

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2121

2005 SENATE APPROPRIATIONS

SB 2121

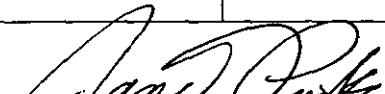
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2121

Senate Appropriations Committee

☐ Conference Committee

Hearing Date January 24, 2005

Tape Number	Side A	Side B	Meter #
2	a		
Committee Clerk Signature 			

Minutes:

Chairman Holmberg opened the hearing on SB 2121.

Gary Berreth, Director of Operations, Department of Transportation (DOT) indicated he had pre filed SB 2121 to amend 54-44.1-11 to purchase roadway maintenance. In addition, he recommendation to amend that bill. The transcript in **support of SB 2121 and the amendment** were distributed to the committee.

Senator Bowman asked if the roadway maintenance is for all roads and does it include loaders, mowers, front end blades.

Gary Berreth indicated dollars for equipment gets used during first part of biennium, an amount of funds is set aside until the winter season to allow ability to purchase equipment that needs replacing. Sometimes equipment is ordered during the biennium, but it doesn't arrive until after the biennium ends and the authority to use that money has been lost.

Senator Mathern, Have you discussed this as a general policy making issue.

age . 2

Senate Appropriations Committee

Bill/Resolution Number 2121

Hearing Date January 24, 2005

Senator Christmann asked if this is a way of getting all of the money spent.

Gary Berreth told an example of equipment being ordered and arriving late. This resulted in funds from the following biennium being used to pay for the equipment ordered in the past biennium. The money reserved for the equipment had gone back to the general fund.

Hearing on SB 2121 closed.

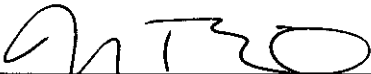
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2121

Senate Appropriations Committee

☐ Conference Committee

Hearing Date 02/14/05

Tape Number	Side A	Side B	Meter #
3		x	2,400-2998
Committee Clerk Signature 			

Minutes: **Chairman Holmberg** opened discussion on SB 2121.

A **DO PASS** motion was made by Sen. Fischer, seconded by Sen. Schobinger.

An amendment was offered by Gary Barreth, DOT.

A voice vote for the amendment was taken, it passed.

A **Do PASS as AMENDED** motion was made by Sen. Robinson, seconded by Sen. Krauter. A roll call vote was taken 14 yeas 0 nays and 1 absent and not voting. Sen. Robinson will carry the bill.

Chairman Holmberg closed meeting on SB 2121.

FISCAL NOTE
Requested by Legislative Council
12/23/2004

Bill/Resolution No.: SB 2121

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The adoption of this legislation will allow for better delivery of the NDDOT equipment procurement process though the entire biennium cycle. Without the provision the department has a higher probability of losing budget authority for equipment procurement during any biennium cycle for factors which are outside the control of the department. Examples being, failure by any vendor to deliver equipment prior to the end of a biennium for reasons such as labor, materials, or facility problems.

The bill has no identifiable fiscal impact.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Jerry Horner	Agency:	NDDOT
Phone Number:	328-4443	Date Prepared:	01/07/2005

Date 2-14-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2121

Senate SENATE APPROPRIATIONS

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass w/ Amended

Motion Made By

Fischer R

Seconded By

Schobinger K

Senators	Yes	No	Senators	Yes	No
CHAIRMAN HOLMBERG	/		SENATOR KRAUTER	/	
VICE CHAIRMAN BOWMAN	/		SENATOR LINDAAS	/	
VICE CHAIRMAN GRINDBERG	/		SENATOR MATHERN	/	
SENATOR ANDRIST	/		SENATOR ROBINSON	/	
SENATOR CHRISTMANN			SEN. TALLACKSON	/	
SENATOR FISCHER	/				
SENATOR KILZER	/				
SENATOR KRINGSTAD	/				
SENATOR SCHOBINGER	/				
SENATOR THANE	/				

Total (Yes)

14

No

0

Absent

1

Floor Assignment

Robinson

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

REPORT OF STANDING COMMITTEE

SB 2121: Appropriations Committee (Sen. Holmberg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2121 was placed on the Sixth order on the calendar.

Page 2, after line 2, insert:

- "5. Purchases by the department of transportation of roadway maintenance equipment costing more than ten thousand dollars per unit if the equipment was ordered during the first twenty-one months of the biennium in which the funds were appropriated."

Renumber accordingly

2005 HOUSE APPROPRIATIONS

SB 2121

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2121

House Appropriations Committee
Government Operations Division

☐ Conference Committee

Hearing Date Thursday, March 10, 2005

Tape Number	Side A	Side B	Meter #
1	X		00-8.0
Committee Clerk Signature <i>Theresa W. Timken</i>			

Minutes:

Chairman Carlisle opened the hearing on SB 2121 concerning the unexpended appropriations for roadway maintenance operations. **Mr. Gary Berreth, Director of Operations, N.D.**

Department of Transportation (NDDOT), read his testimony into the record (See Handout #1).

Chairman Carlisle noted there's no money associated with SB 2121; this simply grants the NDDOT the authority. **Dir. Berreth** confirmed.

Rep. Kempenich asked what kind of equipment falls under the purview of this bill and **Dir.**

Berreth said this is non-fleet equipment. This would be all-wheel drive and skid steer loaders and bituminous/oil distributor tanks.

Rep. Timm asked for a scenario and **Dir. Berreth** said the Agency orders the equipment, but if it's not delivered before the end of the biennium, the Agency can't pay for it out of the previous biennium's budget. **Rep. Timm** said in other words, that "if you ordered it and you don't get it

until August, you still want to pay for it in the previous biennium. **Dir. Berreth** confirmed. **Rep.**

Kempenich asked how the Agency is working with this currently. **Dir. Berreth** said that if the equipment isn't delivered, payment would have to come out of the next biennium's equipment line item. There's no extra money. The impact comes through the Equipment Management Program where the Agency schedules replacement vehicles. When this happens, and we have to pay out of the next biennium's budget, it sets us back on the replacement program. **Rep.**

Kempenich asked what happens to the unexpended money and **Dir. Berreth** said it goes back into the Trust Fund to be recycled.

Rep. Kroeber asked if this is confined to the capital assets budget line item. **Dir. Berreth** said it falls under the equipment line item, under operations. **Mr. Joe Morrisette** said the capital assets is a separate line and that would include all equipment over \$5,000. **Rep. Kempenich** asked why it's under capital assets. **Mr. Morrisette** said any equipment over \$5,000 falls under the capital assets line for accounting purposes. Anything under \$5,000 falls into the operating line.

Rep. Timm moved a Do Pass on SB 2087; **Rep. Thoreson** seconded.

Hearing no further discussion, **Chairman Carlisle** called for Roll Call Vote #1. Motion passed 6-0-0.

Chairman Carlisle closed the Hearing on SB 2121.

(Meter #8.0)

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2121
Unexpended Appropriations for Roadway Maintenance Operations

House Appropriations Full Committee

☐ Conference Committee

Hearing Date March 15, 2005

Tape Number	Side A	Side B	Meter #
1	X		#36.4 - #45.0
Committee Clerk Signature <i>Chris Alexander</i>			

Minutes:

Rep. Ken Svedjan, Chairman opened the discussion on SB2121.

Rep. Mike Timm, Vice Chairman explained that this bill gives the highway department the authority to spend money for equipment that purchased in the previous biennium but wasn't delivered until the next biennium. This bill authorizes this carry over.

Rep. Ken Svedjan, Chairman asked if this was limited to just equipment for roadway maintenance operations.

Rep. Mike Timm, Vice Chairman answered that these were the examples they gave us so this is what they are spending the money on.

Rep. Keith Kempenich commented that page 2 of the bill is really specific about what they are spending the money on.

Rep. Jeff Delzer asked if there were any state laws that prohibit paying for the equipment before receiving it.

Rep. Mike Timm, Vice Chairman answered that he was unsure but it is unusual to pay for something before you receive it.

Rep. Francis J. Wald commented that a bill carried last week gave the university system an exclusion about unspent funds and now this bill seems to be an exception to last weeks bill. Is there a conflict between these two bills.

Ms Roxanne Woeste answered that there was a bill passed on the floor similar to this but clarified that the code advisor would check to make sure there were no conflicts in the code once these are passed. (meter Tape #1, side A, #41.4)

Rep. Eliot Glassheim commented that this will be one of the things they will ask you to approve in August.

Rep. Ken Svedjan, Chairman answered that he would be looking for it in August.

Rep. Bob Skarphol asked about language in section 3 where it limits purchases of more than \$10,000 to having to be purchased in the first half of the biennium and then pay for them in the second half. This bill seems to be an attempt to prevent this practice of ordering in the end of a biennium and having to pay for it into the next biennium.

Rep. Joe Kroeber commented this is really big equipment that is built to order so sometimes it takes a while to get what you order.

Rep. Jeff Delzer commented that this bill would allow for future carry over authority for anything that ordered over \$10,000 that hasn't shown up yet. This could run into millions of dollars if it is done right, and Rep Delzer stated that he did not want to support this.

Rep. David Monson answered that we have already appropriated this money so where is the problem

Page 3
House Appropriations Committee
Bill/Resolution Number SB2121
Hearing Date March 15, 2005

Rep. Mike Timm, Vice Chairman moved a Do Pass motion to SB2121.

Rep. Ron Carlisle seconded

Rep. Ken Svedjan, Chairman called for a roll call vote on the Do Pass motion for SB2121.

Motion carried with a vote of 19 yeas, 3 neas and 1 absence. Rep Timm will carry the bill to the house floor.

Rep. Ken Svedjan, Chairman closed the discussion on SB2121.

Date: 3/10/05
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House House Appropriations Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do PASS on SB 2121

Motion Made By Rep. Timm Seconded By Rep. Thoreson

Representatives	Yes	No	Representatives	Yes	No
Chairman Carlisle	✓		Rep. Kroeber	✓	
Rep. Timm	✓		Rep. Williams	✓	
Rep. Kempenich	✓				
Rep. Thoreson	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Rep. Timm

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

Date: March 15, 2005
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB2121

House Appropriations - Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Rep. Timm Seconded By Rep. Carlisle

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan, Chairman	X		Rep. Bob Skarphol	X	
Rep. Mike Timm, Vice Chairman	X		Rep. David Monson	X	
Rep. Bob Martinson	X		Rep. Eliot Glassheim	X	
Rep. Tom Brusegaard	AB		Rep. Jeff Delzer		X
Rep. Earl Rennerfeldt	X		Rep. Chet Pollert	X	
Rep. Francis J. Wald	X		Rep. Larry Bellew		X
Rep. Ole Aarsvold	X		Rep. Alon C. Wieland	X	
Rep. Pam Guleson	X		Rep. James Kerzman	X	
Rep. Ron Carlisle	X		Rep. Ralph Metcalf	X	
Rep. Keith Kempenich	X				
Rep. Blair Thoreson	X				
Rep. Joe Kroeber	X				
Rep. Clark Williams	X				
Rep. Al Carlson		X			

Total Yes 19 No 3

Absent 1

Floor Assignment Rep. Timm

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

REPORT OF STANDING COMMITTEE (410)
March 15, 2005 12:51 p.m.

Module No: HR-47-4999
Carrier: Timm
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2121, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman)
recommends **DO PASS** (19 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING).
Engrossed SB 2121 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

SB 2121

#1
H. App. G.O.
Thurs. 3/10/05
12:53 2121

HOUSE APPROPRIATIONS COMMITTEE
March 10, 2005

*Same
given to
the Senate*

North Dakota Department of Transportation
Gary Berreth, Director of Operations

SB 2121

Good morning Mr. Chairman and members of the committee. I'm Gary Berreth, Director of Operations for the North Dakota Department of Transportation (NDDOT). I'm here to testify in support of SB 2121.

The NDDOT pre-filed SB 2121 as an agency bill. This bill calls for an Act to amend the NDCC Section 54-44.1-11 relating to unexpended appropriations for roadway operations; and to declare an emergency. The intent is for the NDDOT to be able to expend appropriations or balances to purchase roadway maintenance equipment costing more than ten thousand dollars per unit if the equipment was ordered during the first twenty one months of the biennium in which the funds are appropriated.

The NDDOT purchases approximately \$5 million worth of equipment on a biennium basis. Under current statutes, the carryover provision for equipment does not allow for the acquisition of equipment on a programmed basis for the full extent of the biennium.

Generally, the NDDOT tries to hold back on spending all equipment monies until we know the impact of winter. In bad winters, we've had to replace damaged equipment unexpectedly. If we get through the winter without emergency replacements, we then try to order other needed equipment. The potential exists, in bad winters, where we might have to utilize intended equipment monies to off set excessive snow and ice control activities.

Historically, near the end of the biennium, the NDDOT will solicit bids for equipment scheduled for replacement through the equipment management program. It takes about a month to proceed through the bidding process and award the bid, leaving approximately two months for delivery of the equipment. Vendors do not normally keep larger equipment on inventory. Most of the larger equipment is manufactured after it is ordered. There are instances where the manufacturing and delivery time for this equipment does not allow us to obtain the equipment prior to the end of the biennium. This results in losing budget authority for equipment items that cannot be delivered in a timely manner, thereby impacting the next biennium budget.

Passage of this bill would allow the NDDOT greater flexibility in managing its equipment replacement program and budget authority.

Mr. Chairman, that concludes my testimony and I would b happy to answer any questions the committee may have.