

FISCAL NOTE
Requested by Legislative Council
12/19/2014

Bill/Resolution No.: HB 1067

- 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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$29,883			
Appropriations			\$29,883			

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 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).*

This bill would require the update of the populations used for calculating the State Aid distribution amounts annually using the most recent actual or estimated data from the US Census Bureau. Currently, population numbers are updated after the decennial census is completed every ten years.

- 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.*

Section 1 of this bill would require a rewrite of the Office of State Treasurer's TDOC (Tax Distribution Outstanding Check) system to allow for an annual update of population without adjusting the population data used by all of the other distribution formulas that have population as a factor. Currently all distribution formulas are linked to one data set. This bill would require a second population data set to be maintained for State Aid/Sales Tax distribution purposes. It would also require a second upload process to upload annual census data.

Although there would be zero net change in the total amount of distributions being sent to the counties and cities, there may be shift among the political subdivisions based on the interim census numbers.

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.*

Of the \$29,883 shown as an increase in expenditures, \$27,769 is from the attached ITD cost estimate for them to complete the TDOC rewrite required. The remaining \$2,114 is based on an estimate of the amount of time it would take Office of State Treasurer staff to assist in and test the rewrite process.

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The expenditures listed above would require a general fund appropriation increase for the Office of State Treasurer of \$29,883.

Name: Ryan Skor

Agency: Office of State Treasurer

Telephone: 701-328-4637

Date Prepared: 01/06/2015



Software Development Division Budget Estimate

To: Ryan Skor – State Treasurer’s Office	Date Issued: 12/30/2014	Prior Est. Date:
	From: Della Thorsness	
	Prepared By: Josh Ridl	
Project Description: Rewrite the state aid distribution process to use annual census data to perform calculation for the state aid distribution.		
WMS Work Order Number: 236811	WMS Service Request: 1538203	

ITD is recommending your agency budget **\$27,769** for this project. This amount includes an estimated **\$25,244** based on requirements we received during the interview process plus an additional **\$2,525** for scope changes. The additional **10%** is based on ITD’s experience with scope changes in projects this size. Including this additional amount will give your agency the flexibility to cover typical scope changes, and remain within your budgeted amount. A more accurate estimate will be prepared once this project has started and the analysis phase is completed. The cost to complete the analysis phase is estimated to be approximately **\$6,069**.

What you get for your money from ITD

ITD estimates this project to take **2 months**. This timeframe is a projected timeframe based on typical project staffing levels. The actual timeframe will be determined during the Planning Phase and will be based on the availability of customer and ITD resources at that time.

Should you decide to proceed with this project, please approve the cost estimate via the online Work Management System. Upon your approval, you will be prompted to submit a service request under the existing work order. All ITD services relating to this project will be billed to your department monthly at actual cost.

At the start of the project ITD will review any estimate over 90 days old. If necessary a revised estimate will be issued.

ITD Request Number: 1538203

Project: 236811

Project Description

Rewrite the State Treasurer's TDOC (Tax Distribution & Outstanding Checks) application for the State Aid Distribution to calculate the distribution based on annual census data. The annual census data will be uploaded and maintained within the TDOC application.

Assumptions

The one-time costs (development) of the routines are based on the following assumptions:

- The cost estimate used the upcoming biennium (15-17) rate of \$105 per hour.
- ITD will not assign a project manager to the project.
- No changes are required for the Cognos reports.
- No changes to security. The changes will utilize the existing TDOC Administrator group.
- The change to the State Aid Distribution calculation will allow for prior distributions using the old populations to be recalculated using those prior population values.
- All application data will be transmitted securely using a SSL certificate.
- Department staff will produce any necessary Help documents/user manuals, implementing the documents as HTML web page(s) available from a department's web site.
- Department staff will provide any necessary training documents or training sessions for application users.
- Department is responsible for securing any needed approvals from the owning agency for any data access needs, interfaces, waivers, etc. that may be necessary for this project.
- The project will follow ITD's software development quality assurance methodology and processes.

Determining Costs

The cost estimate includes the following processes:

Process	Description
Upload Annual Census Data	Create a new admin option to allow the TDOC Administrator to upload a file containing annual City and County Population numbers.
County Population	Update the County Details Admin page to include the new County and City Population amounts.
Maintain Population	Create a new maintenance option to maintain the new County and City Population amounts.
State Aid Distribution Calculation	Update the State Aid Distribution Calculation to use the new Population values to calculate the distribution.

One-Time Cost for System Development

The cost for development is estimated to be \$27,769. This amount includes an estimated \$25,244 based on requirements and an additional \$2,525 for scope changes. The additional 10% is based on ITD's experience with scope changes in projects this size. Including this additional amount will give your agency the flexibility to cover typical scope changes, and remain within your budgeted amount. A more accurate estimate will be prepared once this project has started and the analysis phase is completed.

On-Going Monthly Costs

There is no change to the existing on-going cost of the TDOC application.



Providing Customer-Centric Services

The Information Technology Department (ITD) provides technology leadership for state government and the people of North Dakota. ITD exists solely to help State agencies discover, assess, and implement information technologies. ITD's Software Development Division develops, implements, operates and supports software solutions that meet our customer's need as provided in this cost estimate. ITD also provides server computing, local and wide area network support, voice and data technologies, video conferencing, and other emerging technologies. The following overview describes the services ITD considers valuable to our customers. We hope you'll find this helpful in assessing the value of our services.

State Government IT Partner

ITD knows the business of North Dakota State government and understands inter-agency relationships. We've been servicing State agencies since 1968. Upon request, we'll provide references offering honest referrals about our services.

Our customer relationships are long-term partnerships.

Affordable Cutting Edge Technology

ITD helps agencies discover best fit solutions for their agency at affordable rates. ITD charges only to recover costs – we retain no profit with our low rates. Our staff is trained in many new and existing technologies, so we can readily assess customer requirements and provide solutions that best fit an agency's needs. ITD implements and supports IT solutions on modern hardware in modern facilities, using operating systems and software no older than current version minus 1.

Whenever it's necessary to extend our capabilities, we augment our current staff with outside vendors to meet demands.

Quality

ITD develops applications within the processes of a structured systems development methodology. This includes functional testing and all applications are tested for usability and performance (load tested). ITD Meets State & Federal Audit Compliance. Our infrastructure and operation processes are reviewed by and meet state and federal audit requirements. ITD Supports State Enterprise Architecture Standards, and our software and infrastructure meet North Dakota Enterprise Architecture standards.

We build compliance into our service offerings which relieves the customer of State standard compliance concerns.

Dedicated & Experienced Staff

ITD employees submit to an FBI background check and are bound by the same confidentiality requirements as agency staff. ITD's staff is cross-trained to provide continuous backup. We provide dedicated architects to design effective, top-notch infrastructure for security, system hosting, software development, and telecommunications. Our staff applies formal project management practices to all projects.

ITD strives to retain innovative, talented, and dedicated staff. ITD's staff is tenured with an average of 13 years of service.

Support Structure

ITD offers several levels of customer support, including 24 x 7 support for applications and infrastructure.

Customer Service Surveys indicate 99% of customers are very satisfied with our support.

Flexible Infrastructure

ITD's infrastructure and support structure are designed to meet varied needs. ITD designs and builds applications that can operate in a redundant environment. If one server fails, another server picks up the workload with little or no down time.

We can design and host any size application.

Disaster Recovery

ITD has the tools and resources required to monitor software applications and computer system infrastructure to assure adequate performance and up-time. Applications can be monitored on a 24 x 7 basis. If a disaster occurs in our Computer Systems area or Statewide Network, customer applications can be running within hours.

ITD's standard practice is to keep all data, applications, and systems backed up in a secure location to meet customer expectations.

Security

By investing in the infrastructure and training required to prevent malicious activity within our IT environment, ITD has dedicated staff to assure that customer data and applications are secure.

We use source code control software to provide sound source code management.

[Back to Estimate](#)

2015 HOUSE APPROPRIATIONS

HB 1067

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1067
1/20/2015
22473

☐ Subcommittee

☐ Conference Committee



Explanation or reason for introduction of bill/resolution:

Relating to allocations of revenues among political subdivisions; to provide an expiration date and to declare an emergency.

Minutes:

Attachment #1

Vice Chairman Keith Kempenich

Chaired the meeting as Chairman Delzer is a sponsor on HB 1067.

State Representative Jeff Delzer from District 8 presented testimony as a sponsor of the bill

Representative Bellew

Who does the estimating?

Representative Jeff Delzer

United States Census Bureau does it. I asked the State Treasurer's office and the only thing it would affect is the state aid distribution.

Representative Monson

How accurate are these, if it was the Census Bureau, I would put more trust in it than if it were just someone in the county.

Representative Jeff Delzer

The Census Bureau and you talk about how accurate it is, how accurate is the 2010 one right now?

Representative Monson

How often do they update this?

Representative Jeff Delzer

Every year

Vice Chairman Keith Kempenich

Do the cities go out and do informal and then submit to the Census Bureau?

Representative Jeff Delzer

I couldn't answer that, maybe we could ask Legislative Council to research that for us

Vice Chairman Keith Kempenich

We've changed in the last few years, vs. the census; we should have about 40,000 more plus people in the state.

Representative Holman

We are almost 5 years into where we are, we are seeing population shift continuously, but on the other hand, some counties are going to see a decrease in funding as opposed to some areas getting an increase. Can we see some examples of numbers of what might change based on where we are right now with four years of data?

Representative Jeff Delzer

I purposely did not ask for that, because I think this should be more of a fairness issue for the whole state. I'm not sure anyone would get less.

Representative Boe

Response to Representative Holman, these counties would end up taking less regardless, in this case, they would ratchet slowly down or slowly up to get the actual true number in the end anyway.

Representative Nelson

Could Legislative Council look at 2010, and see didn't we do an estimated census prior to the referral census? I would like to see how accurate those estimates were, as opposed to see how on track these estimates are, if that's possible?

Representative Skarphol

I would be curious to see if we could get someone from Census Bureau to give us presentation with regard to this.

Vice Chairman Kempenich

It is going to move some money around, no doubt. Where is the number at with whats in the state aid distribution fund?

Representative Jeff Delzer

Brady Larson, Legislative Council would have that pretty available. It was up considerably this biennium.

Brady Larson: for the 2013-15 biennium, the total distributions were estimated to be about \$285M and for the 2015-17 biennium the estimated distributions are \$320M.

Vice Chairman Keith Kempenich

Any more testimony?

Representative Boe

League of Cities were in and left testimony, they had to go to governor's office and Association of Counties were here to lend support and I told them I would relay their message.

Vice Chairman Keith Kempenich

Closed the hearing on HB1067.

Attached testimony - #1

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1067
1/29/2015
22818

☐ Subcommittee
☐ Conference Committee



Explanation or reason for introduction of bill/resolution:

Relating to allocation of revenues among political subdivisions; to provide an effective date; to provide an expiration date; and to declare an emergency.

Minutes:

NO Attachments

Chairman Jeff Delzer opened the meeting on HB 1067 by discussing an email memo regarding the estimated census and who does it. He mentioned it was a fairness issue and that there is an understanding that some of the communities may get less of a share than what would have been.

Vice Chairman Keith Kempenich:

I think when this bill was heard a couple weeks ago; I think for the most part what cities weren't losing enough to offset the gains of what the changes were in others.

Vice Chairman Keith Kempenich

Made a motion for a DO PASS on HB 1067.

Representative Boehning: seconded the motion

Discussion:

Representative Nelson: I thought we were going to get someone from the Department of Commerce to explain the validity of these estimates between the 10 year cycles of censuses.

Chairman Jeff Delzer

That's what I thought the memo we received from Council actually did for us
I've got a copy of it here

Representative Nelson

I've reviewed the copy and I didn't understand all the tables as to that comparison. I would like an explanation of that.

Chairman Jeff Delzer

Recognized Justin Dever and asked if he could explain something like that.

Justin Dever, Department of Commerce: the expert on this is Kevin Iverson the state demographer. I could summarize what he would say. Is that he compared the estimates as they are provided by the census bureau vs. how went back and revised them after the decennial census. And what it comes down to is the further you get away from the census the more variability there is. The estimates in 19 would be less accurate than those estimates in 01 or 11.

Chairman Jeff Delzer

And that's basically what this report says. But I think Representative Nelson was hoping to have a comparison of 2010 to 2014 numbers and I don't know if we have that available. We need to start moving these bills.

Representative Nelson

How close are the two numbers between the last and the first estimate that was taken in estimating vs. the actual census. Is that a valid comparison? If its close, I don't have a problem with it, but if it isn't, I do.

Representative Streyle

We had Kevin Iverson down here in our subcommittee and we've got graphs and estimates on 13 we could get copies of. It is colored and pretty self-explanatory once you see it.

Chairman Jeff Delzer

Would those work for you?

Representative Nelson

Possibly yes.

Representative Skarphol

What would the census bureau charge us to get an accurate estimate? If we want to do this, why not investigate having this done to get some accurate information. It can be part of this bill.

Chairman Jeff Delzer

Don't know if we could get that answer by crossover. If you did a full blown census, would it be backed by U.S. Government? And we would also have to affect all the other things that deal off of the census too. Which this just deals with state aid distribution.

We could gather that information, but I would hate to hold up the bill for that. I know theres another bill that affects this as well, but that's in Finance and Tax.

Allen, could we ask you to ask Commerce to come up with a quick number on that?

If we vote on this, I'll hold it for a couple days before we turn it onto the floor.

Representative Nelson

We've done estimates between 2000 and 2010, correct?

Chairman Jeff Delzer

No, it was all done off of the 2000 census until 2010 or 2011, whenever we made the change.

Representative Nelson

Ok, so this is our first attempt at estimating census inbetween the regular census. So what I'm asking for is not available.

Chairman Jeff Delzer

If they've done the estimates, we haven't recognized them.

Representative Nelson

This information is the estimates. I want the comparison of the actual to the estimates to see how valid the estimates are.

Chairman Jeff Delzer

How would you get that because until you do the next actual census, what are you going to compare it to?

Representative Nelson

We would have had to have done it between 2000 and 2010 for it to be valid.

Chairman Jeff Delzer

No, we haven't.

Representative Monson

We had Mr. Iverson in who gave us these colored sheets. One is change in population by county from 2000 to 2013, so that does cover through the last census. And then he's got another one that is 2010 to 2013, and another 2012 - 2013, and his estimate for 2013. County by county estimated population. Unfortunately, no body but our section has seen it

Chairman Jeff Delzer

If we had adopted it or not, there's nothing to check it to see how valid it is until you do the actual census, which is done every 10 years.

Representative Nelson

I understand what you're attempting to do here and I can't argue that it's not a fairness issue. How many fairness issues are we going to look at. The production tax is one. Without that comparison, let's just run it through.

Called the roll for a Do Pass on HB 1067

Votes: Yes: 20, No: 2, Absent: 1

Carried by **Vice Chairman Keith Kempenich**

Hearing ended.

Date: 1/29/15
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1067

House Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation:	<input type="checkbox"/> Adopt Amendment	<input type="checkbox"/> Do Not Pass	<input type="checkbox"/> Without Committee Recommendation
	<input checked="" type="checkbox"/> Do Pass		<input type="checkbox"/> Rerefer to Appropriations
	<input type="checkbox"/> As Amended		
Other Actions:	<input type="checkbox"/> Place on Consent Calendar		
	<input type="checkbox"/> Reconsider	<input type="checkbox"/>	

Motion Made By: Kempenich Seconded By: Boening

Representatives	Yes	No	Representatives	Yes	No	Representatives	Yes	No
Chairman Jeff Delzer	✓		Representative Nelson	✓		Representative Boe		✓
Vice Chairman Keith Kempenich	✓		Representative Pollert	✓		Representative Glassheim	✓	
Representative Bellew	✓		Representative Sanford	✓		Representative Guggisberg	✓	
Representative Brandenburg	✓		Representative Schmidt	✓		Representative Hogan	✓	
Representative Boehning	✓		Representative Silbernagel		A	Representative Holman	✓	
Representative Dosch	✓		Representative Skarphol	✓				
Representative Kreidt	✓		Representative Streyle	✓				
Representative Martinson	✓		Representative Thoreson	✓				
Representative Monson		X	Representative Vigesaa	✓				
	8	1		8	0		4	1

1 A

Totals

(Yes)	20
No	2
Absent	1

Grand Total 23

Floor Assignment: Repr. Kempenich

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

REPORT OF STANDING COMMITTEE

HB 1067: Appropriations Committee (Rep. Delzer, Chairman) recommends **DO PASS** (20 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). HB 1067 was placed on the Eleventh order on the calendar.

2015 SENATE FINANCE AND TAXATION

HB 1067

2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

HB1067
3/17/2015
Job #24941

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to allocation of revenues among political subdivisions; to provide an effective date; to provide an expiration date; and to declare an emergency.

Minutes:

Chairman Cook opened the hearing on HB1067.

Rep. Jeff Delzer, Dist. 8 -- 1067, as introduced, would say that we should use an estimated census for the rest of this decennial. The way we do the census on the state aid, and this is just for the state aid distribution, but it's every 10 years you have the major census done and they do estimated census, but it's strictly estimated. That is what this would do, is say we should use the estimated for the remainder of the time until the 2020 census is done. We did check doing a full census would be \$58,000 about. What this does is it adjusts certain areas. There would be some places, probably in the northcentral part of the state, central part of the state, that may get a little less than they would have if this bill wasn't passed. But if you wait until the 10 years is up and you make that same adjustment, there would be a pretty big shock for them at that time. That's basically what this bill does. The fiscal note is \$27,000. We do have the treasurer's budget in the House now. I'm sure that discussion will be had in government offices as to whether or not the fiscal note is accurate and how much actually would need to be added to the budget for that. It's based on having a different number for state aid distribution as compared to the rest of the distributions. That's why there would be a rewrite instead of just changing the big number for all of them.

Sen. Bekkedahl -- I'm supportive of the bill, I just have a couple of questions. One is are all the cities, regardless of population, given estimates in that annual estimate, or does the census bureau only go around to a certain size city when they do that. Do you have that information?

Rep. Delzer -- As far as I know, it's everybody. I think it's by county and cities within the county.

Sen. Bekkedahl -- Relative to the distribution, as the population increases, if the amount of money coming into the state aid distribution doesn't increase, it means the reallocation of existing dollars?

Rep. Delzer -- Yes, that is what it would do. It would redistribute, based on your census, instead of using 2010 census, it would be the estimate for each year. It's annually.

Sen. Laffen -- You stated a number for a full census, if we were to do that?

Rep. Delzer -- We asked that and they said it would cost about \$58,000. It doesn't make a whole lot of sense to me because I don't know that it would be that much different than this made it. The reason the bill was put in to have an end date 2020 is because you'd have the new census at that time and it would be up to the legislature whether they wanted to use estimated or if they didn't think there was a lot of population changes. We put the bill in because there has been an awfully lot of population changes. Mostly up. Fortunately for the state of North Dakota.

Sen. Cook -- Is it wise to use an estimated number?

Rep. Delzer -- That is a question. If we are honest about it, it's not very fair to the cities that have grown a whole lot to be using the 2010 census.

Terry Traynor, Association of Counties -- The Association of Counties does support this bill. We recognize that it will cause a quicker shift. Right now we have a situation where every 10 years we have fairly dramatic adjustments to the state aid distribution fund formula. For those that don't remember, about half the money is set aside for counties in rural jurisdictions, like townships, and the other half is set aside for cities, city parks, and city jurisdictions and then within those, it's a formula distribution based on population. Every 10 years when the new census data is incorporated we have some pretty dramatic adjustments. This would mitigate some of those. It would be more like little stair steps every year, at least for this year, as we are seeing some fairly dramatic census changes across the state. We think it is fair. We've talked about this with our growing counties, as well as our counties that aren't growing. (meter 5:40-6:00)

Sen. Unruh -- What if we did this every other year instead of every year?

Terry Traynor -- That would be fine too. (meter 6:18-6:28)

Sen. Cook -- It appears to me that since this bill is drafted, cities that were gaining population might now be losing population. Still want the bill?

Terry Traynor -- The same logic would be fair. (meter 6:46-7:16)

Sen. Triplett -- The way that I am reading the fiscal note for this bill, it suggests that the relatively small fiscal note is really a one-time expense for rewriting the software to separate it from other programs that will still rely on the decennial census. And the amount of time from the treasurer's office is suggested to be in testing the rewrite process so the

suggestion is that there really is no expense to anyone once the initial rewrite of software is done. Is that how you read it?

Terry Traynor -- Absolutely. There's a cost shift among jurisdictions.

Sen. Cook -- About \$2,000, right?

No further testimony.

Chairman Cook closed the hearing on HB1067.

2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Lewis and Clark Room, State Capitol

HB1067

4/14/2015

Job #26082 (beginning @ 0:00:38)

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Alice Grove

Explanation or reason for introduction of bill/resolution:

Committee work.

Minutes:

Attachment #1

Chairman Cook opened the committee work on HB1067.

Sen. Cook -- HB 1067 deals with the state aid distribution going to an annual adjustment of census. Sen. Bekkedahl you sat in on a meeting regarding census, do you want to give us a report?

Sen. Bekkedahl -- I did pass out a synopsis of that meeting (**Attachment #1**). At the request of the chairman, Sen. Laffen and I went to the treasurer's office and went through and met with Kevin Iverson from Census Office, Dept. of Commerce, Ryan Skor, Dept. of Finance, and Deputy State Treasurer, Sheri Haugen-Hoffart. Kevin Iverson explained to us how the census office works in North Dakota and how the census information that would apply to 1067 is actually accumulated. (see Discussion section of attachment.)

Sen. Triplett -- After receiving this information, are you happy that your bill is in good shape? It doesn't need any changes?

Sen. Bekkedahl -- I felt that way from the start because I knew this information before I brought it to the committee. It reinforces that the bill would be appropriate in my mind.

Sen. Triplett -- The only reason that I was asking is because you have a choice on line 10 of the bill that the state treasurer should use the most recent actual or estimated census data published. This seems to pointing toward estimated census data as being like the only thing that would be so is it worth leaving the actual or out or are you thinking that in some situations somebody may really want to pay the extra money to have an actual census done?

Sen. Bekkedahl -- That is exactly what it is there for. In Williston we did this in the mid-80's. We did a special census and that's what the term relies on; if there was a special

census done, that's obviously the most current and affirmable information they could get. They want to use that.

Sen. Cook -- I thought the most actual come into play every 10 years.

Sen. Bekkedahl -- That is correct as well.

Sen. Bekkedahl -- I would move a do pass on HB1067.

Sen. Triplett -- Seconded.

Roll call vote on do pass on HB1067. 7-0-0. Carried.

Carrier: Sen. Bekkedahl

Date: 4-14-15Roll Call Vote #: 1

**2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1067**

Senate Finance and Taxation Committee☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
 Other Actions: ☐ Reconsider ☐ _____

Motion Made By Sen Bekkedahl Seconded By Sen Triplett

Senators	Yes	No	Senators	Yes	No
Chairman Dwight Cook	✓		Senator Jim Dotzenrod	✓	
Vice Chairman Lonnie Laffen	✓		Senator Connie Triplett	✓	
Senator Brad Bekkedahl	✓				
Senator Dave Oehlke	✓				
Senator Jessica Unruh	✓				

Total (Yes) 7 No 0Absent 0Floor Assignment Sen. Bekkedahl

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

REPORT OF STANDING COMMITTEE

HB 1067: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1067 was placed on the Fourteenth order on the calendar.

2015 TESTIMONY

HB 1067

NO Spoken
Testimony
HB 1067
1/20/15
#1

January 20, 2015

HOUSE APPROPRIATIONS
HB 1067

CHAIRMAN DELZER AND MEMBERS OF THE COMMITTEE

For the record my name is Blake Crosby. I am the Executive Director of the North Dakota League of Cities representing the 357 cities across the State.

We are in support of using the most recent actual or estimated census data as indicated in HB 1067. To allocate revenues based on census data that is 5 or 6 years old or older is inappropriate and penalizing. We have a State Data Center that has the responsibility to analyze census data and we should have confidence in their ability. We certainly know that many cities have had substantial growth since the 2010 Census and revenue should follow that growth.

On behalf of the North Dakota League of Cities, I ask for a Do Pass on HB 1067.

THANK YOU FOR YOUR TIME AND CONSIDERATION. I will do my best to answer any questions.

1.
4-14-15

Discussion on House Bill 1067 and Allocation of State Funds Using Census Data
Monday, March 17, 2015 – 3:00 p.m.
ND Treasurer's Office
600 E. Boulevard Avenue – Bismarck, ND

Attendees:

Senator Brad Bekkedahl
Senator Lonnie Laffen
Sheri Haugen-Hoffart, Deputy State Treasurer, North Dakota State Treasurer's Office
Ryan Skor, Director of Finance, North Dakota State Treasurer's Office
Kevin Iverson, Census Office, North Dakota Department of Commerce

Topic: Availability of Annual Population Estimate at levels down to cities in North Dakota and accuracy, or best fit, as compared to the most recent Decennial Census in measuring current population.

Key Points Discussed:

- Methodology and sources of data
- Level of detail of annual population estimates: state, county and sub-county including city
- Anticipated timeframes of releases
- Estimated error in annual releases
- Best fit of goodness for describing North Dakota's current population

Discussion:

The discussion began with a brief review of the Census Bureau's Decennial Census and annual estimates, and the levels of detail available for the state, counties and cities. The annual state level estimate is generally available in December of each year for that year (for example, the December 2014 release of state-level estimate data as of July 1, 2014). County level estimates are available for the same timeframe in March of each year, and sub-county (including city level) data is available in May or June the following year (for example, the July 1, 2014, city level data is expected to be available in either May or June of 2015).

For both the Decennial Census and the Annual Population Estimate, non-residents who work in North Dakota, but do not maintain a permanent residency, are not counted in the state's totals. This has a significant impact on the areas in the Bakken region, as there is a high number of out-of-state workers commuting to work in the area.

The population estimates are completed using two different methodologies. The state and county-level estimates track two components: natural rate (a count of the births and deaths in a given area) and net migration (both domestic and international migration). The natural rate data is provided by the North Dakota Census Office each year using data obtained from Vital Statistics at the North Dakota Health Department. Migration estimates are obtained from IRS and Medicare data. Below the county level, the Population Estimate Program uses the change in housing unit inventory to estimate the distribution of each county's population.

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Unlike the Decennial Census, which is a complete count, the Annual Population Estimate is subject to a much higher level of error given its methodology. Individuals who do not file tax returns or file them using a prior home address (such as their parent's address) will not be identified as having migrated into a given area. At the sub-county level, there are additional errors created as many cities in North Dakota either do not participate in, or annually respond to, both the Census Bureau's boundary and annexation or the building permit surveys. As a result, the population of areas that have been annexed into the city or additional housing that has been built in the city may not be fully counted.

To estimate the level of error, I compared the 2009 Annual Population Estimate (released in 2010) to data in the Intercensal estimate released in 2012. While overall the state was estimated to have 2.8 percent more residents in 2009 than the original estimate, the range of error at the city level data was often considerably larger. For example, Fargo was estimated to have 8,934 more residents than the initial estimate a difference of 9.3 percent. Likewise, Williston had 1,291 more residents than initially estimated a difference of 9.9 percent. Overall, the errors tended to show the population lower in the initial estimate than the later estimate. Of the major cities in North Dakota, only Bismarck has a population higher in the initial estimate than the later Intercensal estimate.

The discussion shifted to what best represents the population of the state – the 2010 Decennial Census or the Annual Population Estimate. While we strongly believe that the population estimate does contain errors, given the significant changes that state has undergone the past couple of years, I strongly feel that the most recent Annual Population Estimate is a far better representation of the state's residency given the rapid change that the state has seen since the April 1, 2010, Decennial Census. North Dakota's rate of change is higher than any other state so far this decade.

Outcome of the Discussion: At the conclusion of the discussion, I recommended that the Annual Population Estimates provided by the U.S. Census Bureau would be a better match to our current population than using the count from the last Decennial Census.

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