

**1999 SENATE FINANCE AND TAXATION**

**SB 2358**

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2358

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 2-2-99

Tape Number	Side A	Side B	Meter #
2,358	X		883-2855
Committee Clerk Signature <i>Shirley Wood</i>			

Minutes:

Sen Urlacher opened the hearing on 2358. A BILL RELATING TO CREATING COUNTY LEVY AUTHORITY FOR AUTOMATION & TELECOMMUNICATIONS.

Sen Wardner - This bill allows the counties to put on 5% levy for maintenance. If we tied this to another bill passed and instead of starting a new bill. Amendments to 2358 - hoghouse.

Mark Johnson - NDACo. Executive Director, submitted testimony and is attached.

Sen. Stenehjem - Under this would there be funding for help to prepare?

Mark Johnson - Yes. always matching funds, and they have purchased computers, etc. Some programs have additional funds.

Sen. Kroeplin - Are the counties maxed out?

Mark Johnson - No they are not.

Sen Stenehjem- Under home rule can they budget counties that aren't on home rule.

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Senate Finance and Taxation Committee  
Bill/Resolution Number Sb 2358  
Hearing Date 2-2-99

Mark Johnson - Cass county lumped all and at 69 mills. Bill would benefit 52 counties in the State.

Sen. Urlacher - Any more questions or testimony? If not we will close the hearing.

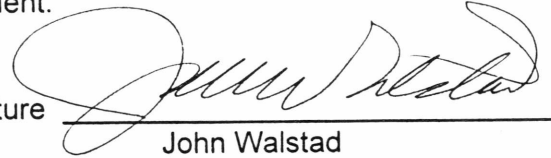
DISCUSSION 2-2-99 TAPE 0 - 2225. A MOTION WAS MADE TO ACCEPT AMENDMENT BY SEN WARDNER AND SECONDED BY SEN KINNOIN. 7 Y 0 N . SEN WARDNER MADE MOTION TO DO PASS AS AMENDED AND SECONDED BY SEN. KINNOIN THE VOTE WAS 6 Y 1 N 0 ABSENT AND THE CARRIER IS SEN. WARDNER.

## FISCAL NOTE STATEMENT

Senate Bill or Resolution No. 2358

This bill or resolution appears to affect revenues, expenditures, or fiscal liability of counties, cities, or school districts. However, no state agency has primary responsibility for compiling and maintaining the information necessary for the proper preparation of a fiscal note regarding this bill or resolution. Pursuant to Joint Rule 502, this statement meets the fiscal note requirement.

Signature



John Walstad  
Code Revisor

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

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2358

Senate Senate Finance and Taxation Committee

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

Legislative Council Amendment Number \_\_\_\_\_

Action Taken No Pass as amended

Motion Made By Sen. Wardner Seconded By Sen. Kinnoin

Senators	Yes	No	Senators	Yes	No
SENATOR URLACHER	✓				
SENATOR CHRISTMANN	✓				
SENATOR SCHOBINGER	✓				
SENATOR STENEHJEM	✓				
SENATOR WARDNER	✓				
SENATOR KINNOIN	✓				
SENATOR KROEPLIN		✓			

Total (Yes) 6 No 1

Absent \_\_\_\_\_

Floor Assignment Sen. Wardner

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

**REPORT OF STANDING COMMITTEE**

**SB 2358: Finance and Taxation Committee (Sen. Urlacher, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2358 was placed on the Sixth order on the calendar.

Page 1, line 3, after "telecommunications" insert ", within the levy authority for old-age and survivors' insurance; and to amend and reenact subsection 3 of section 52-09-08 and subsection 5 of section 57-15-28.1 of the North Dakota Century Code, relating to the levy limitation for old-age and survivors' insurance"

Page 1, after line 4, insert:

**"SECTION 1. AMENDMENT.** Subsection 3 of section 52-09-08 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

3. The political subdivision, except a school district, a multidistrict special education board, or a center board of an area vocational and technology center, shall levy a tax sufficient to meet its obligations under this chapter, up to a maximum levy not exceeding the limitation in section 57-15-28.1 or, for counties, the limitation in section 3 of this Act. Within the levy limitations set out in subsection 6 of section 57-15-28.1, the governing body of a county may levy a tax for comprehensive health care insurance employee benefit programs duly established by the governing body. Any obligations under this chapter over and above the amount raised by the maximum levy permitted in this section must be paid out of the general fund of the political subdivision. All payments by a school district for obligations incurred under this chapter must be made out of the school district's general fund established pursuant to section 57-15-14.2."

Page 1, underscore line 7

Page 1, line 8, underscore "commissioners may levy an annual tax not exceeding the limitation in section", replace "2" with "3", and underscore "of this Act to"

Page 1, underscore lines 9 and 10

Page 1, line 13, underscore "A county levying a tax for" and insert immediately thereafter "old-age and survivors' insurance according to section 52-09-08, for social security, for an employee retirement program established by the governing body, for county automation and telecommunications under section 2 of this Act, or for any combination of those purposes, may levy a tax not exceeding thirty mills. The portion of the levy under this subsection for" and underscore "county automation and telecommunications under"

Page 1, line 14, underscore "section", replace "1" with "2", underscore "of this Act may", remove "levy a tax", underscore "not", remove "to", and underscore "exceed five mills."

Page 1, after line 14, insert:

**"SECTION 4. AMENDMENT.** Subsection 5 of section 57-15-28.1 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

5. A political subdivision, except a school district or county, levying a tax for old-age and survivors' insurance according to section 52-09-08, for social security, or for an employee retirement program established by the

governing body, or for any combination of those purposes, may levy a tax not exceeding thirty mills."

Renumber accordingly

**1999 HOUSE FINANCE AND TAXATION**

**SB 2358**



1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2358

House Finance and Taxation Committee

Conference Committee

Hearing Date March 8, 1999

Tape Number	Side A	Side B	Meter #
1	x		40.6
Committee Clerk Signature <i>Jamie Stein</i>			

Minutes:

REP. BELTER Opened the hearing.

SEN. RICH WARDNER, DIST. 37, DICKINSON Testified in support of the bill as the prime sponsor. This bill allows the counties to increase the mill levy of five mills for technology. The way the bill was amended in the Senate, was so it is a part of an existing levy. This would be a part of the OASIS one. The OASIS has a cap of thirty mills, most of your counties are using it for social security and retirement programs. About 10.5 mills is the most that any county uses. It would be part of an existing mill levy. There was a resolution put in that states we need to move state government out in the state, move it out of Bismarck. I think that is what we are doing by keeping county government out there and being able to hook up technology wise. We are keeping government out in the state. If there is a chance to move a department from the state, out to some of these communities, we have got to have the technology to do it.

MARK JOHNSON, EXECUTIVE DIRECTOR, NORTH DAKOTA ASSOCIATION OF COUNTIES, Testified in support of the bill. See written testimony.

REP. WARNER We had a bill earlier dealing with the Register of Deeds Office astonishing workload, do you have any idea what something like that would cost statewide?

MARK JOHNSON I have no idea what that would cost. I wouldn't deny that that might be something we want to look toward. I know what the Register of Deeds Offices have gone through with the Secretary of States Office over the last five and a half years to be automated to the point that they are automated, I don't know if it will happen within the next biennium.

With no further testimony, the hearing was closed.

COMMITTEE ACTION 3-8-99, Tape #1, Side B, Meter #36

REP. SCHMIDT Made a motion for a DO PASS.

REP. HERBEL Second the motion. MOTION CARRIED

14 Yes 0 No 1 Absent

REP. SCHMIDT Was given the floor assignment.

Please type or use black pen to complete

Date 3-8-99  
Roll call vote # 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2358

House HOUSE FINANCE & TAX Committee

- Subcommittee on \_\_\_\_\_
  - Conference Committee
- } Identify or check where appropriate

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By Rep. Schmidt Seconded By Rep. Aurbel

Representatives	Yes	No	Representatives	Yes	No
BELTER	✓		WINRICH	✓	
RENNERFELDT	✓				
CLARK	✓				
FROELICH	A				
GRANDE	✓				
GROSZ	✓				
HERBEL	✓				
KROEBER	✓				
MICKELSON	✓				
NICHOLAS	✓				
RENNER	✓				
SCHMIDT	✓				
WARNER	✓				
WIKENHEISER	✓				

Total 14 0  
(Yes) (No)

Absent \_\_\_\_\_

Floor Assignment Rep. Schmidt

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

DO NOT USE HIGHLIGHTER ON ANY FORMS

REPORT OF STANDING COMMITTEE (410)  
March 8, 1999 11:44 a.m.

Module No: HR-41-4208  
Carrier: Schmidt  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**SB 2358, as engrossed: Finance and Taxation Committee (Rep. Belter, Chairman)**  
recommends **DO PASS** (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).  
Engrossed SB 2358 was placed on the Fourteenth order on the calendar.

1999 TESTIMONY

SB 2358

**TESTIMONY TO THE  
SENATE FINANCE & TAXATION COMMITTEE**  
Prepared February 2, 1999 by the  
North Dakota Association of Counties  
Mark Johnson, NDACo Executive Director

**Concerning Senate Bill No. 2358**

Thank you Chairman Urlacher and members of the Committee for the opportunity to present an explanation of the serious need for SB2358, and our Association's strong support. As our intention is not to create another new levy, but address a serious funding need, we support the sponsors amendments presented today.

County government has come before this Committee a number of times in past Sessions, and already once this Session, in support of proposals that would increase the flexibility that elected county commissions have over their single available tax source; property tax. It has been the position of our Association for a number of years, that levy consolidation and/or the removal of levy limitations would give county boards greater flexibility to direct already available revenue to those areas that are of greatest priority.

Recognizing that that Senate has supported these past proposals, but that passage in the House has been unsuccessful, our Association's leaders have asked us to take a different approach to address a great and growing need. This bill creates a new, special levy, dedicated to automation and telecommunication expenses. These expenses are consuming an ever-increasing share of county general fund levies; levies that are currently at the maximum in all but six counties

While it may be suggested that if counties lack the resources to automate, possibly they shouldn't; the reality of the matter is that for most county offices the choice is not made at the county level. As an example, I would like to note a partial list of the automated systems that counties must support and maintain, to some degree, with their own resources:

1. TECS – Economic assistance eligibility system on the State’s mainframe managed by DHS, involving over 250 eligibility staff in the 51 county social service office.
2. TEEM – TANF eligibility system that is a client-server system involving regional PC servers, local clients, and the state’s mainframe, managed by DHS, involving about 110 eligibility staff in 51 county social service office.
3. UCC/CNS – Lien indexing system on the State’s mainframe, managed by the Secretary of State involving all 53 Registers of Deeds.
4. FACSES – “Fully Automated Child Support Enforcement System”, managed by the Dept. of Human Services involving all 53 Clerks of Court and the 8 Regional Child Support Units that are now fully county funded.
5. UCIS – Unified Court Information System managed by the State Court Administrator and installed in the courthouses with a chambered judge.
6. Bridge Management – This PC database system was developed by NDDOT and provided to counties as an option for managing the thousands of major and minor structures on county and township roads.
7. SAMS – State’s Attorney Management System developed by the Attorney General and provided as a management option to State’s Attorneys in 16 counties.
8. Criminal History – Attorney General’s mainframe database system that State’s Attorneys directly access, and Sheriffs access via radio.
9. Motor Vehicle Licensing – NDDOT’s mainframe database system that State’s Attorneys directly access and Sheriffs access via radio.
10. General Ledger – Five separate platforms for general accounting are in use among the counties, distributed largely by county size and individual needs.
11. Property Tax Administration – Five separate platforms are in use for calculating, billing, crediting, and maintaining property tax records on behalf of cities, schools, townships, and other districts as well as counties.

This is very likely an incomplete list, but it demonstrates the magnitude of county involvement with automation. The critical point however, is that use of the first four are required by State law and counties are mandated to financially support

each to a specific level. The biennial “county share” of the network costs for TECS/TEEM systems alone is over \$1 million, and this does not include local expenses for equipment purchase, repair, replacement, and to some degree training and support.

I would like to illustrate this further by comparing the automation budgets of the primary state agencies with which counties must interact electronically. The automation budgets below are summarized from the Statewide Information Technology Plan, developed for the Legislature:

**Projected IT Spending by Funding Source  
1999-2001 Biennium**

	General Fund	Fed/Special	Total Funds
108.0 Secretary of State	\$ 1,309,709	\$	\$ 1,309,709
125.0 Attorney General – BCI	\$ 372,200	\$ 200,000	\$ 572,200
325.0 Human Services	\$ 12,485,841	\$ 30,565,561	\$ 43,051,402
504.0 Highway Patrol	\$	\$ 1,094,784	\$ 1,094,784
801.0 Transportation	\$	\$ 12,638,637	\$ 12,638,637
Sub-total of Agencies with obvious county linkages			\$ 58,666,732
All other state agencies	\$ 75,840,324	\$103,114,641	\$178,954,965
<b>STATE AGENCY TOTAL</b>	<b>\$ 90,008,074</b>	<b>\$147,613,623</b>	<b>\$237,621,697</b>

It quickly becomes obvious that the State is making a large and growing investment in the acquisition, development, maintenance, and support of automated systems. Counties, which deliver many of the State’s services, must also invest in these systems if they are to continue to fulfill their Constitutional and statutory responsibilities. If counties fail to keep pace with state government and with their citizens, they cannot hope to survive as a viable delivery structure for governmental services. Remaining technologically proficient is vital to a community, its economic development potential, and its ability to meet the needs of its citizens in the future.



A page from the State technology consultant's report that was recently submitted to the Senate Appropriations Committee can best illustrate the growth of State and county obligations in this area. Attachment 1 is a copy of this page, showing the estimated spending on "wide area network telecommunication services" only. Of the statewide total of \$19.3 million, counties are contributing 8% or \$1.5 million. The line graph however predicts a future where network costs will grow to \$60 million in five years, and at the same share, counties would see their costs growing to \$4.8 million. Again, these are only wide area network telecommunications services, and not the software, hardware, training and support that goes along with it.

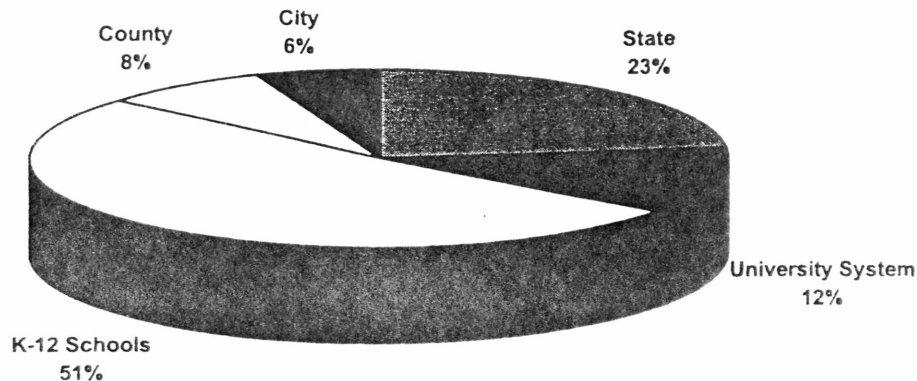
With the current limitations on the county general fund in most counties, there is no source for counties to continue to maintain this level of financial responsibility, however it is vital to our communities that government functions are delivered in a uniform manner, with the greatest accessibility possible. For these reasons, we offer SB2358 as a partial solution.

We recognize the difficulties in supporting a new levy authority, and we are supportive of the sponsor's proposal to simply allow the use of existing authority to address this critical and growing need. Thank you Mr. Chairman and committee members for this opportunity to express county support for SB2358, and we would greatly appreciate your favorable consideration of the amendments and the bill.

7/1/16

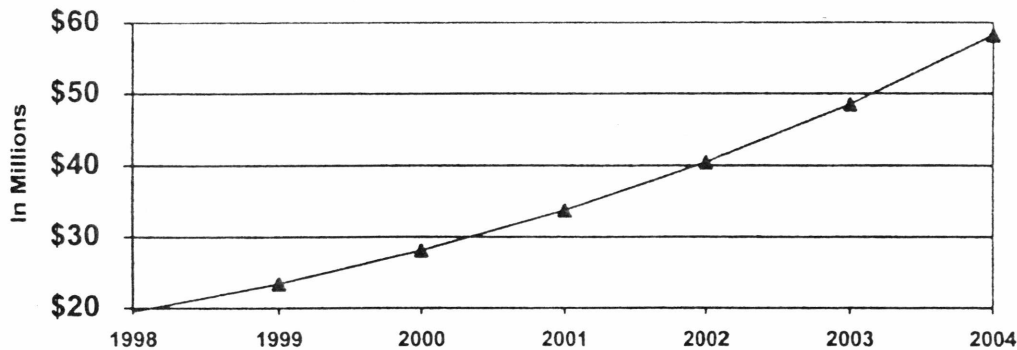
### VIII. Telecommunications Financial Analysis

In 1998, the state of North Dakota spent approximately \$19.3 million in *wide area network* telecommunications services for state agencies, the university system, public schools, county government and municipal government. A breakdown of the spending is as follows:



Future spending for telecommunications services is expected to grow at a minimum of 20% annually. Demand for network services (bandwidth) is being driven by new applications and the explosion of remote access and Internet access. Industry analysts are predicting network demand growth of 300% or more over the next five years. Using average growth of 20% annually, telecommunications spending will increase from \$19.3 million in 1998 to \$57.6 million in 2004.

Projected Annual Telecommunications Spending  
 by the state of North Dakota



The projected financial benefits of bringing current services and functions under the auspices of ITD were based on the following:

- Aggregation of Demand.** The addition of schools and municipalities will more than double the state's current telecommunications buying power. The state would be in a powerful and attractive bargaining position with respect to future service requests from telecommunications service providers. It is difficult to target a specific value to each entity of consolidating the state's buying power. However, states that have moved in the direction of aggregation have found that they can reduce their overall procurement costs by 20%. Because North Dakota is already

**TESTIMONY TO THE  
HOUSE FINANCE & TAXATION COMMITTEE**

**Prepared March 8, 1999 by the  
North Dakota Association of Counties  
Mark Johnson, NDA Co Executive Director**

**Concerning Engrossed Senate Bill No. 2358**

Thank you Chairman Belter and members of the Committee for the opportunity to present an explanation of the serious need for Engrossed Senate Bill 2358, and our Association's strong support.

County government is facing a growing problem in addressing the increasing costs of automation necessary to deliver requested and mandated services. These expenses are consuming an ever-increasing share of county general fund levies; levies that are currently at the maximum in all but six counties.

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\* From the Statewide Information Technology Plan

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