

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1280

2007 HOUSE POLITICAL SUBDIVISIONS

HB 1280

2007 HOUSE STANDING COMMITTEE MINUTES

Bill No. HB 1280

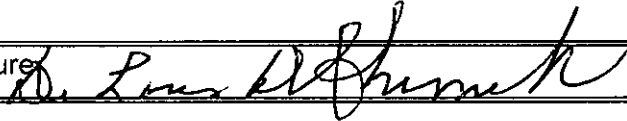
House Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: January 26, 2007

Recorder Job Number: 2035

Committee Clerk Signature



Minutes:

Chairman Herbel opened the hearing on HB 1280.

Rep. Damschen: This eye catching thing is the \$26,500,000, but to explain that a little bit, that is to be used by counties as local matching dollars to leverage federal funds for qualifying highway projects. There is a factor in place that existing funds are distributed by and this would use the same factor to distribute this money to the individual counties. This leverage allows federal dollars; since our counties do not have the monies to get the federal matching funds and this would allow them to be able to do that. It would probably take three years in my district for them to build up the matching funds. I work closely with the DOT to try to arrive at a figure that we could utilize I am proposing a one time expenditure for our counties to help them. In reality, if this goes to the counties it is tax relief because it is a tax they will not have to put on to raise the local matching dollars for roads that are in bad need of repair. This could be considered economic development since if you can't get someplace you can not have economic development. If you can not get the produce out to an area where it can be processed it doesn't happen. If it takes three years now for the county to come up with the 20% matching dollars that means it takes 6 years to leverage the same amount of money that they could leverage in two years. Roads need proper maintenance and everyone benefits

from it. I hope that you won't just look at the \$26,500,000 and notice all the good things that could happen.

Rep. Lee Kaldor There is also an engineering component that adds allot of costs and it would be better to do a bigger project all at one time. Would the distribution be through the normal distribution factor?

Rep. Damschen: Yes, DOT has a formula in place that uses miles of road and population. DOT will explain that later.

Rep. Kari Conrad When this be additional money?

Rep. Damschen: Yes, this is additional one time funding.

Ken Teulner: Towner County Commissioner: President of the Assoc.of Counties in the state. (see testimony #1) I am here to support this bill. It is funding to help our rural roads. County government is struggling to maintain tens of thousands of roads and the same funds they had ten years ago. In the last three years costs have jumped 50%.

Rep. Kari Conrad How many federal dollars would this generate? It would be \$106,000,000.

Rep. Lawrence Klemin How would you come up with the \$26,500,000?

Rep. Damschen: I am not sure how we came up to that figure:

Ken Teubner: I talked to the DOT. I actually started with a higher figure, but we wanted something, but the counties could utilize that money.

Ken Yantes: I am in support of this bill. NDTOA

Larry Syverson: As a farmer I depend on county roads to move my product and equipment. When county roads are in bad repair people detour onto township roads and they are in bad repair. I ask that you give HB 1280 a do pass.

Dave Lefridge: DOT: Rep. Nancy Johnson wanted to know how the funds are distributed.

The reason for the number is that part of the distribution formula is based on 25% of the land

area, 25% of the population of cities under 5,000. 25% of your mill levy program. 25% of miles of county roads.

Rep. Lawrence Klemin: How did they come up with \$26,500,000?

Dave Ledridge: Basically the DOT shares the federal funds with the 52 counties.

Totally counties would need about \$9 million just to match the federal funds next biennium.

DOT is suppose to supply us with a breakdown of the figures.

Rep. Lee Kaldor. Would it be fair to say that counties that are unable to come up with the local match, then are leaving their federal dollars left on the table that are not then being utilized?

Dave Ledridge: What counties do is leave the dollars on the table for two to three years and then they do it. To date no one has left money on the table. It does mean that projects are not done because of local funding matches. We did get an increase in federal funding and the other thing was the fact that construction costs have gone up considerable so that pretty much took care of the increase. The local mill levy has not been increased and local counties are struggling.

Rep. Louis Pinkerton: So the added \$26,000,000 is not long term it is only a one time thing?

Dave Ledridge: No it is not. The federal dollars are coming out based on based on an 8.4% that they get of the federal funds from DOT receives.

Rep. Louis Pinkerton: If we put \$26,000,000 in so allot of the projects are done would that cause any problems with the contractor availability and change the prices of what we would have to pay?

Dave Ledridge: The counties share does not have that big of an impact on the construction industry. Basically it would allow the counties to get projects done and they would be based out over 9 years.

Rep. Lee Kaldor If the counties decide it can not come up with the local match, what happens to the federal dollars?

Dave Ledridge: Basically bill them as we incur the cost as do the counties. What we do is each counties has like a savings account. We meet with them once a year and get their priorities and at that time, if they want to they can save up the money for 1, 2 or 3 years in order to do a project. Other counties can borrow on it so we spend all our available money every year. They have to use it in three years or move it into another counties project fund.

Rep. Kim Koppelman: Those federal funds come in a lump fund and DOT takes and applies it. The federal funds say that each county has to match it in a certain way or is that done on a state level?

Dave Ledridge: the federal money does come with distribution on numbers. The money that goes to the counties for roads and paving projects; they are funded at 80.93% federal funds and 19.7% local funds. Our bridge funds are set up to be straight 80-20 split so those funding are set at the federal level.

Rep. Kari Conrad: Do you have a preference is it important that we dedicate this to highways or make this more open ended?

Ken Teulner: Three counties approached me last week and asked me if there is anything we can do to raise funds so we can match our federal funding? So there is definitely a need out there to do this. Maybe we should give each taxpayer a refund or rebate? They would like to see it come back to the counties for roads.

Hearing Closed.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill No. HB 1280

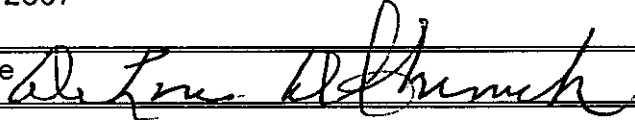
House Political Subdivisions Committee

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Hearing Date: February 1, 2007

Recorder Job Number: 2607

Committee Clerk Signature



Minutes:

Chairman Herbel reopened the hearing on HB 1280. It is the bill with the \$26,500,000 for highway use.

Do Not Pass Motion Made By Rep. Louis Pinkerton Seconded By Rep. Donald Dietrich

Rep. Lee Kaldor I am going to resist the do not pass motion. Knowing full well this is a real long shot since we also have in the budget an expenditure of around \$20,000,000 for DOT and about half of that relates to exactly the same issue that the counties are facing and that is inflation. We have no other bill in the legislature that I am aware of other than state distribution bills that actually address this issue.

Chairman Herbel I do realize there is allot of good done by this particular bill for counties and townships. At the same time part of that money that is the DOT budget will benefit even thou this would have a greater impact. As far as property tax issues is concerned we do have some property tax bills that will come through and hopefully that will deal with the property tax issue, which will perhaps allow for more leverage at the local level for these kinds of issues. I am going to ask you support the do not pass.

Rep. Kari Conrad: I am going to support this bill, because this is the one thing counties have said come forward for county tax relief out of the surplus we have. When they look at that surplus they feel this would be something that would help them.

Rep.Dwight Wrangham I did not view this as new money.

Rep. Lee Kaldor: They collect the money over time to do the federal matching. The problem is that there are times when it disappears since they can not get enough funds together to do a meaningful project. One of the non-federal costs that have hit them hard is engineering costs. I think it addresses some of the counties that are up against the wall; where I come from that is pretty important.

Vote: 7 yes 5 No 2 Absent Carrier: Rep.Dwight Wrangham

Hearing closed.

**2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. HB 1280**

House Political Subdivisions Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Rep. Louis Pinkerton Seconded By Rep. Donald Dietrich

Representatives	Yes	No	Representatives	Yes	No
Rep. Gil Herbel-Chairman	X		Rep. Kari Conrad		X
Rep. Dwight Wrangham-V. Chair	X		Rep. Chris Griffin		X
Rep. Donald Dietrich	X		Rep. Lee Kaldor		X
Rep. Patrick Hatlestad	X		Rep. Louis Pinkerton	X	
Rep. Nancy Johnson	—	—	Rep. Steve Zaiser		x
Rep. Lawrence Klemin	X				
Rep. Kim Koppelman	X				
Rep. William Kretschmar		x			
Rep. Vonnie Pietsch	—	—			

Total (Yes) 7 No 5

Absent 2

Floor Assignment Rep. Dwight Wrangham

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

REPORT OF STANDING COMMITTEE

HB 1280: Political Subdivisions Committee (Rep. Herbel, Chairman) recommends DO NOT PASS (7 YEAS, 5 NAYS, 2 ABSENT AND NOT VOTING). HB 1280 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

HB 1280

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**Testimony To The
THE HOUSE POLITICAL SUBDIVISIONS COMMITTEE**
 Prepared January 26, 2007 by
 Ken Teubner, NDACo President
 Towner County Commissioner

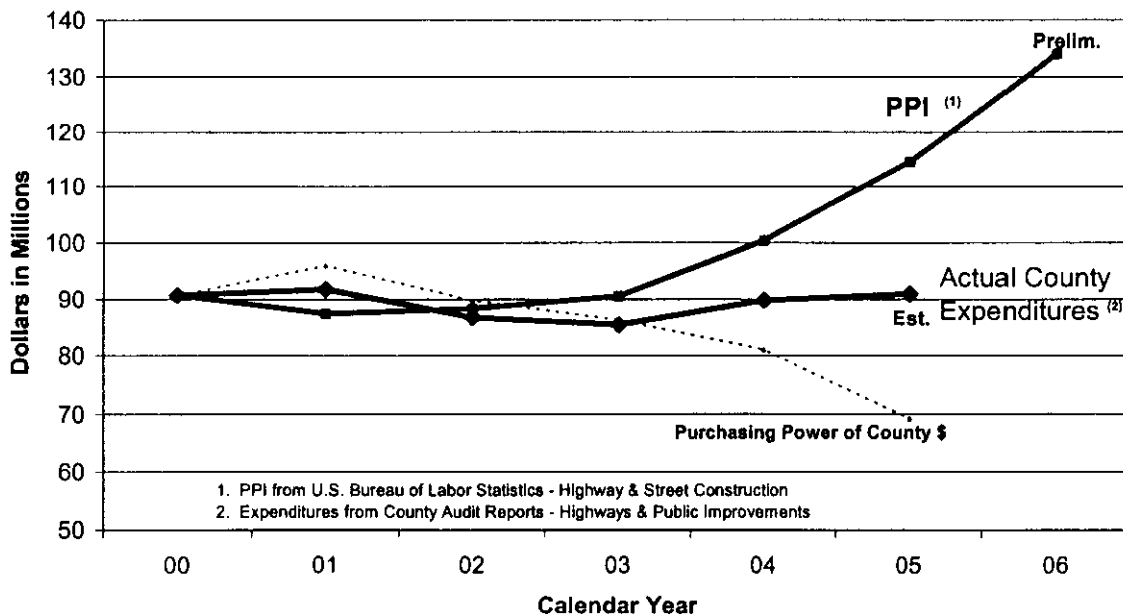
REGARDING HOUSE BILL 1280

Chairman Herbel and committee members, I am Ken Teubner, a Towner County Commissioner and President of the North Dakota Association of Counties.

I am here on behalf of county government to support HB1280 and the increased funding it provides to protect the investment we have in our rural roads.

County government is struggling to maintain tens of thousands of miles of roads and well over 3,000 bridges with the same revenue they had 10 years ago. As the chart below shows, while county road budgets have been flat, the cost of road construction and maintenance has jumped by 50% in the last three years.

**County Highway Expenditures
vs. Production Price Increase (PPI)**



This means that counties must reduce the miles of roads and number of bridges they adequately maintain. According to NDDOT data we now have 647 major

bridge structures (those over 20 feet in length) – or 20% to the total that have a rating of 50 or less. This means they are at the point of replacement.

When counties receive their share of federal aid highway funds, they have only two places to go to generate the match – the State Highway Distribution Fund and property taxes.

As the last two Legislative Sessions have redirected much of the increased motor vehicle registration fees directly to State highways, counties are left with property taxes. Increasing property taxes is not a popular option, so the diversion of property tax revenue from maintenance, becomes the most common solution to generate the match.

Mr. Chairman and committee members, this proposal provides a new approach to assisting in the preservation of our local roads. While it may not be the final solution, we urge you to give HB1280 a “do pass” recommendation to keep this option in the discussion. We have given you a table below that shows how much of the \$26.5 million would go to each county – based on the federal aid formula.

Revenue Allocation of HB1280

Based on Federal Aid Allocation for CY2007

Adams	303,942	Grant	344,587	Ransom	377,937
Barnes	723,355	Griggs	275,787	Renville	296,395
Benson	556,092	Hettinger	327,352	Richland	820,179
Billings	209,511	Kidder	331,969	Rolette	543,109
Bottineau	568,455	Lamoure	492,433	Sargent	388,800
Bowman	268,519	Logan	238,610	Sheridan	248,129
Burke	273,757	McHenry	545,904	Sioux	228,739
Burleigh	628,534	McIntosh	310,212	Slope	226,087
Cass	2,281,593	McKenzie	548,310	Stark	593,325
Cavalier	505,855	McLean	693,017	Steele	248,099
Dickey	468,343	Mercer	529,289	Stutsman	710,668
Divide	309,324	Morton	798,948	Towner	284,996
Dunn	489,617	Mountrail	563,083	Traill	604,638
Eddy	233,972	Nelson	323,333	Walsh	758,406
Emmons	401,071	Oliver	201,882	Ward	1,263,425
Foster	320,150	Pembina	518,594	Wells	372,753
Golden Valley	208,185	Pierce	334,761	Williams	634,276
Grand Forks	1,198,987	Ramsey	572,707	Total	26,500,000