

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

11/68

2007 HOUSE FINANCE AND TAXATION

HB 1168

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **HB 1168 A**

House Finance and Taxation

Check here for Conference Committee

Hearing Date: **16 January 2007**

Recorder Job Number: **1189**

Committee Clerk Signature

Jan Prindle

Minutes:

Chairman Belter opened the hearing of HB 1168.

Representative Gil Herbel, District 16, introduced the bill. This is a very simple bill. It simply raises the mill levy for soil conservation districts from one mil to three. I have met with the soil conservation people and they have convinced me there is a need. You will have to decide if this need would preempt any other property tax issue that is going to be related to property tax relief and increases. He distributed Attachment #1. As you can see there is enormous inequity in what some counties can raise versus others. You can see that is as little \$5.0 in Golden Valley and Cass County which raises \$360.0 from one mil. When you think about what soil conservation districts do, it's the same job in all counties. This change in the levy would not impact those counties that are not using the full mil at the present time. If the soil conservation people discontinue their programs, and that may happen, that will impact the larger counties. I own a ranch in Grant County. Knowing the importance of hunting to the state, I have chosen to plant on my land and my son's adjacent ranch 19,000 trees. This will have a huge impact on what can result from wildlife. Some of the counties have suggested if the money is not going to be there, the tree program will no longer exist. I think it imperative when we consider this bill we keep those issues in mind. We simply cannot operate soil

conservation districts without funds. This bill will give them the opportunity to raise more money. You have to decide if this is worthwhile project.

Chairman Belter: Doesn't the county have the authority to have an election and increase their mils if they would so choose.

Representative Herbel: Some counties have chosen not to do it. The issue has come extremely close in the last election in Walsh County. Yes, they do have that ability.

Representative Froseth: Are all these other changes in the bill just updates to coincide with changes in the code.

Representative Herbel: Most of it is updating language. The technical part is on page 4, line 12.

Representative Froseth: If the committee should chose to amend this to two mils instead of one. . . .

Representative Herbel: If you make the change in the mil levy I think every thing else will be okay.

Representative Weiler: Explain to me on this sheet with the mil levies, some of these the amount levied is more than the one mil amount. Explain to me how that works.

Representative Herbel: That came from some counties that have chosen to pass the mil levy above one mil and that is why they have a greater amount of money already.

Representative Headland: I look at Stutsman County. They are not levying anything. How are they funding their soil conservation projects?

Representative Herbel: I don't know. Perhaps those following me will be able to.

Representative Weiler: Is there currently in the rural areas some sharing going on with some of the equipment.

Representative Herbel: I can't answer that. I know in the county I'm dealing with they will not share. There is a concern about if the other county would break the equipment then what do you do?

Representative Froseth: If the county is going to raise it over this one mil, do they have to go to the vote of the people.

Representative Herbel: Yes.

Gary Babinski, chairman of the Three Rivers Soil Conservation District Bd of Supervisors and farmer from Walsh County testified in favor of the bill. (Testimony Attached.)

Chairman Drovdal: I draw on my background to make decisions on these things. The district I represent is six counties. I think each county is larger than Walsh, yet the revenue on each of these counties is smaller yet they are not asking me for an increase in mils. Why is there this discrepancy between the soil conservation districts and why do they not feel any need to ask for me.

Babinski: We ask that ourselves. We have spent the whole weekend on the telephone, emails, to contact as many people as we could. That is part of it. I think some supervisors are quite lax in their doings.

Representative Kelsh: Are SCD supervisors elected?

Babinski: Three of the five are elected. Two are appointed. The terms are 6 years and there is no limit.

Representative Froseth: Are all districts the same makeup. I don't believe that's so in my county.

Babinski: There are some districts that have just three. The two appointed ones started about 6 years ago where the board could appoint two more.

Representative Headland: Are there other sources of funding that can be used by the

conservation districts? My home county of Stutsman doesn't have a levy but I know that every property owner that wants trees gets trees.

Babinski: Yes. Some charge for the services like the trees that Representative Herbel and I planted, we purchased those trees. There is a state technical trust grant—a line item in the Extension budget. The problem with that is I think it helps counties up to about \$20.0. It may not be that high right now; they are asking for another \$200.0. The problem with that is that it does not help with fuel, equipment, buildings, etc. That money can't be used for that. In the legislation there is the one mil now plus up to 5 mils that you can also ask for. That is limited to matching funds. If the district is sued, you can ask for funds for litigation.

Representative Headland: You do have the ability to raise charges for the services you charge to keep your budget whole.

Babinski: We have raised our prices extremely this last summer. Then we run into Grand Forks County, a large county next to us, their budget is \$300.0 and ours is \$70.0. They are able to sell their trees for \$1 and we have to sell ours for \$1.75.

Curt Klein, farmer/rancher and business owner who serves on the Soil Conservation Board, Carrington ND, testified in favor of the bill. (Testimony Attached.)

Representative Froseth: Isn't the soil conservation director's salary paid by the federal government? How much of your total budget is federal funding?

Klein: Zero.

Arnie Barta: That's part of the problem. Everyone thinks we're federally funded—we're local. When we get done with their programs, we actually come up with a deficit. We work with the feds through the programs, but we don't capitalize on it.

Representative Froseth: So federal money goes to cost sharing.

Barta: They set the parameters and that is where we end up losing money.

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House Finance and Taxation

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Hearing Date: **16 Jan 07**

Representative Schmidt: There is a check off on our income tax for trees. Does soil conservation use any of that?

Barta: I don't know. That is the first I've heard of that.

There being no further testimony, Chairman Belter closed the hearing of HB 1168.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1168 B

House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: January 16, 2007

Recorder Job Number: 1225

Committee Clerk Signature *Michee Schmidt*

Minutes:

Chairman Belter opened the hearing on HB 1168. This was the increase in tax for the soil conservation. I will entertain a motion.

Representative Grande: I move a Do Not Pass

Representative Weiler: Second it.

Chairman Belter: Is there any discussion?

Representative Schmidt: I have a lot of soil conservation in the eastern part of the State and they are asking for this. I can't go against this Bill. I know there was talk about moving it from 3 to 2. Maybe we should take a look at that. The tax payers are the ones calling me and saying they want this Bill.

Chairman Belter: My concern is that the tax payers of this county said no twice, and then they bring it to the Legislature and we're supposed to say yes.

Representative Weiler: That's exactly my sentiments on it. In a session where we are inundated with the fact that we have to do something about property taxes, I'm not going to vote for anything that increases property taxes. And that's essentially what this Bill is going to do. Rep. Belter said it better than you can say it that the local level is where it should be and if

the voters of the county are not going to vote it in, then I don't think we've passed a law that says they can do it.

Representative Schmidt: These people are here, they're all voters too, big voters and they own a lot of land.

Representative Brandenburg: I noticed in the testimony is that only 1 or 2 counties were here. The whole association wasn't here in support of this Bill.

Vice Chairman Drovdal: I was surprised by this Bill because I heard from 3 of my counties out of my 6 on this particular Bill. They were very adamant that I vote no on this Bill. One of those counties is the largest county in ND and serves the largest land mass and they were very adamant to vote no on this, so I'm not sure what's going on. They didn't think that they needed it, they thought that they could go to the voters to give them that authority without going through the Legislature.

Representative Schmidt: Maybe you could give me some time to call some of the soil conservation people tonight?

Chairman Belter: Well, I would like to move on this Bill.

Representative Weiler: I would imagine that you heard from a certain number of people, but there are people that feel that they need more monies, but it's not our responsibility just to give the money because a few people ask for it and if that's the case, we'd pass every Bill that comes into this committee. It's the entire State as a whole that we need to look after.

Representative Pinkerton: The amount that's levied here, like starting from \$3,000 from Cedar County up to \$112,000 for Cass County. Is that the full budget?

Chairman Belter: No, I don't believe so. They must have more money than that.

Representative Froelich: My father was in the Soil Conservation District for 26 years and my brother's on right now. A lot of the funding that comes through for planting trees and numerous

things that come through there is federal dollars. They can go to their voters and get it if they need it.

Representative Weiler: Some of this language, the majority of this was to clean up the Bill. I was going to say, amend out the 3 mills and pass the Bill.

Chairman Belter: Will the clerk read the roll for a Do Not Pass on HB 1168; 11-y, 1-n, 2-absent; Rep. Headland will carry HB 1168. Closed the hearing on HB 1168.

Date: 1-16
Roll Call Vote #: 1168

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House _____ Finance & Tax _____ Committee

Check here for Conference Committee

Legislative Council Amendment
Number _____

Action Taken Do Not Pass

Motion Made By Rep. Grande Seconded By Rep. Weiler

Representatives	Yes	No	Representatives	Yes	No
Chairman Belter	✓		Rep. Froelich	✓	
Vice Chairman Drovdal	✓		Rep. Kelsh		
Rep. Brandenburg	✓		Rep. Pinkerton	✓	
Rep. Froseth	✓		Rep. Schmidt		✓
Rep. Grande	✓		Rep. Vig	✓	
Rep. Headland	✓				
Rep. Owens					
Rep. Weiler	✓				
Rep. Wrangham	✓				

Total (Yes) 11 No 1

Absent 2

Floor Assignment Rep. Headland

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

REPORT OF STANDING COMMITTEE (410)
January 17, 2007 8:04 a.m.

Module No: HR-11-0683
Carrier: Headland
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1168: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO NOT PASS (11 YEAS, 1 NAY, 2 ABSENT AND NOT VOTING). HB 1168 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

HB 1168

#1

1-16-07

HB 1168

Rep. Herbel

Soil Conservation District Mill Levy Information Based on 2006 Property Tax Report

Soil Conservation District	1 Mill Amount	Amount Levied
Cedar	\$2,167	\$3,075
Golden Valley Co.	\$5,607	\$5,607
Oliver Co.	\$5,704	\$7,302
Eddy Co.	\$6,432	\$8,233
Sheridan Co.	\$6,463	\$6,463
Logan Co.	\$6,632	\$6,632
Adams Co.	\$7,291	\$7,291
Central Stark Co.	\$7,500	\$7,500
Grant Co.	\$8,185	\$8,185
Burke	\$8,767	\$8,504
Griggs Co.	\$8,974	\$9,602
Divide Co.	\$9,294	\$9,108
Kidder Co.	\$9,679	\$9,679
North McHenry Co.	\$9,820	\$9,820
McIntosh Co.	\$9,857	\$9,462
Rolette Co.	\$10,101	\$10,101
Renville Co.	\$10,226	\$10,226
West McLean Co.	\$10,500	\$10,500
Steele Co.	\$10,798	\$10,798
Mouse River (Bottineau Co.)	\$11,000	\$11,000
Nelson Co.	\$11,203	\$12,099
Slope-Hettinger	\$11,489	\$11,489
Towner Co.	\$11,633	\$12,331
South McHenry Co.	\$12,346	\$12,346
Foster Co.	\$12,693	\$16,120
North Central (Henson Co.)	\$13,173	\$13,173
Dunn Co.	\$13,336	\$21,046
Pierce Co.	\$13,796	\$6,699
Emmons Co.	\$13,823	\$0
South McLean Co.	\$15,000	\$15,000
Bowman-Slope	\$15,000	\$10,091
Wild Rice	\$15,416	\$0
Mountrail Co.	\$15,566	\$13,693
James River (Dickey Co.)	\$16,731	\$16,731
Ransom Co.	\$16,864	\$8,168
Wells Co.	\$17,816	\$17,816
Lakshous Co.	\$17,923	\$17,907
McKenzie Co.	\$18,202	\$18,202
Mercer Co.	\$19,009	\$24,902
Turtle Mountain (Bottineau Co.)	\$19,500	\$19,500
Cavalier Co.	\$20,485	\$20,485
Ransom Co.	\$25,765	\$25,765
Trill Co.	\$26,112	\$26,112
Pembina Co.	\$30,281	\$30,278
Walsh Co. Three Rivers	\$31,728	\$33,315
Barnes Co.	\$36,120	\$36,133
Western (Stark Co. & Sitings Co.)	\$38,000	\$38,000
Williams Co.	\$38,653	\$39,429
Richland	\$50,215	\$50,215
Stutsman Co.	\$51,566	\$0
Morton Co.	\$59,066	\$59,044
Ward	\$118,390	\$46,218
Western Grand Forks Co.	\$149,406	\$145,367
Burleigh Co.	\$173,736	\$76,850
Cass Co.	\$361,510	\$112,060
Total Per Year	\$1,676,555	\$1,175,871

1-16-07

HB 1168

#2

Finance and Taxation Committee.
HB #1168

January 16, 2007

I am Gary Babinski from Minto, ND. I am a farmer of the Walsh County area for 39 years.

I am chairman of the Walsh County Three Rivers Soil Conservation District Board of Supervisors and have been on the Board for 4 years.

I am here to testify on behalf of HB # 1168.

Our District has been operating at a deficit for many years and has nearly exhausted its reserves. Both the equipment and tree shed are aged and in need of replacement and/or repairs. Our best vehicle has over 200,000 miles. When our staff travel, and especially in weather like today, they use their personal vehicles.

We participate in many educational programs and would like to continue to promote the education of the youth as well as the adults. We currently are sponsors of the following programs: Water Festival, Eco Tour, Geological Tour, Ladies Ag Day, Project Trees, Stewardship Week and a booth at the Fair.

Conservation of the soil, North Dakota's most important natural resource, and preserving the quality of the air and water is of high importance. Our services and programs have a definite effect on the quality of the life of people in the state of North Dakota. These are benefits for both urban and rural communities. Our efforts are displayed in the growing trends of outdoor recreation, such as, hunting, bird watching, hiking, and fishing.

Soil Conservation Districts not only provide assistance to our agricultural industry, but enhances another most important industry to the State of North Dakota, Tourism.

Due to negotiations of the World Trade Organization, the future trend is more and more toward Green Payments and with that we will need ecologically sound practices. In the recent 2002 farm bill, the program

called Conservation Security Program (CSP) is a prime example of what is to come. CSP is the concentration on rewarding conservation efforts instead of commodity payments. USDA Secretary Johanns in a recent speech has proposed this for the 2007 Farm Bill. The only ones set up to over see this is the Soil Conservation District (which is the local resource to conservation) and NRCS (which is the federal resource to conservation).

Under the HB # 1168, the law is still the same. The levy of three mills is up to the discretion of the Board of Supervisors. It is not a mandatory three mill levy and has to be submitted yearly. Supervisors are land, business and homeowners who have no desire to be over taxed and have demonstrated fiscal responsibility. Currently 3 Districts do not levy any mills. Five districts levy $\frac{1}{2}$ a mill or less. Some SCD's receive so little money from their mill that they have only part time employees and are limited in the services they can provide. With 15 Districts receiving \$10000.00 or less, the one mill is no longer sufficient to keep many SCD's operating.

Please, keep the land, business and homeowners "local voice in conservation" alive by supporting HB#1168.

Thank you for your consideration of this Bill.

Respectfully submitted,
Walsh County Three Rivers Soil Conservation District

1-16-07

HB 1168

#3

January 16, 2007

HB #1168

Honorable Representatives of the Finance and Taxation committee,

I am Curt Klein from Carrington, ND, a local farmer/rancher and business owner. I am currently serving as chairman of the Foster County Soil Conservation District, a board that I have been committed to as a volunteer supervisor for the past 19 years.

I am here in behalf of my District and my fellow supervisors to speak in favor of HB #1168.

Soil Conservation Districts were established and given powers as defined in the North Dakota Century Code 4-22. Quoting directly from this section of the Code, it states that *"It is the policy of this state and within the scope of this chapter to provide for the conservation of the soil and soil resources of this state and for the control and prevention of soil erosion, and to preserve the state's natural resources, control floods, prevent impairment of dams and reservoirs, assist in maintaining the navigability of rivers, preserve wildlife, protect the tax base, protect public lands, and protect and promote the health, safety, and general welfare of the people of this state."*

Charged with this responsibility, I and my fellow board members have enacted programs and secured necessary staff to provide for conservation needs identified in our county. In addition to tree planting and weed control services, we have applied weed barrier fabric and operated No-Till drills. Many SCD's, including ours, have been working on projects to assess the quality of the local watersheds and provide for measures to improve and protect these resources. Our district has also been very instrumental in educating the general public and future generations to instill a conservation

ethic that will ensure the continuation of the efforts that we are putting on the land today.

However, in spite of our best efforts to establish financial independence through these programs and various grant opportunities that we have been successful in, our local district has been forced to deplete most of our reserves in order to cover minimal costs to survive. We have had to operate with only one full time employee to manage our operation, which further limits the programs/services that we can even consider providing to our public. We are facing challenges ahead with equipment and a building that are many years old and in dire need of repairs and replacement. The reserves that we had hoped would enable us to address these needs has been expended just to continue daily operations.

While the legislature has entrusted us with a great responsibility, they must recognize that our local resources are not sufficient to do the job. We have exercised the one mill levy option in our county since the late 1980's. This provides us with approximately \$12,700 annually. While all of us on the board are local land owners and tax payers who are as concerned as our neighbor about taxation, we feel that this is vital for SCD's to have the option to apply for additional mills. This does not mean that all of the counties will exercise this option and some may only request a portion. But, for those who have a need, the support will be available.

Thank you for your time today and I ask you to please give your support to House Bill #1168.

Sincerely,

**Curtiss Craig Klein
Carrington, ND
Foster County SCD Supervisor**