

**1999 SENATE POLITICAL SUBDIVISIONS**

**SB 2067**

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2067

Senate Political Subdivisions Committee

Conference Committee

Hearing Date January 8, 1999

Tape Number	Side A	Side B	Meter #
1	x		0-2731
Committee Clerk Signature 			

Minutes:

**Chairman Lee** opened the hearing on Senate Bill 2067

Roll is taken by clerk: All Senators are present

**Senator Lee:** Welcome all

**Senator Lee turns meeting over to Senator Lyson.** Senator Lee is to introduce SB2067

**Senator Lee:** introduces SB2067 which is sponsored by Attorney Dick Switchell Mr Switchell contacted Senator Lee about 30 days ago and asked her to present this bill to committee.

**Senator Lee:** discussion about validity of Bonds and the update of Bonds by members of Senate District 13. Attorney Dick Switchell asked Senator Lee to present this bill to the Legislative Council so that every Bond would be updated when the legislature convenes every biennium.

**Senator Lee:** Thought that something could be done to insure that all bonds that need to be updated are given to the legislative council to be debated on.

**Senator Lee:** Focus of Bill is to make sure that Bonds are updated.

**Senator Lyson:** Opens Committee to any questions for Senator Lee

**Senator Nelson:** Why couldn't there just be a period (.) after public body and forget about the "prior to July 1, 1999"

**Senator Lee:** That is a good question and perhaps there maybe someone in the room whom can answer that. The focus is to forgo having to do this every two years.

**Senator Lyson:** Any further questions for Senator Lee, anyone else in favor of the bill, any opposition to the bill (HB2067).

**Senator Nelson:** Would like to call attention to recording

**Senator Lee:** Would like to present further documentation to the bill.

**Senator Lee:** Asked to carry the bill over till next week, any further discussion on 2067

## **January 15, 1999 Further debate on SB2067**

### **Clerk Roll Call**

All senators present

**Senator Lee:** Tom Tudor is present to make us aware of Bond issues, given Mr. Tudor a copy of the amendment to bill

**Tom Tudor:** Munciple Bond Bank, deals with bond validating act, Section Chapter 2109 of the Century Code. Chapter deals with Bond Validation. Two sections which are the major acts of chapter, 2109.03 (provides bonds issued by a political subdivision) SEE CENTURY CODE.

2109.04 the chapter goes on to indicate what is covered by the validation issue and to cover any irregularities in bond validation. Does provide an acception for Constitutional matters, it doesn't

validate bonds dealing with the Constitution. Purpose of validation is to protect the bond holders and the political subdivision. Challenging the payment of those bonds by another party. The reason (2067) the provisions apply to the bonds issued (last section of chapter) in proceedings taken prior to **July 1, 1999**. Reason for the update is the Century Code only applies to the law when the legislation is effected. Updating will make bonds effective for bonds issued in the last two years or the bonds will not be covered by the validation.

Senator Lee: We were told that by the Legislative Council

Tom Tudor: Study that is being attempted would be done on a continual basis so it is not left upto other legislatures. Overturning of a bond issue. State bonds can bring about a court order to validate the bond.

**Senator Kelsh:** why can't the validation just be done.

**Tom Tudor:** You have to reenact this issue every two years because it only applies to the most recent enactment. Bonds issued since 1997 would cut off any court action against the bond until 1999. Senate bill would protected from legal action for that period of time.

Senator Nelson: What is so magic about two years

**Tom Tudor:** court cost of validating bonds would be more expensive then waiting for every two years. In the Century Code says that every two years is the validation period for bonds and has to be reenacted every two years to provide protection for the bonds.

**Senator Lee:** Have ask legislative Council about this issue. This would obligate other legislative assemblies. We can take care of what has happened since the last session.

**Senator Nelson:** What did they say about the unvalidated bills

**Senator Lee:** We have been lucky that noone has challenged them.



**Senator Lyson:** Confused about date. Bill wording would be changed to say "DATE WILL BE CHANGED TO JANUARY 1 OF EVERY ODD NUMBER YEAR"

**Senator Lee:** No answer to question

**Tom Tudor:** That would be the correct thing to do but Legislative Council would be dealing with this. Legislature does not have the Authority to change

**Senator Lyson:** IF challenged it would have to go before the court

**Senator Lee:** Not obligated

**Tom Tudor:** Let legislative Council deal with it. Leave it alone

**Senator Lee:** Can be done by the house

**Mr Tudor:** Political Subdivisions bare the cost of this being a correct act. Challenging the validity of the bonds. Court may challenge the validity of the bond. Bond holders may find that their is no binding obligation to the bonds if challenged

**Senator Nelson:** How many challenges to bonds have their been in the last twenty years?

**Mr. Tudor:** Not aware of any, only hear of bond disputes during protest

**Senator Lee:** Need to validate bonds as required by the Legislative Council

**Tom Tudor:** Approach that your are taking is correct in dealing with bond issues.

Motion: Move the amendment by SENATOR KELSH

Motion: SECONDED BY SENATOR LYSON

Senator Watne: All of direct studies and studies are decided by legislature.

Senator Lee: Bond issue must be brought up every two years.

Senator Watne: Did he say it must be law.

Senator Lee: It must be law according to Legislative Council.

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Senate Political Subdivisions Committee

Bill/Resolution Number: SB2067

Hearing Date January 8, 1999

Senator Watne: Here is the amendment

Senator Lee: any further discussion on 2067

Roll call on 2067

6 yeas, 0 neas, 0 absent

Motion: Do Pass amendment by SENATOR KELSH

Motion: AMENDMENT SECONDED BY SENATOR WATNE

DO PASS AS AMENDED

Motion: DO PASS SENATE BILL 2067

MOTION TO CARRY: CARRIED BY SENATOR LEE

Date: 1-15-98  
Roll Call Vote #: 2067

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO.

Senate Political Subdivisions Committee Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number 90334.0101

Action Taken Do pass as amended

Motion Made By Sen Kelsh Seconded By Sen Watne

Senators	Yes	No	Senators	Yes	No
Senator Lee (Chairman)	/				
Senator Lyson (Vice-Chaiman)	/				
Senator Flakoll	/				
Senator Watne	/				
Senator Kelsh	/				
Senator Nelson	/				

Total (Yes) 6 No 0

Absent \_\_\_\_\_

Floor Assignment Senator Lee

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

2

Date: 1-15-98 ~~2007~~  
Roll Call Vote #: 2067 Amendment

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO.

Senate Political Subdivisions Committee Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number 90334.0101

Action Taken Do pass as amended

Motion Made By Sen. Kelsh Seconded By Sen. Watne

Senators	Yes	No	Senators	Yes	No
Senator Lee (Chairman)	✓✓				
Senator Lyson (Vice-Chaiman)	✓✓				
Senator Flakoll	✓✓				
Senator Watne	✓✓				
Senator Kelsh	✓✓				
Senator Nelson	✓✓				

Total (Yes) 6 No 0

Absent \_\_\_\_\_

Floor Assignment Senator Lee

If the vote is on an amendment, briefly indicate intent:  
Senator Lee to carry

REPORT OF STANDING COMMITTEE

SB 2067: 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). SB 2067 was placed on the Sixth order on the calendar.

Page 1, line 2, after "1999" insert "; and to provide for a legislative council study on the validation of bonds"

Page 1, line 6, after the first "chapter" insert "Legislative council study"

Page 1, line 7, after "1999" insert "During the interim between regular sessions of the legislative assembly, the legislative council shall study the need to update the application of this chapter to bond issues"

Renumber accordingly

**1999 HOUSE POLITICAL SUBDIVISIONS**

**SB 2067**

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2067

House Political Subdivisions Committee

Conference Committee

Hearing Date 2-25-99

Tape Number	Side A	Side B	Meter #
1	x		49.5-59.4
1		x	24.1-25.8
Committee Clerk Signature <i>Sam Sever</i>			

Minutes: BILL SUMMARY: Relating to validation of bonds issued by public bodies of the state before July 1, 1999; and to provide for a legislative council study on the validation of bonds. Chairman Froseth called the hearing to order with all committee members present except Rep. Gunter.

Sen. Judy Lee, Dist. 13, : testified in support of this bill. This validation of bonds has something brought forward and was somehow missed. These need to be validated from one session to the next. There needs to be some sort of tickler to remind the legislative session each time that they need to be validated; and not just rely on the memory of some legislator. That is why the amendment was added. This will make sure that all bonds get officially validated. There is no liability for the state. It's just a procedural thing. (49.5-53.8)

Chairman Froseth : The amendment that was put on in the senate, is that your amendment?

Sen. Lee : No, that was a committee amendment. The original bill just updated to 1999 date. The Legislative Council helped us figure procedurally what we could do, so we didn't have to just rely on memory.

Chairman Froseth : The concern we have is that I don't know if we can put in statute to direct the Legislative Council to do studies.

Sen. Lee : 55.0 It's not an interim study. One of the staff person will do this and they offered to do this. There was no objection to the way that was stated.

Rep. Koppelman : 55.9 Do you know, in that context, if there are other dates like this? Dates need to be updated in statute. Did LC say anything that there was an order or some way to catch these things session to session?

Sen. Lee : 57.1 Good question, but I don't have the answer. There is no liability to state.

Rep. Glassheim : 58.0 Doesn't the Legislative Council means two different things. It means the intern committees and also the staff. Why do we need a statute?

Sen. Lee : It sounds like they plan to do it anyway, so if you don't want it in there, it's fine with me. I just want it done.

Chairman Froseth : Any more testimony for; any against the bill? Hearing none, hearing closed. Let's discuss this bill.

Rep. Glassheim : I move to delete the senate amendment so that the bill exists to change 1993 to 1999. Vice Chair Maragos seconded the motion. VOICE VOTE : All YES.

ACTION: Rep. Delmore made a motion to DO PASS AS AMENDED and Rep. Koppelman seconded the motion.



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House Political Subdivisions Committee

Bill/Resolution Number SB 2067

Hearing Date 2-25-99

Rep. Rose : Wouldn't we also have to change line 2 and line 7 to remove "Legislative Council Study", if we change the last line?

Committee all agreed so that was included in the amendment.

ROLL CALL VOTE: 13 YES and 0 NO with 2 ABSENT. PASSED. Rep. N. Johnson will carry the bill.

Please type or use black pen to complete

Date 2-25-99

Roll call vote # 1

### 1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2067

House POLITICAL SUBDIVISIONS Committee

Subcommittee on \_\_\_\_\_

Conference Committee

} Identify or check where appropriate

Legislative Council Amendment Number 90334, 0201

Action Taken Do Pass as Amended

Motion Made By Rep. Delmore Seconded By Rep. Koppelman

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, N	/				
Rep. Koppelman	/				
Rep. Niemeier	/				
Rep. Rose	/				
Rep. Severson	/				
Rep. Thoreson, B	/				

Total 13 0  
(Yes) (No)

Absent -2-

Floor Assignment Rep. N. Johnson

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

DO NOT USE HIGHLIGHTER ON ANY FORMS

**REPORT OF STANDING COMMITTEE**

**SB 2067, as engrossed: Political Subdivisions Committee (Rep. Froseth, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2067 was placed on the Sixth order on the calendar.

Page 1, line 2, replace "; and to" with a period

Page 1, remove line 3

Page 1, line 7, remove " - **Legislative council study**"

Page 1, line 9, remove ". During the interim between regular sessions of the legislative "

Page 1, remove line 10

Page 1, line 11, remove "bond issues"

Renumber accordingly