

2013 HOUSE JUDICIARY

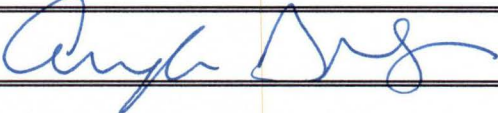
HCR 3007

2013 HOUSE STANDING COMMITTEE MINUTES

House Judiciary Committee
Prairie Room, State Capitol

HCR 3007
February 13, 2013
Job 18882

Conference Committee



Explanation or reason for introduction of bill/resolution:

A concurrent resolution to repeal section 10 of article X of the Constitution of North Dakota, which imposed a statewide property tax levy of one mill for support of the state medical center at the University of North Dakota; and to provide an effective date.

Minutes:

Testimony 1

Chairman Koppelman opened the hearing.

Rep Belter introduced and explained the resolution.

Rep Delmore: Have you heard from many constituents in the state that regard this as a burden, especially when the medical school supplies so many of our doctors in our communities?

Rep Belter: I have not heard specifically. I question how many people are aware what the mill levy is for.

Rep Delmore: Where would the loss of 2.5 million to the school be made up?

Rep Belter: It would be my intention that the medical school go through the regulate budgeting process and that they would take into account the revenue that is raised by this one mill that it is replaced in the budgeting process.

Rep Delmore: Would they be able to do that for the biennium coming up?

Rep Belter: This wouldn't go into effect until the 2014 budgeting year.

Rep Delmore: Do you think that is a better way to do it than what we are doing now that has been there since 1949?

Rep Belter: I just think it's a question of property tax. I think it's a question to put before the people and let them decide.

Rep Klemin: When the money comes in now, does it go into a special fund for the medical school? How is it allocated in the budgeting process?

Rep Belter: I'm not sure how it's handled.

Chairman: Did you research why this was put into the constitution in 1949? It seems odd to have a property tax to go to something like this.

Rep Belter: I didn't research it.

Dr. Joshua Wynne, Vice President for Health Affairs at the University of North Dakota and Dean of the School of Medicine and Health Sciences (16:52) testified in opposition to the bill (Testimony 1).

Rep Larson: Is the budget for the medical school part of the UND budget or is it a separate budget?

Dr. Wynne: The School of Medicine and Health Sciences is administratively part of the University of North Dakota and overall budget supervision is under Vice President Brekke. However, the budget for the School is a separate line item in the higher education budget.

Rep Larson: Does the law school have a separate line item?

Robert Kelley, President of the University of North Dakota: The law school is a component. It is not a separate line item.

Rep Kretschmar: How large is the average class that graduates from the medical school?

Dr. Wynne: The class size is currently 70.

Rep Delmore: Would the loss of this revenue make us turn away some students that are willing to give back to our state?

Dr. Wynne: Yes. It would have a negative impact.

Rep Steiner: You're acting as though we're going to cut that money. I think the point of this resolution is just to take that mill off of property tax. If our appropriations committee set aside that money and you were assured that you would receive that money, would you still oppose the bill?

Dr. Wynne: Our preference would be to leave it as it is because we're used to budgeting this way. Failing that though, it would be critically important that it be replaced as part of our base funding through a secure mechanism.

Rep Boehning: When was the last time the medical school has had a reduction in their budget?

Randy Eken, Associate Dean for Administration and Finance of the University of North Dakota: I've been running the school of medicine's finances since 1983. We had a budget reduction in the referral in 1989.

Rep Klemin: What is the process for you to receive the money from the counties? Are these funds designated for anything in particular?

Eken: The funds are deposited to the treasury on a monthly basis. The department of treasury then wires money to UND. We budget the one mill levy with our general fund and tuition revenues. It is not designated for any specific use.

Chairman: What is the total budget of the medical school?

Eken: On an annual basis, it is about \$80 million.

Chairman: Do you know what a mill was worth in 1949 or 1980? Do you know how the revenue has increased?

Eken: I don't know.

Chairman: How many doctors were in the state in 1948 compared to today?

Dr. Wynne: Today there are roughly 1,450 physicians in ND. We can get you the information for 1948.

Chairman: You said your class size is 70. How many graduate in a year?

Dr. Wynne: Our completion rate is above the national average. It is roughly 96%. Essentially almost everyone who enters medical school graduates.

Chairman: Of those who graduate, how many stay in ND?

Dr. Wynne: Residency is a key part. If you just go to medical school, it's only about 1 in 3 who stay here as far as residency. If you just do your residency, it's in the low 40s; it approaches 1 in 2. If you go to medical school and do your residency, it's 2 out of 3. It's important to emphasize that many who leave the state to complete their residency return.

Hamid Shirvani, Chancellor of the North Dakota University System (1:03:20) testified in opposition to the resolution.


Chairman closed the hearing.

2013 HOUSE STANDING COMMITTEE MINUTES

House Judiciary Committee
Prairie Room, State Capitol

HCR 3007
DATE March 18, 2013
Job 20037


Conference Committee



Explanation or reason for introduction of bill/resolution:

A concurrent resolution to repeal section 10 of article X of the Constitution of North Dakota, which imposed a statewide property tax levy of one mill for support of the state medical center at the University of North Dakota; and to provide an effective date.

Minutes:



Chairman Koppelman: Opened HCR 3007 for committee work. They had asked if this moves forward that we change it from the primary to the general election.

Rep. Bill Kretschmar: Made a motion on line 11 eliminate the word primary and insert the word general. Also on line 16 the last 3 to become a 4.

Rep. Nathan Toman: Seconds the motion on the amendment.

Chairman Kim Koppelman: Motion made and second to amend the bill to clarify that it's taxable year beginning 2014 not 2013 and that it would be on the general not the primary election ballot.

Voice vote carried

Rep. Bill Kretschmar: Made a motion for do not pass.

Rep. Lois Delmore: Second the motion.

Rep. Vicky Steiner: I am going to resist a do not pass, I think it's confusing to people when it is on their statement and the state doesn't normally do that. We have the money and we will support that school and it's just cleaner. In 1948 it made sense at that time because they needed to attract some money from across the state for the establishment of it. It's been established and it will be funded, I just think its cleaner and will resist a do not pass.

Rep. Bill Kretschmar: Gave history of the original bill adopted in 1948.

Rep. Lois Delmore: Is this significant property tax relief? I think we have to look at what the ramifications are for the med school. They are funded by 31% general funds money

and I am concerned that it's money they won't be able to make up and what the ramification might be for taking in more students and many of them stay in the state and provide services we need.

Rep. Nathan Toman: I am voting against a do not pass because we don't levy a mil for the engineering school and engineers staying our state as well. I think it is a lopsided taxation.

Rep. Gary Paur: I am going to support the motion. In 1948 the people said they wanted it, 32 years later they said yes we still want it.

Chairman Kim Koppelman: I think they advocated for a change to the 2014 tax year, it says it would be effective for the taxable years beginning and after 2014. That tax year it wouldn't be on the tax role but they don't collect until the next year.

7-5-2

Rep. Bill Kretschmar: Will carry the bill.

FISCAL NOTE
Requested by Legislative Council
03/19/2013

Amendment to: HCR 3007

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$(1,400,000)		\$(6,000,000)
Expenditures						
Appropriations			\$1,400,000		\$6,000,000	

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Would eliminate statewide one mill property tax levy that supports the operations of the UND School of Medicine and Health Sciences (SOMHS), effective after 12/31/13. Amended to change effective date to taxable years after 12/31/14.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Elimination of one-mill levy would reduce the current revenues of the UND SOMHS and would need to be replaced by offsetting general fund base appropriation. Amendment delays impact until the last six months of the 13-15 biennium (for taxable years after 12/31/14).

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.*

Current annual mill levy revenue collections are about \$5.2 million per biennium, with annual growth of about 4%. Thus, projected revenue loss in 2013-15 is \$5.5 million and \$6.0 million in 2015-17. As amended, the revenue impact would be delayed until the last six months of the 13-15 biennium, thereby reducing SOMHS revenues by about \$1.4 million in 13-15 and \$6.0 million in 15-17.

- 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, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Base state general fund appropriations needed to offset revenue loss outlined in section A. Without replacement funds, the UND SOMHS would have to make significant budget reductions negatively impacting academic quality, services and enrollment.

Name: Laura Glatt

Agency: ND University System office

Telephone: 701-328-4116

Date Prepared: 03/20/2013

FISCAL NOTE
Requested by Legislative Council
01/15/2013

Bill/Resolution No.: HCR 3007

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$(5,500,000)		\$(6,000,000)
Expenditures						
Appropriations			\$5,500,000		\$6,000,000	

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Would eliminate statewide one mill property tax levy that supports the operations of the UND School of Medicine and Health Sciences (SOMHS).

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Elimination of one-mill levy would reduce the current revenues of the UND SOMHS and would need to be replaced by offsetting general fund base appropriation.

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.*

Current annual mill levy revenue collections are about \$5.2 million per biennium, with annual growth of about 4%. Thus, projected revenue loss in 2013-15 is \$5.5 million and \$6.0 million in 2015-17.

- 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, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Base state general fund appropriations needed to offset revenue loss outlined in section A. Without replacement funds, the UND SOMHS would have to make significant budget reductions negatively impacting academic quality, services and enrollment.

Name: Laura Glatt

Agency: ND University System office

Telephone: 701-328-4116

Date Prepared: 01/18/2013

March 18, 2013

VK
3/18/13

PROPOSED AMENDMENTS TO HOUSE CONCURRENT RESOLUTION NO. 3007

Page 1, line 11, replace "primary" with "general"

Page 1, line 16, replace "2013" with "2014"

Renumber accordingly

Date: 3-18-13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HC R 3007

House Judiciary Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Kretschmar Seconded By Rep. Toman

Representatives	Yes	No	Representatives	Yes	No
Chairman Kim Koppelman			Rep. Lois Delmore		
Vice Chairman Lawrence Klemin			Rep. Ben Hanson		
Rep. Randy Boehning			Rep. Kathy Hogan		
Rep. Roger Brabandt					
Rep. Karen Karls					
Rep. William Kretschmar					
Rep. Diane Larson					
Rep. Andrew Maragos					
Rep. Gary Paur					
Rep. Vicky Steiner					
Rep. Nathan Toman					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

VOICE Vote - Carried

Date: 3-18-13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HCR 3007

House Judiciary Committee

Check here for Conference Committee

Legislative Council Amendment Number 13.3033.01001

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Kretschmar Seconded By Rep. Delmore

Representatives	Yes	No	Representatives	Yes	No
Chairman Kim Koppelman		/	Rep. Lois Delmore	/	
Vice Chairman Lawrence Klemin	/		Rep. Ben Hanson		
Rep. Randy Boehning		/	Rep. Kathy Hogan	/	
Rep. Roger Brabandt		/			
Rep. Karen Karls	/				
Rep. William Kretschmar	/				
Rep. Diane Larson	/				
Rep. Andrew Maragos					
Rep. Gary Paur	/				
Rep. Vicky Steiner		/			
Rep. Nathan Toman		/			

Total (Yes) 7 No 5

Absent 2

Floor Assignment Rep. Kretschmar

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

REPORT OF STANDING COMMITTEE

HCR 3007: Judiciary Committee (Rep. K. Koppelman, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (7 YEAS, 5 NAYS, 2 ABSENT AND NOT VOTING). HCR 3007 was placed on the Sixth order on the calendar.

Page 1, line 11, replace "primary" with "general"

Page 1, line 16, replace "2013" with "2014"

Renumber accordingly

2013 TESTIMONY

HCR 3007



**Testimony of Joshua Wynne, M.D.
Vice President for Health Affairs and Dean**

**House Judiciary Committee
February 13, 2013**

Good morning, Chairman Koppleman, Vice Chairman Klemin, members of the Committee, and guests. My name is Joshua Wynne. I am Vice President for Health Affairs at the University of North Dakota, and proud to be Dean of your School of Medicine and Health Sciences. I am here today to comment on the potential impact on the School of House Concurrent Resolution 3007 if the funds specified in the proposal were lost and not replaced with appropriated funds as part of base funding. I am joined in my presentation today by Robert Kelley, President of the University of North Dakota, and Randy Eken, associate dean for administration and finance at the School.

As one of 80 public medical schools out of a total of 134 schools in the United States, the School of Medicine and Health Sciences is highly dependent on state financial support to carry out the its major responsibility in helping the state meet its health care delivery needs. As a representative of North Dakota's only medical school, I take seriously the purpose of your School, which as specified in the amended Century Code is to "...educate physicians and other health care professionals and to enhance the quality of life in North Dakota."

The School is well aware of its special relationship with the people of North Dakota and you, their elected representatives. In exchange for strong financial support from the people of North Dakota through the legislative process, the School works hard to return value to the citizens. That value proposition includes both outstanding health professions career opportunities for our sons and daughters, and a major role in helping to provide the needed health care workforce for the state. The positive impact of the School on the health care workforce is substantial. More than half of North Dakota's primary care doctors either graduated from UND, did residency training in-state, or both, as did two-thirds of its family medicine physicians. When I refer to residency training, I am referring to the post-M.D. degree clinical training required of all physicians before they can get a license to practice medicine. This past summer, the highest percentage ever of graduating residents entering practice chose to remain in North Dakota; almost 80 percent of them are now practicing across the state, from Fargo to Williston and from Belcourt to Bismarck. For the first time in decades, Hettinger is welcoming four recent graduates. Doctors Josh and Carrie Ranum are joining the clinic in Hettinger after their residency training. Josh grew up near Hettinger, and Carrie participated in our Rural Opportunities in Medical Education or ROME program in Devils Lake. And in Williston, one of the graduates of our

general surgery residency is now practicing at Mercy Medical Center. His wife is a fourth-year medical student who is taking her rotations in Williston. I wonder where she'll decide to practice?

Training physicians such as these would not have been possible without the strong financial support that the School receives from public sources. Such financial support by the people of North Dakota, both through appropriated funds and the one mill levy, is essential to the operation of the School, especially as we seek to limit the crushing debt burden that our typical student encounters. As it is, the typical UND medical student graduates with \$162,000 worth of debt—\$162,000! That debt load on students would be even higher were it not for the generous financial support that the School derives from public funding. Such financial support accounts for 31 percent or nearly a third of our overall operating budget, and if research expenditures were subtracted out, public funding accounts for about 42 percent of our educational costs. Total public funding for the School of Medicine and Health Sciences during the current biennium is \$53 million; of that, \$5.2 million or about 10 percent, is derived from the one mill levy. Thus, the loss of those funds, if not replaced by appropriated dollars as part of base funding, would have a dramatically negative impact on our students, either by forcing greatly curtailed educational programs or by requiring oppressive tuition increases of almost 20 percent! And using an estimated growth of four percent per annum, the mill levy shortfall grows to some \$5.5 million in the upcoming biennium and \$6 million in the following biennium of 2015–2017.

The mill levy has been part of the funding of the School for more than six decades, receiving strong voter approval in 1948. The campaign to approve the mill levy back then couched the issue in the simplest of terms: "Vote Yes for More Doctors." And that sentiment hasn't changed in the last 65 years. This would be a decidedly inopportune time to have the School's current forward progress impaired by such a financial straightjacket. Thanks to hard work by a large cadre of people throughout the state, the School is on the verge of implementing a plan called the Health Care Workforce Initiative, or HWI, that promises to finally address the lingering shortage and maldistribution of health care providers that has dogged North Dakota for decades, especially in rural areas and particularly for primary care providers. The HWI has received broad support from the School's Advisory Council, the State Board of Higher Education, and your own Interim Health Services Committee that endorsed the proposed plan by a unanimous vote. Funding for the HWI is included in Governor Dalrymple's Executive Budget, for which we are most grateful.

Although shortages of providers throughout the state remains a problem, we are making progress, especially regarding the School's production of primary care providers. One quarter of the members of the Class of 2012 chose family medicine as their specialty, which is three times the national average. A larger fraction of our graduating medical school class consistently has chosen to specialize in family medicine than have students at almost any other medical school in the country. Nearly half the class is going into primary care—that is, family medicine, internal medicine or pediatrics—again, well above the national average. It would be counterproductive if all of that good work was threatened by the imposition of a major financial shortfall on the School, were the measure to be enacted and the funds not otherwise replaced and vouched for as part of base funding.

Your School is doing everything in its power to help address the health care needs of North Dakota, particularly the health care workforce needs. Please continue to partner with us, as you have done, and support our need for these critically important financial resources, especially at this historic time when we are implementing a long-awaited and well-vetted effort to finally deal with our chronic health care workforce issues.

Mr. Chairman and members of the Committee, thank you for your attention. I'd be happy to address any questions.