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SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

3055

2001 HOUSE FINANCE AND TAXATION

HCR 3055

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3055

House Finance and Taxation Committee

Conference Committee

Hearing Date February 21, 2001

Tape Number	Side A	Side B	Meter #
1	X		223
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

REP. AL CARLSON, CHAIRMAN Opened the hearing.

REP. LONNY WINRICH, GRAND FORKS, Introduced the bill as the prime sponsor.

This is a study resolution which replaces HB 1403. HB 1403, was the proposed recording system for economic development incentives across the state, that bill has been defeated. In discussion, and particularly, in some of the testimony, it was suggested that we should look at this and try to develop a system whereby we can keep track of these economic development incentives. This calls on the legislative council to study this and catalogue all of the various incentive programs that are out there. The gentleman from ED & F, who testified against the bill, Randy Schwartz, and I have been in communication. He read the e-mail he received from Mr. Schwartz.

REP. HERBEL Made a motion for a **DO PASS**

REP. KROEBER Second the motion. **MOTION CARRIED BY VOICE VOTE AND WILL BE PLACED ON THE CONSENT CALENDAR.**

Date: 2-21-01
 Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. HCR 3055

House FINANCE & TAXATION Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Rep. Herbel Seconded By Rep. Kroeber *sent*

Representatives	Yes	No	Representatives	Yes	No
CARLSON, AL, CHAIRMAN			NICHOLAS, EUGENE		
DROVDAL, DAVID, V-CHAIR			RENNER, DENNIS		
BRANDENBURG, MICHAEL			RENNERFELDT, EARL		
CLARK, BYRON			SCHMIDT, ARLO		
GROSZ, MICHAEL			WIKENHEISER, RAY		
HERBEL, GIL			WINRICH, LONNY		
KELSH, SCOT					
KROEBER, JOE					
LLOYD, EDWARD					

voice vote

Total (Yes) 13 No 0

Absent 2

Floor Assignment Rep. Winrich

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

REPORT OF STANDING COMMITTEE (410)
February 21, 2001 9:53 a.m.

Module No: HR-32-4168
Carrier: V/Inrich
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HCR 3055: Finance and Taxation Committee (Rep. Carlson, Chairman) recommends DO PASS and BE PLACED ON THE CONSENT CALENDAR (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HCR 3055 was placed on the Tenth order on the calendar.

2001 SENATE INDUSTRY, BUSINESS AND LABOR

HCR 3055

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3055

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date March 14, 2001.

Tape Number	Side A	Side B	Meter #
I	x		0 to 3.6
	x		39.7 to 43.1
Committee Clerk Signature <i>Louis E. Pérez</i>			

Minutes:

The meeting was called to order. All committee members present. Hearing was opened on HCR 3055 directing the legislative Council to study the effectiveness of various economic development incentives and the feasibility and desirability of creating a reporting system that assists in compiling a complete inventory of economic development incentive programs and in evaluating the effectiveness of the programs.

Representative Lonnie Winrich, District 18, prime sponsor. Written testimony attached.

No opposing testimony. Hearing concluded.

Senator Mathern: It has always been a concern of mine that we do so many things out there and the Legislature has no idea of the impact.

Discussion held.

Senator Mathern: Motion : do pass and be placed on the consent calendar.

Senator Espegard: Second.

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Senate Industry, Business and Labor Committee

Bill/Resolution Number HCR 3055

Hearing Date March 14, 2001.

Roll call vote: 7 yes; 0 no. Motion carried. Floor assignment: **Senator Mathern**

REPORT OF STANDING COMMITTEE (410)
March 14, 2001 10:00 a.m.

Module No: SR-44-5544
Carrier: D. Mathern
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HCR 3055: Industry, Business and Labor Committee (Sen. Mutch, Chairman)
recommends **DO PASS** and **BE PLACED ON THE CONSENT CALENDAR** (7 YEAS,
0 NAYS, 0 ABSENT AND NOT VOTING). HCR 3055 was placed on the Tenth order
on the calendar.

2001 TESTIMONY

HCR 3055

**Testimony of
Representative Lonny Winrich
In
Support of HCR 3055**

Chairman Mutch and members of the Senate Industry, Business & Labor Committee, I am Representative Lonny Winrich from District 18 in Grand Forks and I appear before you this morning as the prime sponsor of HCR3055. I hope to convince you to give this resolution favorable consideration. Early in this legislative session, I introduced HB1403 to address the issue of accountability for economic development subsidies. That bill was defeated in the house. I would like to think that the opposition to the bill was not due to an unwillingness to hold businesses accountable for their expenditures of public funds but rather manifested a feeling that the proposed bill was premature and, in fact, might not be inclusive enough. I am encouraged in that belief by the fact that several colleagues who voted against HB1403 have encouraged me to submit this study resolution.

Governments at the state and local level work very hard to encourage existing businesses to relocate in their jurisdictions and to encourage the growth of new business. These efforts usually involve the subsidizing of private businesses with public funds. The subsidies take various forms and include outright grants to new and developing companies, loans, loan guarantees, reduced interest rates, tax increment financing, and tax exemptions from sales, income, or property taxes. There seems to be a general consensus that, although we are not sure how effective these incentives may be, we can't afford to discontinue them because that would leave us unilaterally disarmed in the battle for "economic development." If we, as a state or a community, don't offer these incentives and everyone else does, then obviously businesses will go elsewhere and we will lose out.

I confess that I am not prepared to challenge that assumption. But I do think that we should attempt to gather information on just how effective the many forms of business subsidies are. HCR3055 asks the Legislative Council to study the feasibility of collecting information on various economic development incentives and creating a reporting system that would make it possible to evaluate and compare the effectiveness of those programs. Wouldn't it be great if we as legislators had data showing that in certain economic situations a new business development is aided more by a low interest loan where perhaps the state subsidizes the loan to achieve the low rate than it would be by an investment tax credit on corporate income tax? We would be in a much better position to allocate the state's scarce resources among the many demands for support of economic development. The Department of Economic Development and Finance (or a new Department of Commerce) would be in much better position administer the various programs created by the legislature in different economic situations.

Mr. Chairman and members of the committee, this is information we need to do our jobs well and it is information that several administrative departments of state government need to do their jobs. I urge you to give a DO PASS recommendation to HCR3055.