

17.0707.02000

## **FISCAL NOTE STATEMENT**

Senate Bill or Resolution No. SB 2148

This bill or resolution appears to affect revenues, expenditures, or fiscal liability of counties, cities, school districts, or townships. However, no state agency has primary responsibility for compiling and maintaining the information necessary for the proper preparation of a fiscal note regarding this bill or resolution. Pursuant to Joint Rule 502, this statement meets the fiscal note requirement.

Sheila Sandness  
Senior Fiscal Analyst

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**2017 SENATE POLITICAL SUBDIVISIONS**

**SB 2148**

# 2017 SENATE STANDING COMMITTEE MINUTES

## Political Subdivisions Committee Red River Room, State Capitol

SB 2148  
1/20/2017  
Job # 27169

☐ Subcommittee  
☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

Relating to training for city auditors

### Minutes:

Written testimony #1 Senator Kruen  
Written testimony # 2 Blake Crosby

**Chairman Burckhard** opened the hearing for SB 2148. All senators were present.

**:34. 2.47 Senator Curt Kreun**, District 42, Grand Forks introduced SB 2148. This bill was initiated by the League of Cities. Written testimony #1.

**Senator Howard Anderson**: What happens if we hire a city auditor and he doesn't go through training, then what happens?

**2.58 Senator Curt Kreun**: I think that would be up to that particular city if they still want to retain that individual for that position. There is no penalty involved in here at this point, in time, but we want to make it a requirement in the city to waive that if they want too.

**Senator Howard Anderson**: So, why do we need to intrude into what the city does, because if they felt like it was important and the League of Cities had training available, it seems like to me they could require or ask their city auditor to go through training? So I guess I don't understand why we need this. It is all going to be up to the city anyway.

**3.49-5.27 Senator Curt Kreun**: I suppose if we wanted to put in an amendment on here we could put a penalty clause on there that they couldn't be hired or something of that nature. This is kind of a first blush at trying to organize and get these people that want to be trained or want the position, and they have a difficult time finding them without putting too many terrible restrictions on them. A couple of comments coming back to me by different people, actually different legislators is that they get a call, from the tax department or from the state department, they have to go back to the city or the mayor or city council members and go back and find this auditor to get that report done. Some of it is the city council members in these real small communities, also don't understand or realize the time frame reports and stuff that need to be done as well. So your point is very well taken, but at this point and time, we want to require them to do it, but we don't want to be punitive. If you want to suggest that I can make an amendment that it's a requirement in that respect.



**Senator Judy Lee:** This only replies to cities obviously, and counties are really the main supervisors of elections, and even though we have a remarkable county auditor he won't be there forever either, so you're only looking at making this a requirement of cities, and why, I am kind of going along with what. I would like regulatory boards to have training. They are on the list higher than auditors.

**6.18 Senator Curt Kreun:** I wholeheartedly agree if we could do that and start that, but they still are volunteers in the boards and in the elected positions. This person is paid for. This is being a problem that has come to the forefront, so we are addressing and starting in the very beginning process. If we want to do a more inclusive bill and include counties and school boards and all of the other positions, we are starting here. If you like we can do more.

**7.03 Senator Judy Lee:** May I clarify. I meant boards like the Boards of Psychology examiners and the Board of Dental Examiners, I wasn't thinking of School Boards. But the ones who come and have lunch and get paid mileage and don't know what their job is supposed to be. We got lots of those folks.

**7.28 Senator Curt Kreun:** I think we should just stick to the city auditors at this point in time.

**7.44 Senator Kannianen:** As far as the details of the training how many hours, what cost it might be, wondering along those lines?

**7.54-9.29 Senator Curt Kreun:** It is a statewide association representing cities that will set up the guidelines on there, and it's to my knowledge it's going to be pretty basic just to get them started because the information that we've gotten from several people is that you hire an individual that has some accounting background but do not have the experience in government is basically what it boils down too, and they wind up missing a lot of important communication to the state and to the federal government and they do miss out. It's pretty grass roots and low key, it's just a beginning to try and get these people so that these communities are well informed and keep their state and federal aid. People don't realize how important these jobs are. It is just a beginning.

**10.04-12.20 Blake Crosby, Executive Director, North Dakota League of Cities:** Written testimony #2. I am here to address some of the questions that were brought up by Senator Anderson, why aren't cities already doing this and I think it's because the elected officials do not realize the importance of the job. Many of my city auditors are less than part time perhaps 5-10 hours a week. In reference to Senator Lee's question, as to the counties, there is a statute that the counties have that requires county elected officials to go through a training program. Quite frankly this 2148 emulates that statute that the counties have.

**Senator Diane Larson:** You said that elected officials don't understand the job and so you want to make sure that they are trained and so what if you're not there anymore and somebody else is the head of the association, and it's their job to set up this training.

**12.48-13.46 Mr. Blake Crosby:** The training will be the responsibility of the ND League of Cities. So it's not going to make any difference whether I am there or not. It will be a program that is in place, it will be available and we already have some programs that kind of move on



their own inertia. So I see this happening in the same path and when I said elected officials, I meant the mayors and city commission, city council to get elected. They often don't realize the responsibility the city auditor has and that creates some problems.

**14.04-15.54 Mr. Blake Crosby** continued with his written testimony #2.

**Senator Dotzenrod:** In one of your sentence here, it says the North Dakota League of Cities will be creating the training program. It is kind of a challenge to find ways to make these smaller towns be effective and be competent and capable and current. Does every city in ND by definition a member of the North Dakota League of Cities? Or do cities decide on their own yes I think we should belong to this organization. I assume you have a convention or something once a year and I am going to guess there is workshops at these conventions where people can get some training with seminars. Maybe there is some work you're doing right now that I am just not aware of. This training your referring to now could be in addition to what you're doing already. Is there that level of activity and are cities voluntarily members? I am wondering how your system works?

**15.06-15.54 Mr. Blake Crosby:** We have a listserv. City auditors can get on the listserv and they can ask questions of each other and we get to see what the questions are so we know where the flow is going. So those experienced city auditors have been very good about mentoring some of the new city auditors. But even at that we're seeing a 20%-25- maybe 30% turnover in city auditors. There is no job description, no workbook left behind, someone comes in and works for a couple of months, they get tired of it and leave. New person comes in and where do they start. I am starting to see some problems.

**Senator Dotzenrod:** Do you have or I am assuming have a convention or something once a year with workshops at these conventions where people can get some seminars, with latest trends and things that are affecting cities, so maybe there is some work that you are doing right now that I am just not aware of. Is there that level of activity and are cities voluntarily members depending on this training? How does your system work for keeping cities, especially the smaller ones?

**17.27-21:59 Mr. Blake Crosby:** There are 357 incorporated cities, they are by fact of incorporation, encouraged to be members of the League of Cities. Are they all members? No, I think there is 30 some cities that are not members, some of them have a population of 6-15 people, I include them, I represent them in any way because I understand where their finances are at and I am not one that operates on exclusionary basis. I represent all the cities. They are all incorporated, they all have needs, vitality. As far as additional training, yes we do offer additional training, so this is a supplement of that but the intent of this is to provide a certification so that those city auditors have something they can hold in their hand and say I've been through the training. This is going to be a little bit more intense and it's not going to be a money maker for the League of Cities. This has been in the works for about 3 years. Built on an adult learning platform, with a new server and use the Cloud for backup. Also a new robust website, because we are very much moving to offering training online. Again this is based on adult learning platform. I want to use this at a low cost to reach those cities that right now don't see the value in spending a couple of hundred dollars for transportation and staying overnight and some of that to come in for some training. We do have an annual conference every September and we also provide some training there. The Municipal



Financial Officers Association sponsors some training there also, but this is intended to reach out to those communities that have not participated so far and for those communities that have participated to kind of increase that level of education. (Example cited)

**Senator Howard Anderson:** Do you still have regional meetings and training sessions around the state?

**Mr. Blake Crosby:** No we do not. The attendance at those was before I came on board just was dropping precipitously and as we are seeing a younger generation come into the city government fold it's got to be done online. That's just the way the trending is going. They are very receptive to getting that training on line.

**Senator Kannianen:** Is it a similar make-up for local government in other states where is there any type of online training already created that any other states utilize or is this something you have to create? Is it created from the ground up or is it anything that is already?

**23.13-25.05 Blake Crosby:** We kind of have a platform now with the training we currently offer. So we're not going to start from scratch, we're going to build off that platform. Trying to emulate other state's training is quite difficult because we all don't operate on the same schedule as when budgets need to be submitted. We don't operate on the same calendars. We have the Municipal Financial Officer's Association that are experienced and most of them have been on the job at least 5-6 years and they'll be able to quickly help us put this together and decide what sequence of programs we need to offer so that we don't get behind ourselves and we don't get ahead of ourselves as far as the information that we're providing to these city auditors. I want to be perfectly clear, I am going use this as a little stick to get those city officials to realize those city auditor is an important person in your city. I strongly encourage you to encourage them to participate in this training as it can be done on line, it will cost you next to nothing because when that mayor calls me and says our budget didn't get submitted and the county won't take it now, now what do we do? It's late then and I can't help you. We need to tighten things up a little bit.

**Senator Kannianen:** Do you have a ballpark figure? You said it would cost next to nothing, but do you have a number of hours that it would maybe someone would have to dedicate to it? What are my costs?

**25.21- Mr. Blake Crosby:** I kind of have it in my head and this has actually been in the planning for about 3 years. I had to tweak some business models, our architectural computer platform. I am thinking that the online modules depending on the extent of the modules, I am hoping in my mind that we can do it for \$100 or less a person for the first year. For those city auditors who have a CPA there will be a different certification level for them. There will be more than one track here, and a track will be specific to their educational background. I am planning on having to subsidize it for at least 3-5 years because I do not want cost to be a barrier.

**26:47 Senator Judy Lee:** It seems to me that perhaps it might mean that someone would be willing to stay on if they felt like they knew what they were doing. That thought occurs to me, and the other thing I was going to mention, is that Rep. Randy Pyle was the city auditor



in Casselton, and he can be an ally or a foe for you, but I think he might be an ally if this moves forward.

**27.13 Mr. Blake Crosby:** I certainly would anticipate that I would see some downturn in the turnover. We have an example right outside of Bismarck here. I think they've been through 4 or 5 city auditors in less than a year. You can't run a city when you have that sort of turnover when all of your elected officials work part time.

**27.43 Senator Diane Larson:** So, a city has 4 or 5 auditors in a year, are each of them supposed to then be trained within a short time of taking office and pay \$100 each? Is that what your kind of anticipating?

**28.05 Mr. Blake Crosby:** I am anticipating we can eliminate that turnover because if they understand what they are getting into, is one thing, having the availability of training to be able to do their job, is something that will keep them on their job.

**28.35 Senator Dotzenrod:** On Line 6, it says 'attend', should that be 'complete'? Attend does apply that you're physically going to have to attend a session somewhere, in Bismarck or Fargo, where complete might mean it's an online thing?

**28.54 Mr. Blake Crosby:** I think into today's electronic environment I don't know if they make that distinction. It's on-line, and there's no penalty attached to it. But if you wanted to change that one word I wouldn't have any heartburn over it.

**Chairman Burckhard closed the hearing on SB 2148.**

**Senator Judy Lee** I would like move that we amend the bill to change the word attend to complete on Line 6.

**2<sup>nd</sup> Senator Diane Larson**  
**Discussion**

**Senator Diane Larson:** The only discussion I guess would be is if, for some reason they don't offer it. **Chairman Burckhard:** Do you mean the League of Cities? It sounds like they are going to offer it, so. **Senator Diane Larson:** But if something happens and their machines go down or whatever, I guess there is no penalty.

**Chairman Burckhard:** We have an amendment, moved and seconded, to change the word attend to complete.

**Roll call vote: 6 Yea, 0 No, 0 Absent**

**Chairman Burckhard :** Do we want to make the motion to pass the bill as amended.

**Senator Judy Lee: I move that we Do Pass as Amended**

**2<sup>nd</sup> Senator Diane Larson**

**Discussion:**

**Senator Anderson:** I am reluctant to require the cities to do something. You know they could do it now and they could be members now, and they are not intentionally. However, I also do

realize that there are lots of things that a city can benefit from if they just know about them. There are grants available to keep your census updated with the Census Bureau, to bring more money into your city. Obviously, it seems like the County Auditor ought to be able to work with the cities in their county to get their budget in on time because we don't have anything here for townships and every township in the county also has to get their budget in on time. We are not requiring training for a township officers and so forth, but I really don't have any objection to this and I guess it would help them, with no penalty I am okay with it.

**Senator Dotzenrod:** Based on our discussion and what the testimony says that they need training there was going to be a relatively a light touch. It's not going to be 80 hours of training. We passed the bill here two years ago to require township officers' if they want to continue to be in a township assessor, to get 80 hours of training in. That reduced the number of assessors by about 90% by that bill. So, this I assume will not be like that, this will be a minor thing of 8 hours or less and I don't expect it to be days and days of work.

**Chairman Burckhard:** I think it will be geared towards adults. **Senator Dotzenrod:** We are not imposing something that is not a burden.

**Senator Judy Lee:** I think that just like being a township officer being a small city auditor is a missionary job. So we all know people who have township officers because good people living in rural areas are on county boards for a long time. But it is a lot easier if you, kind of know what you can do, what options are available, somebody who knows what's going on. Next time we'll figure out what we can do for the township officers. We'll start with this.

**Senator Dotzenrod:** If we get these people competent and trained they will be able to leave that job and get a good paying job somewhere else. I think part of the problem is that most of these little towns they do get an auditor and it's really hard to keep that person there because they mostly are not going to stay. It is a difficult job.

**Chairman Burckhard:** the motion is a do pass as amended for SB 2148

**Roll call vote: 6 Yea, 0 No, 0 Absent**

**Carrier: Senator Judy Lee**

17.0707.01001  
Title.02000

Adopted by the Political Subdivisions  
Committee

January 20, 2017

ET

1-20-17

p 1041

PROPOSED AMENDMENTS TO SENATE BILL NO. 2148

Page 1, line 6, replace "attend" with "complete"

Renumber accordingly



Date: 1-20-17  
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2148

Senate Political Subdivisions Committee

☐ Subcommittee

Amendment LC# or Description: Change word "attend" to "Complete"

17.0707.01001

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. Judy Lee Seconded By Sen. Diane Larson

Senators	Yes	No	Senators	Yes	No
Chairman Randy Burckhard	✓		Senator Jim Dotzenrod	✓	
Vice-Chairman Howard Anderson	✓				
Senator Jordan Kannianen	✓				
Senator Diane Larson	✓				
Senator Judy Lee	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment \_\_\_\_\_

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

Date: 1-20-17  
Roll Call Vote #: 2

2015 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2148

Senate Political Subdivisions Committee

☐ Subcommittee

Amendment LC# or Description: 17-0707.01001

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. Judy Lee Seconded By Sen. Diane Larson

Senators	Yes	No	Senators	Yes	No
Chairman Randy Burckhard	✓		Senator Jim Dotzenrod	✓	
Vice-Chairman Howard Anderson	✓				
Senator Jordan Kannianen	✓				
Senator Diane Larson	✓				
Senator Judy Lee	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Sen. Judy Lee

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



**REPORT OF STANDING COMMITTEE**

**SB 2148: Political Subdivisions Committee (Sen. Burckhard, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2148 was placed on the Sixth order on the calendar.

Page 1, line 6, replace "attend" with "complete"

Renumber accordingly

**2017 HOUSE POLITICAL SUBDIVISIONS**

**SB 2148**

# 2017 HOUSE STANDING COMMITTEE MINUTES

## Political Subdivisions Committee

Prairie Room, State Capitol

SB 2148  
3/9/2017  
Job # 28970

- ☐ Subcommittee  
☐ Conference Committee

*Carmen Hick*

### Explanation or reason for introduction of bill/resolution:

Relating to training for city auditors; and to provide an effective date

### Minutes:

1,2,3

**Chairman Klemin:** Opened the hearing SB 2148.

**Senator Kreun:** Introduced the bills. He stated he sponsored the bill on behalf of the League of Cities, that would enhance the small communities in the state. This is training for an individual who is appointed to the position of auditor to attend within one year of assuming office training, based on a curriculum specific to that office and approved by a statewide association representing cities. The League of Cities had a lot of requests by small town mayors and people that volunteer to be the auditor. What happens is they don't know the regulations, they don't know the time frames, the budget issues and when they need to have reports in. They have lost funding from the state and federal opportunities. The League of Cities is putting together the program. They are developing an online program so it isn't going to be costly, it isn't going to be time consuming but it will give them the opportunity to meet those guidelines and help their small communities. The League of Cities going to try and provide it for a minimal or no cost.

**Chairman Klemin:** Could you comment on the effective date?

**Senator Kreun:** It is going to take a few months for them to accomplish and tie up loose ends on their online program, that is why the effective date is set for January 2018.

**Rep. Pyle:** The Finance Officers Association had been working on this many years ago on the volunteer bases. How is attendance at the current League of Cities trainings for small towns?

**Senator Kruen:** I can't answer the attendance. The turnover is great, so I assume the attendance is not going to be that great as well.

**Rep. Pyle:** Not all cities are members of the League of Cities if they don't know about the training they can't attend. The council is not in support of sending their auditor to trainings. What kind of teeth do we have to enforce this as there is no penalty?

**Senator Kreun:** We worked on that in the Senate side and I will let our League of Cities expert answer that.

**Rep. Pyle:** What kind of training are we going to require of a mayors and council members too?

**Senator Kreun:** In our situation, we did give the opportunity for our new council members to go to a seminar on the process. I think we would leave that up to the local.

**Rep. Pyle:** I just struggle getting our council members to any type of training.

**Senator Kreun:** It doesn't hurt one bit and for those who have been on there a few years to be refreshed.

**Rep K. Koppelman:** On line 8, approved by a statewide association representing cities, there is not more than one of those is there?

**Senator Kreun:** No not yet. That is part of what he will explain to you.

**Rep K. Koppelman:** But they are already the statewide organization of cities?

**Senator Kreun:** They exist already but we want to get it down to a smaller group so when it is online. I think it is very important that we focus on the smaller communities.

**Rep K. Koppelman:** As I look at this, normally folks who come from this perspective say don't send mandates on us and they talk about local control. But this appears to be a stick not a carrot and it appears to be a state mandate on cities that does not give them local control. I don't have a problem with this kind of program being out there but why the hammer?

**Senator Kreun:** This has come from the small cities to ask to do this and make it a requirement. A lot of people do not realize what it takes even in a small community to do that. I'm sure they can opt out, there is no penalty.

**Rep K. Koppelman:** Is there anything that would prevent the League Cities to come up with a model ordinance that small cities could adopt and locals could say do this? Then it would be local decision and not the state telling them.

**Senator Kreun:** When the League Cities comes here and gives you an overview there is options left open on how it wants to be handled. The program is not written in stone that is why the effective date gives us some time until January 2018.

**Rep. Pyle:** There is a model ordinance book that was put out. A lot of times we would take them and craft it to fit ordinances pertaining to the cities. Do we need to put this in Century Code? Because this benefits the members of the League Cities, I know they can do this on their own without requiring it. Maybe they can do an incentive rewarding the cities or rewarding the participants instead of the Century Code.



**Senator Kreun:** We are open to any suggestions that makes it work. As the turnover comes they don't know so it is common they don't file the reports and lose money.

**Chairman Klemin:** I assume the city council and city commission are supervising the city auditor. If the city auditor is malfeasant in performing the duties, they can be relieved of their duties?

**Senator Kreun:** That is correct. In small communities it's their friend, it's their neighbor, it's their relative sometime the mayor or the city council does not have the wherewithal as well. I don't disagree and if there is another way of encouraging them without putting it in the Century Code, we are willing to do that.

**Blake Crosby, Executive Director of ND League of Cities:** (Testimony #1) (Time 17:54 to 25:52)

**Vice Chairman Hatlestad:** You mentioned missed deadlines, do you or the state have a list of deadlines that need to be met with all their programs?

**Mr. Crosby:** We put out a municipal calendar and city scan magazine where we put the upcoming critical dates. That is sent to all our member cities and we include the cities that are not members. With the turn over things get dropped and typically there is no training manual, there is no protocol manual that gets shared from one person to another.

**Rep K. Koppelman:** You talked about the number of cities who are members and not members and that this won't cost much. What does it cost to belong to the league of cities? Is there a cost for members to attend as well non-members to attend?

**Mr. Crosby:** The cost is based on population, not all cities belong and some have very small budgets.

**Rep K. Koppelman:** So what is the cost of this program and is that something you will offer your members or will they have to pay for it? How much is it going to cost?

**Mr. Crosby:** This would be an additional cost, because if you give something to people for free they are not going to take advantage of it. Based on the moguls maybe \$10 a mogul. We will start with the critical items and then work into the necessary but not critical ones. Most of it will be online.

**Rep K. Koppelman:** You used the term city auditor and some cities don't have auditors. Some call them City administrators, is that the same as an auditor?

**Mr. Crosby:** Some cities have finance directors. Basically city administrators are not the city auditor or the city finance director. When I use auditor it is for the person responsible for that particular city.

**Rep. Pyle:** Do you know when the county section of this was put into Century Code?

**Mr. Crosby:** I don't know that.

**Rep. Pyle:** Do you continue that email list serve?

**Mr. Crosby:** Yes, even with the turnover that list serve serves as an incredible informational standpoint.

**Vice Chairman Hatlestad:** As an off shoot of your training program could it be put in a manual?

**Mr. Crosby:** Yes, this will lead to a training manual.

**Rep. Guggisberg:** How many cities do not belong to your organization?

**Mr. Crosby:** Out of 357 cities 25 or 30 don't belong.

**Rep. R. S. Becker:** We have heard the word turnover which must be low morale. This did not happen overnight, how have we gotten into this?

**Mr. Crosby:** We had the demographic turn over. City auditors retired and left so then new persons were hired, there was no paperwork or no manual.

**Rep. Ertelt:** I'm sure that you are aware of the training requirements that was added for the township assessors. What happened was many decided not to be in that role because of the added requirement, it is possible that will happen here as well with the additional requirement? That you actually get less instead of more?

**Mr. Crosby:** There is always that possibility. But is that necessarily bad? But if the assessors left there is an outside agency that can come in. With the auditor that is not the case.

**Rep. Ertelt:** How does this affect those who are already in office? The bill states, they are to receive this training within one year after assuming office. Are those who already have served a year, are they non-compliant, should we add a year after this law goes into effect?

**Mr. Crosby:** The learning program is based on your current experience so those who have experience will be able to go through the modules quickly. They will be certified in a short period of time because they will have the experience.

**Rep. Beadle:** Read 11-10-28, pertaining to the county language in the Century Code. That language was put in during the 1999 session.

**Rep. Guggisberg:** This says that the curriculum will be approved by a statewide association. Will your association be approving curriculum at no cost? My concern is if you are going to be charging a fee for a course that we're mandating, then the cities don't have a choice. I have a problem with us as a state mandating cities to purchase or curriculum approved by an organization they might not belong to.



**Mr. Crosby:** The situation you just conveyed speaks to ethics and morals. I don't operate on that spectrum. There will be costs for the modules, the developmental costs will be borne by the League. If you start giving something for free, it has no value.

**Rep. Guggisberg:** I don't as well, and I am trying to be consistent with local control. I feel that if it is important to your organization they can do it internally and we don't need a state law telling cities they have to.

**Mr. Crosby:** I would like to think that is the case but that is not how it works. If I do not have some way to go to the elected officials and say, your city auditor is a critical person in your administration, there are training options available please make that person available for those training options. They will say to me they don't have to; I intend this to be a stick but there is no penalty attached to it. At least when I do the training for the newly elected officials, one of the pieces will be how important the city auditor's role is, what the city auditor's role should be, and there is training available. I need to get their attention and there is no option.

**Rep. Pyle:** All of the duties of an auditor are expressed in the chapter 40 of the Century Code. As an auditor you have to follow that plus whatever your council deems appropriate. If you have knowledgeable auditors, they run the show in the city.

**Chairman Klemin:** Closed the hearing on SB 2148.

**Rep. Maragos:** Made a do pass motion.

**Rep. Zubke:** Second the motion

Motion and second withdrawn

**Rep K. Koppelman:** (Handout #2,3) Handed out a proposed amendment. I don't have objection to this bill being out there, but I am concerned that it becomes a mandate on the cities and League of Cities is usual the one here reminding us of local control. This would make this permissive, it would still enshrine it in statue but it would still leave it up to the cities if they wanted to do it for their cities.

**Rep K. Koppelman:** Moved the amendment.

**Rep. Ertelt:** Second the motion.

**Rep. Pyle:** I think it should reflect something similar to the county associations if one is mandated and one is not.

**Chairman Klemin:** Are you speaking in opposition?

**Rep. Pyle:** I would like to know if the counties have it mandated then cities should have it mandated.

**Rep. Beadle:** The language for the counties says, within one year of assuming office an individual that is elected or appointed shall attend training based curriculum specific to that office and approved by. The county language is a requirement.

**Rep. Zubke:** With the amendment the way it is worded; we might just as well not put it in the Century Code because they can do that right now.

**Rep. Ertelt:** I agree with that statement and we don't need to put this bill into Century Code because the League of Cities can offer this training without the law. We heard that this is a stick and I don't know that we should be in the habit of giving non-governmental organizations sticks to use on political subdivisions in the state.

**Rep. Pyle:** As a response, I can tell you the League of Cities was the one reasons that I was able to make it through that first year.

**Rep. Ertelt:** I want to be clear that just because a statement was made it's not that we are not out to get a particular organization. I think the League of Cities does a great job. I feel in this case they can it already, they don't need the government telling them you must do this.

**Rep. Johnson:** Was there any discussion on out of state type of seminars that are provided to auditors? Our city auditor in Fargo goes to a good seminar in Minnesota International Institute of, some kind of, clerks. (The rest inaudible)

**Rep K. Koppelman:** The amendment takes that out.

**Chairman Klemin:** In the testimony that you missed indicated that 95% of the training is going to be online and the program developed by the League of Cities. So if the cities want to send someone to other training, it would be permitted, I guess.

**Rep K. Koppelman:** I think this will be permissible under the amendment, I don't think it would be under the original bill.

**Rep. Simons:** I would have to agree Rep. Guggisberg, that really we are making a law under the Century Code that is already there. We are meddling in things we ought not be meddling in.

Voice vote in doubt.

Amendment vote failed, a roll call vote was made. 6 yes, 9 no 0 absent the amendment fails.

**Chairman Klemin:** We have the bill before us without the amendment.

**Rep. Maragos:** Do pass motion.

**Rep. Zubke:** Second the motion.

**Rep K. Koppelman:** I would have supported the bill with the amendment because I think what the League of Cities does is provide a valuable service and I think it's great to have it



House Political Subdivisions Committee

SB 2148

March 9, 2017

Page 7

in the Century Code. But I don't agree to mandate it and for that reason I have to vote no on the un-amended bill.

Do pass carried 8 yes, 7 no, 0 absent.

Rep. Hanson will carry the bill.

**PROPOSED AMENDMENTS TO ENGROSSED SB NO. 2148**

Page 1, line 6, remove "For"

Page 1, line 6, replace "an" with "An"

Page 1, line 6, replace "to complete" with "may attend"

Page 1, line 8, remove "and approved by a statewide association representing cities"

Date: 3-9-17  
Roll Call Vote: 1

2017 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2148

House Political Subdivisions Committee

☐ Subcommittee

Amendment LC# or Description: Koppelman Proposed amendment

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 Rep. Koppelman Seconded By Rep. Ertelt

Representatives	Yes	No	Representatives	Yes	No
Chairman Klemin		/	Rep. Guggisberg	/	
Vice Chairman Hatlestad		/	Rep. Hanson		/
Rep. Beadle		/			
Rep. Becker		/			
Rep. Ertelt	/				
Rep. Johnson	/				
Rep. Koppelman	/				
Rep. Longmuir		/			
Rep. Maragos		/			
Rep. Pyle		/			
Rep. Simons	/				
Rep. Toman	/				
Rep. Zubke		/			

Total (Yes) 6 No 9

Absent 0

Floor Assignment -

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

Date: 3-9-17  
Roll Call Vote: 2

2017 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2148

House Political Subdivisions 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 Rep. Maragos Seconded By Rep. Zubke

Representatives	Yes	No	Representatives	Yes	No
Chairman Klemin	/		Rep. Guggisberg		/
Vice Chairman Hatlestad	/		Rep. Hanson	/	
Rep. Beadle	/				
Rep. Becker		/			
Rep. Ertelt		/			
Rep. Johnson		/			
Rep. Koppelman		/			
Rep. Longmuir	/				
Rep. Maragos	/				
Rep. Pyle	/				
Rep. Simons		/			
Rep. Toman		/			
Rep. Zubke	/				

Total (Yes) 8 No 7

Absent 0

Floor Assignment Rep. Hanson

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

**REPORT OF STANDING COMMITTEE**

**SB 2148, as engrossed: Political Subdivisions Committee (Rep. Klemin, Chairman)**  
recommends **DO PASS** (8 YEAS, 7 NAYS, 0 ABSENT AND NOT VOTING).  
Engrossed SB 2148 was placed on the Fourteenth order on the calendar.

**2017 TESTIMONY**

**SB 2148**

SB2148

1.20.17

17.0707.01000

Introduce

1-20-17

Friday

9:00 AM

Attachment #1

Sixty-fifth  
Legislative Assembly  
of North Dakota

**SENATE BILL NO. 2148**

Red River Room

Political Subs

Introduced by

Senators Kreun, Campbell

Representatives D. Anderson, Sukut

*this bill was initiated by the league of cities because of the difficulty to hire + retain in this case city auditors*

- 1 A BILL for an Act to create and enact a new subsection to section 40-16-03 of the North Dakota  
2 Century Code, **relating to training for city auditors**; and to provide an effective date.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1.** A new subsection to section 40-16-03 of the North Dakota Century Code is  
5 created and enacted as follows:

6 Training. For an individual who is appointed to the position of city auditor, to attend,  
7 within one year of assuming office, training based on a curriculum specific to that  
8 office and approved by a statewide association representing cities.

9 **SECTION 2. EFFECTIVE DATE.** This Act becomes effective on January 1, 2018.

*there have been instances through out the state  
understand - the difficulty where deadlines - funding - reports  
etc that have been missed because  
understand - the need and scope of position*

*that is why we feel the need for minimal training*

*to meet:*

*deadlines*

*Reports*

*Grants*

*Funding mechanisms.*

*to keep their communities abreast of all the activities  
needed for this position*

*ask for support on SB 2148*



SB 2148  
1.20.17  
#2

January 20, 2017  
Senate Political Subdivision  
SB 2148  
Randy Burckhard, Chair

For the record Blake Crosby, Executive Director of the North Dakota League of Cities representing the 357 incorporated cities in North Dakota.

My appreciation to Senator Kreun for sponsoring this bill at my request.

For many of my cities it is the City Auditor that really runs the city. That city auditor is the de facto mayor, HR Director, Chief Financial Officer, Council/Commission Secretary, public liaison officer, marketing director, etc. Appointed, not elected, and most often with no job description that even begins to address the skills needed because the elected officials are not aware of the skill sets needed and the labor pool for this sort of commitment is limited. And because of those pressures and lack of available training we are seeing an annual turnover rate of 20%-25%.

This bill will tell those elected officials that encouraging their city auditor to take training and have their city invest a small amount of money into that city auditor will have a substantial ROI for their city. Failure to meet statutory and regulatory deadlines is not as forgiving as it once was and the consequences are much more severe.

The North Dakota League of Cities will be creating the training program. We have, as part of our membership base, an organization called the Municipal Finance Officers Association (basically city auditors and finance directors) and their Board of Directors fully supports this bill. They will be our partners in curriculum development.

I respectfully ask for a DO-PASS on SB 2148.

THANK YOU FOR YOUR TIME AND CONSIDERATION. I will try to answer any of your questions.



March 9, 2017  
House Political Subdivisions  
SB 2148  
Rep. Klemin, Chair

SB 2148

#1

3-9-17

For the record, I am Blake Crosby, Executive Director of the North Dakota League of Cities, representing the 357 incorporated cities across the state. Approximately 77% of the population of North Dakota lives in those cities.

For many of my cities it is the City Auditor that really runs the city. That city auditor is the de facto mayor, chief financial officer, HR Director, marketing director, Council/Commission Secretary, web site manager, etc. An appointed, not elected, position and most often with no job description that even begins to address the skills needed because the elected officials are not aware of the skill sets needed and the labor pool for this sort of commitment is limited. Because of the job pressures and lack of understanding from the governing body of the job requirements, which leads to minimal training support, we are seeing an annual turnover rate of 20%-25%.

This bill, modeled after an existing training statute for North Dakota counties, will encourage elected officials to provide for training opportunities. Investing a small amount of money into that city auditor will have a substantial ROI for the city. We are noticing some failure to meet statutory and regulatory deadlines and forgiveness is not granted as it once was and the consequences are much more severe.

The North Dakota League of Cities will be creating the training program. It will be adult learning designed, predominantly on-line, and at minimal cost. We have, as part of our membership base, an organization called the Municipal Finance Officers Association (city auditors and finance directors) and their Board of Directors fully supports this bill. They will be our partners in curriculum development.

I respectfully ask for a DO-PASS on SB 2148.

THANK YOU FOR YOUR TIME AND CONSIDERATION. I will try to answer any questions.

Proposed Amendments for Rep. Koppelman  
Prepared by Kelly Johnson  
March 9, 2017

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SB 2148

3-9-17

#3

17.0707.02000

**FIRST ENGROSSMENT**

Sixty-fifth  
Legislative Assembly  
of North Dakota

**ENGROSSED SENATE BILL NO. 2148**

Introduced by

Senators Kreun, Campbell

Representatives D. Anderson, Sukut

1 A BILL for an Act to create and enact a new subsection to section 40-16-03 of the North Dakota

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7 within one year of assuming office, training based on a curriculum specific to that

8 office ~~and approved by a statewide association representing cities.~~

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