in, we may be O.K.

Rep. Niemeier : 14.2 Wayne, do you believe, in the event of a sale of the building, that the DOL will be influenced by this language? Does it gives us more klout in seeing that they would return it to us?

Wayne : 14.6 The DOL has been very cooperative in past dealings with us to reinvest in another owned facility. This particular situation we are in now is not one that DOL would cause any problems. It's more a state issue in how state office facilities are acquired in Bismarck. There is a great deal of square footage of office space in Bismarck that is leased. Should we continue doing this or should we build buildings on a case by case basis. What's the best way to acquire office space in Bismarck. We want to retain equity.

Rep. Niemeier : 16.5 So actually, this inclusion may not be necessary at this time if we have the intent statement.

Wayne : Yes, it's just the word "must" that causes us concern.

Sen. Watne : If we (N.D.) have no ownership, how can we consider disposition? I am confused about this part of the intent language.

Wayne : 18.3 The bottom line in the intent section is that we all want to preserve the equity in that building. Let's preserve it until we can have a policy that says we are either going to lease or buy. We don't want the equity to go back to DOL.

Sen. Watne : They are not going to give you the money no matter what.

Page 5

House Political Subdivisions Committee

Bill/Resolution Number HB 1093-conf-2

Hearing Date 4-1-99

Chairman Froseth : We are trying to encourage them to reinvest. We can't direct them (DOL)

to.

Sen. Watne : Then that's what we should say.

Jennifer Clark, Leg. Council Office : came forward and explained the new draft of intent statement. 20.08--24.3

Chairman Froseth : What should we do?

Rep. Niemeier : made a motion that senate recede from its amendments and the conference committee adopt and further amend using .0204. Sen. Nelson seconded the motion.

ROLL CALL VOTE: 5 YES and 1 NO. PASSED. Chairman Froseth will carry.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1093

That the House accede to the Senate amendments as printed on page 847 of the House Journal and page 700 of the Senate Journal and that Engrossed House Bill No. 1093 be further amended as follows:

Page 1, after line 17, insert:

"SECTION 3. LEGISLATIVE INTENT. If job service North Dakota conveys lots 1, 2, 3, 4, and 5, block 60, original plat, city of Bismarck, North Dakota, it is the intent of the fifty-sixth legislative assembly that job service North Dakota reinvest the equity in a replacement facility. If job service North Dakota does not convey the property, it is the intent of the fifty-sixth legislative assembly that job service North Dakota take appropriate actions to preserve the equity in this property until the fifty-seventh legislative assembly convenes and considers disposition of this property."

Renumber accordingly

CONFERENCE COMMITTEE **AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1093 4-1-99 P.S.**

That the Senate recede from its amendments as printed on page 847 of the House Journal and page 700 of the Senate Journal and that Engrossed House Bill No. 1093 be amended as follows:

Page 1, line 9, replace "Proceeds" with "Net proceeds" and remove ", subject to appropriation by the"

Page 1, remove line 10

Page 1, line 11, remove "North Dakota in Bismarck, North Dakota,"

Page 1, after line 17, insert:

"SECTION 3. LEGISLATIVE INTENT. If the United States department of labor allows job service North Dakota to receive proceeds from the conveyance of lots 1, 2, 3, 4, and 5, block 60, original plat, city of Bismarck, North Dakota, it is the intent of the fifty-sixth legislative assembly that the fifty-seventh legislative assembly appropriate the net proceeds to job service North Dakota to invest in a replacement facility. If job service North Dakota does not convey the property, it is the intent of the fifty-sixth legislative assembly that job service North Dakota take appropriate actions to preserve the equity in this property until the fifty-seventh legislative assembly convenes and considers disposition of this property."

Renumber accordingly

1st

(Bill Number) HB 1093 (, as (re)engrossed):

Your Conference Committee

For the Senate:

		<i>Vote</i>
Sen. Lyson	✓	<i>Yes</i>
Sen. Watne	✓	<i>Yes</i>
Sen. C. Nelson	✓	<i>Yes</i>

For the House:

		<i>Vote</i>
Rep. Froseth	✓	<i>Yes</i>
Rep. N. Johnson	✓	<i>Yes</i>
Rep. Niemeier	✓	<i>No</i>

5 to 1

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 S724/H726 S723/H725
the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

, adopt (further) amendments as follows, and place
_____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
and a new committee be appointed. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the
calendar.

DATE: ____/____/____

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

2nd call

(Bill Number) HB 1093 (, as (re)engrossed):

Your Conference Committee

For the Senate:

Sen. Lyson	✓	^{Vote} Yes
Sen. Watne	✓	Yes
Sen. C. Nelson	✓	Yes

For the House:

Rep. Froseth	✓	^{Vote} No
Rep. N. Johnson	✓	Yes
Rep. Nieminen	✓	Yes

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from) 5 1
723/724 725/726 S724/H726 S723/H725
 the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

, adopt (further) amendments as follows, and place _____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged and a new committee be appointed. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 41 11 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

(Bill Number) HB 1093 (, as (re)engrossed):

Your Conference Committee

For the Senate:

	Vote
Sen. Lyson	✓ Yes
Sen. Watne	✓ Yes
Sen. C. Nelson	✓ Yes

For the House:

	Vote
Rep. Froseth	✓ No
Rep. N. Johnson	✓ Yes
Rep. Niemier	✓ Yes

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
the (Senate/House) amendments on (SJ/HJ) page(s) 841 - _____

and place _____ on the Seventh order.

, adopt (further) amendments as follows, and place
1093 on the Seventh order:

having been unable to agree, recommends that the committee be discharged
and a new committee be appointed.

((Re)Engrossed) 1093 was placed on the Seventh order of business on the
calendar.

DATE: 4/1/99

CARRIER: Froseth

LC NO. _____ of amendment

LC NO. _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

REPORT OF CONFERENCE COMMITTEE

HB 1093, as engrossed: Your conference committee (Sens. Lyson, Watne, C. Nelson and Reps. Froseth, N. Johnson, Niemeier) recommends that the **SENATE RECEDE** from the Senate amendments on HJ page 847, adopt further amendments as follows, and place HB 1093 on the Seventh order:

That the Senate recede from its amendments as printed on page 847 of the House Journal and page 700 of the Senate Journal and that Engrossed House Bill No. 1093 be amended as follows:

Page 1, line 9, replace "Proceeds" with "Net proceeds" and remove ", subject to appropriation by the"

Page 1, remove line 10

Page 1, line 11, remove "North Dakota in Bismarck, North Dakota,"

Page 1, after line 17, insert:

"SECTION 3. LEGISLATIVE INTENT. If the United States department of labor allows job service North Dakota to receive proceeds from the conveyance of lots 1, 2, 3, 4, and 5, block 60, original plat, city of Bismarck, North Dakota, it is the intent of the fifty-sixth legislative assembly that the fifty-seventh legislative assembly appropriate the net proceeds to job service North Dakota to invest in a replacement facility. If job service North Dakota does not convey the property, it is the intent of the fifty-sixth legislative assembly that job service North Dakota take appropriate actions to preserve the equity in this property until the fifty-seventh legislative assembly convenes and considers disposition of this property."

Re-number accordingly

Engrossed HB 1093 was placed on the Seventh order of business on the calendar.

1999 TESTIMONY

HB 1093

HB 1093
TESTIMONY
HOUSE OF REPRESENTATIVES
POLITICAL SUBDIVISIONS COMMITTEE
JANUARY 14, 1999

By Wayne Kindem
Administrative Support Area Manager
Job Service North Dakota

HB 1093 provides authority to Job Service to sell its local office property located at 216 Second St N in Bismarck or transfer title to the United States Department of Labor (USDOL). The current office, built in 1960, is inadequate for delivery of customer service. Job service is currently looking for a larger facility with adequate parking that can be leased. The USDOL has a 100% equity interest in the property. If, after we relocate our local office operation, there is no continuing employment security use for the current property USDOL will require that we sell the property and remit the proceeds or transfer title.

HB 1093
TESTIMONY
SENATE
POLITICAL SUBDIVISIONS COMMITTEE
MARCH 11, 1999

By Wayne Kindem
Administrative Support Area Manager
Job Service North Dakota

HB 1093 provides authority to Job Service to sell its local office property located at 216 Second St N in Bismarck or transfer title to the United States Department of Labor (USDOL). The current office, built in 1960, is inadequate for delivery of customer service. Job service is currently looking for a larger facility with adequate parking. The USDOL has a 100% equity interest in the property. If, after we relocate our local office operation, there is no continuing employment security use for the current property, USDOL will require that we sell the property and or transfer title. If the USDOL directs us to sell the property, they will further specify if the net proceeds are to be returned to them or allowed to be used by Job Service for reinvestment in owned replacement property.

The House of Representatives amended the bill requiring that sale proceeds must be used for reinvestment in owned replacement property. We concur with the intent of the House amendment that, if possible, replacement property should be owned rather than leased. However, requiring that proceeds 'must' be used for purchase is too restrictive. I ask that you amend the bill by changing the word 'must' to 'may' in line 9. The decision on use of sale proceeds is not within the control of the state, but rather with the USDOL, thus, using permissive wording on the use of proceeds is more appropriate. I, also, request that the bill be amended to add the word 'Net' at the beginning of the sentence which starts in line 9 so that the selling costs may be paid from the sale proceeds. This is necessary since we have no other source of funds to pay for sale costs such as appraisals advertising etc.