MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M

ROLL NUMBER

DESCRIPTION

1308

2001 HOUSE TRANSPORTATION

HB 1308

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1308

House Transportation Committee

❑ Conference Committee

Hearing Date February 1, 2001

Tape Number	Side A	Side B	Meter #
1		X	2
Committee Clerk Signature	Laura L. Fisk		

Minutes: Rep. Weisz - Chairman opened the hearing on HB 1308; A BILL for an Act to amend and reenact subsection 3 of section 39-12-02 of the North Dakota Century Code, relating the fees for special vehicle permits.

Rep. Eckstrom: For the record, I represent District 7 in south Fargo. Attached is a copy of her written prepared testimony.

Rep. Weisz - Chairman How will the DOT determine the issuance of permits for the correct use -- for example, for a wind tower versus a radio tower?

Rep. Eckstrom: I did talk to the Dot about this and they said they would have to have special form to certify that wind energy towers were being moved.

Rep. Gulleson: I represent District 26. This bill fits in nicely with a package of incentive bills to encourage and support the growing interest in the development of wind energy in North Dakota. I have attended a number of community meetings in our area. There is a real interest in LaMoure county, in the Kulm - Edgely area and in Dickey county. There is a real interest in these rural

areas and communities for economic development to stem outward migration. This an opportunity to revitalize these communities using the resources that is -- after yesterday you know we have an ample amount of -- through the backbone of tax incentives, and through the reduce cost of transport. We can get the necessary lift to get that it may take to get the industry up and going in North Dakota. I would appreciate your full support for this bill.

Rep. Hawken: (390) The fiscal note -- if we haven't had it and we remove it - how can it be a loss?

Rep. Gulleson: That was my question as well. Maybe they project out and anticipate certain amounts - - I am not sure how they come to that. Right now we don't have towers being moved into the Edgely, Klux or lamer areas.

Rep. Hawken: (448) When I talked to the DOT we had them get in touch with the tower manufacturers as well as with the blade manufacturer -- they are projecting estimates far in excess of where it is currently going. The first project out there is there maybe as many as 75 towers up there. The Edgely development that has been discussed may have as many as 20 in the initial phases. Again if you have that kind of growth over the next year to eighteen months -- it certainly would cause a fiscal impact.

Rep. Gulleson: I see this as more of a gain but I don't see how it can be a loss either.

Rep. Price: (513) The fiscal note addresses two fees -- the ton mile and the trip permit. You are asking for the reduction on the trip fee, right? Not the ton mile?

Rep. Gulleson: I am not sure what they are addressing on the fiscal note -- I don't think they were willing to address the ton mile. I am not concerned about the ton mile -- I am more concerned

about the permit -- I am for encouraging development. It is a very minor fee we are talking about here. In the first phase there will be very few towers going in place in the next couple of years.

Rep. Carlson: (602) There going to move some fairly heavy equipment down these roads and in some cases there could be some significant road damage from these large pre-welded towers being moved into place. It just seems that we pass out all these exemptions on the development side and we forget about all the road damage on the other side of this issue. Over the years we have heard about all the damage the oil equipment did to western roads. I wonder if we are not looking at something that could happen here in an area where they are allowing in many towers. I am not sure we are helping the situation by lowering the fee.

Rep. Gulleson: I agree and I have serve on several subdivision and I understand your concerns. My feeling is that is a very infant stage of wind development in the state. Now certainly if the wisdom if this committee you want come back and look at this again -- I would be willing to see a sunset clause on this particular bill. However what we are trying to do at the moment with this legislation and with the other legislation -- the development is currently developing in Minnesota and Iowa and certainly South Dakota is being heavily considered. What we are trying to do as a group is to make sure that the wind energy development will come to North Dakota to bring jobs here -- to give economic boosts to these communities. We will see some increases in rural taxes -- bases and the property tax -- certainly we will want a reduction in those; however, it will be -- have of something rather than half of nothing.

Rep. Weisz - Chairman (786) Are you aware -- are our permit fees higher than South Dakota-Minnesota the surrounding states?

Rep. Gulleson: I would have to refer that question to the DOT -- I don't know the answer to that. My sense was when I was talking to them was that we are more less par with them. How ever again what we are trying to do here is to incentivize this industry.

Darrell Schultz: I am the Director of Motor Carrier Operations for the State Patrol. My purpose here today is to hopefully answer some questions about the fiscal note. The fiscal note was prepared in our permit section. Unfortunately, she is sick to today and unable to come in -- but again some of the questions which came up is as you can realize it is difficult to come up with something for something may never happen. So the procedure she use was to contact the companies who will be moving this equipment asking for estimates of how many movements it would involve, when it would be involved and when it would take place. They would even know because they would know when they started. So what they did was to come up with a very rough estimate of how many loads would move, when they would move, and on that basis tried to come up with that figure -- the difference being -- the loss or gain -- again, if never moved there is no loss --- if it would come into the state it would the difference of charging them the full permit fee versus half the permit fees on the information we were given by TMI and the other companies would equate to $175, 000. If, it were to happen. We also did factor in, the ton mile fee -- the way we read it, it would be half of all fees normally charged on over- dimensional.

Rep. Carlson: (1003) I am sure that we are understanding the two different fees and how they are broken out here in this bill -- maybe you can clarify this --

Darrell Schultz: What happens normally is we charge a set fee for movements of over-dimensional vehicles. We get $20 or $25 but when load restrictions go on the heavier loads

we charge a permit for heavier loads and there is an extra 5 cents per ton mile over the top for those loads depending on the weight of the vehicle. If it gets over 150,000 pounds there are two fee schedules -- one is a set permit fee that any one can travel under and if you have excessive weight and another fee is added to that -- that is called the ton mile fee. I think most of these fees occurred probably when she computed it, thinking some of this equipment would probably be moved maybe during load restrictions.

Rep. Carlson: (1071) Where does it say in this bill that there is only one fee or the other that is being charged?

Darrell Schultz: When I read it says notwithstanding the minimum fee schedule the fee charged for moving over sized and over weight vehicle must be one half that charged for other vehicles of a similar nature -- so I guess the assumption that if another vehicle of a similar nature was moving at that time -- with that weight, it be a $20 permit and calculate the ton mile fee and charge half that.

Rep. Carlson: (1109) So you are assuming that the bill means both?

Darrell Schultz: That is correct. That is the way the fiscal note went together.

Rep. Carlson: (1118) When you have weight restrictions on - I am in the building business -- there are times when we cannot get products -- in the rural areas because of the road restrictions -- is this is saying they can haul down these roads when the load restrictions are on and just pay the fine?

Darrel Schultz: On certain restrictions, you can but such as the oil industry out in the ?east? You work over rigs -- that work the rigs -- they have move and when they do they pay the ton mile fee in addition the regular fee.

Rep. Carlson: (1164) So you are saying -- yes they can? They could move during the load restriction times with these heavy vehicles?

Darrell Schultz: If it is a non divisable load, that is correct.

Rep. Kelsch: (1180) So we could make it very specific in here that this would only apply to the moving charge? The moving part and not to the over weight charge?

Darrell Schulz: That is correct. Obviously the bill could be worded in such a way as to be specific.

Rep. Hawken: (1233) Why do we have load restrictions if we let people drive during them?

Darrell Schultz: Again, I wish the Permit Section was here to answer that -- I imagine that there are certain things that have to be done -- that years ago when they decide to set this thing up they decide there were certain things that had to be done -- such as the work-over rigs in the oil industry, certain things had to get done -- and they are not a divisible load -- that is they can't break it down -- so I imagine they estimate the load ---

Rep. Hawked: (1284) How much is that?

Darnel Schmaltz: Currently that is at 5 cents per ton per mile.

Rep. Waist - Chairman (1292) There are some classifications of the load restrictions and there are exceptions there always are -- so you have to have it -- so it is easy to pay $500 or $1000 and the permit fees depending on the weight of the vehicle.

Rep. Maloney: (1320) To clarify what Rep. Carson was talking about -- I don't think this allows wind generating equipment hauled at times when other over weight trucks can be charged or can't haul. Does it? As I read this it reads 'half the fee' -- it doesn't say anything about load restrictions.

Darrell Schultz: I think that is correct. And when she estimated this, I think she said that if a vehicle would be allowed to pay the ton mile fee it would be half the fee. Now that I think of it she did say there was this type of equipment originating in other states and moving through North Dakota. Not necessarily for use in this state. This would also apply to them the way it is written.

Rep. Kelsh: I represent District 11 south central Fargo. I want to go on record as in support of HB 1308. This will give fledgling wind industry another tool to compete with surrounding states. The intent of this legislation is a one time lower of fees during the construction phase.

Rep. Weisz - Chairman (1524) Are you aware of any other states that offer any incentives as lowering over weight fees -- South Dakota, Minnesota -- other states?

Rep. Kelsh: No I am not.

Rep. Pollert - Vice Chairman: (1546) Have you talked with county, township or local officials about these lower weight fees?

Rep. Kelsh: No

Rep. Eckstrom: In my discussions with the counties they are interested in wind development. It is really growing in North Dakota. They are in support of all the other initiatives. The tax breaks which are set forth. They understand that these are oversized. In terms of weight restrictions, we don't anticipate that we would be trying to move these things in times of the restrictions.
It certainly doesn't make a lot of sense either that no matter how far we reduce transport costs -- it wouldn't make economic sense to the developer. When I spoke to the Association of Counties, they are all very eager to pass these --- that the development is coming.

IN OPPOSITION:

leery Ernst: I represent the North Dakota Association of Motor Carriers. I am here for a sympathy vote. We are an industry that transports over 81% of freight and goods in the state. We are a large economic factor. We have always supported taking care of our roads and infrastructure. We think it is unfair to give these weight exemptions to some and not all of the industry. Even the oil industry pays the full amount and 1 of our carriers purchases more than 5000 permits per year but don't get breaks like this. So on principal I oppose this on the basis of fairness and in support of protecting our investment in our highway system.

Rep. Thorpe: (2515) It seems to me that these things are going to be transported by one of the companies you represent.

LeRoy Ernst: I really have no idea of that --- that may be the case or maybe there will be out of state carriers. The fact remains that we are giving preferential treatment to one segment of the industry or that particular carrier regardless of whether that carrier is member of our association. Whether he is a member of our association or not that carrier is getting a break and it is still a matter of fairness.

Brian Smith: We make steel tubular towers for the wind industry in West Fargo, North Dakota. In 1999 - 98% of our business was from the sugar industry, now it is 98% from the wind industry. We feel that this bill would benefit the wind industry by reducing the fees for the over dimensional load. One wind tower is approximately 7 loads - three loads for the tower, 1 for the nacelle generator, and usually one for the rotors themselves -- typically no over weight but over length and over width. The base sections are always heavy -- sometime we would have to have permit for them. We have shipped over a 100 towers so far -- which is over 300 loads just the towers themselves which we have shipped from West Fargo. So far they have all been out of

state. We haven't had a tower go to a site in North Dakota. We will have 800 loads per year when we get started here in North Dakota.

Rep. Welsz - Chairman (2877) Can you tell me from these other states where you haul -- what are you permits -- what are your costs? How much are your permits costing?

Brian Smith: I believe the carriers are getting there single trip permits for $20. We don't handle the shipping ourselves. Most of them are out of state truckers.

If there is no other opposition testimony, we will close the hearing for testimony on HB 1308. (2977)

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1308 B

House Transportation Committee

☐ Conference Committee

Hearing Date February 8, 2001

Tape Number	Side A	Side B	Meter #
2	x		2,408
			End 3894
Committee Clerk Signature	Lauren B Fink		

Minutes: Rep. Weisz - Chairman opened discussion for action on HB 1308.

Rep. Weisz - Chairman passed around some proposed amendments. A copy is attached.

Following discussion:

Rep. Mahoney: (3020) I move the amendments be approved.

Rep. Hawken: I second the motion.

On a voice vote the motion carried.

Rep. Carlson: (3054) I move a 'Do not Pass as amended' for HB 1308.

Rep. Ruby: I second.

On a roll call vote the motion carried: 9 yeas 2 nays 3 absent.

Rep. Hawken was designated to carry HB 1308 on the floor.

END (3894)

FISCAL NOTE

Requested by Legislative Council
02/13/2001

Bill/Resolution No.:

Amendment to: HB 1308

1A. **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.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

1A. State fiscal effect: Based on loads originating and ending in North Dakota, the state would collect $7,060 rather than $14,120, which would be the normal permit fee.

1B. County, city, and school district fiscal effect: Unknown -- a reduced amount to counties would depend on total amount collected and deposited in the highway trust fund for redistribution to the local jurisdictions.

The fiscal note is based on rough estimates taken from the transporters involved. The figures are for loads originating and ending in North Dakota.

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.*

Not knowing when this project would start, it would be impossible to assess the revenue loss to a specific biennium. The following information is a breakdown by type of revenue loss:

106 Wind Towers (wind generators)

Projected number of oversize/overweight load movements: **353 originating and ending in North Dakota** (Does not include equipment needed to assemble the towers -- next to impossible to project.)

Origin: Fargo **Destination:** Cooperstown

$20 permit per trip: **$7,060**

$10 permit per trip: **$3,530**

Origin: Fargo **Destination:** Edgeley

$20 permit per trip: **$7,060**

$10 permit per trip: **$3,530**

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.*

There would be no additional expenditure.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

N/A

Name:	James M. Hughes	**Agency:**	Highway Patrol
Phone Number:	328-2455	**Date Prepared:**	02/14/2001

FISCAL NOTE

Requested by Legislative Council
01/17/2001

Bill/Resolution No.: HB 1308

Amendment to:

1A. **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.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

1A. State fiscal effect: There would be an estimated loss of approximately $175,000 per biennium. These funds would be lost to the highway construction fund.

1B. County, city, and school district fiscal effect: Unknown -- loss to counties would depend on total amount lost to the highway trust fund that would have been redistributed to the local jurisdictions.

The fiscal note is based on rough estimates taken from the transporters involved and computed on a 12-month basis, which includes times roads are restricted. In order to accurately estimate the fiscal impact, the total number, weight, and time of travel would have to be known.

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.*

Not knowing when this project would start, it would be impossible to assess the revenue loss

to a specific biennium. The following information is a breakdown by type of revenue loss:

106 Wind Towers (wind generators)

Projected number of oversize/overweight load movements: **540** (Does not include equipment needed to assemble the towers -- next to impossible to project.)

Origin: Fargo **Destination**: Cooperstown

$20 permit per trip: **$10,800**

Ton mile fee: **$149,248** plus unknown number of loads for equipment used to assemble towers. (Ton mile is based on 212 loads moved during spring thaw and dependent on number of loads moved during spring thaw.)

$10 permit per trip: **$5,400**

Ton mile fee: **$74,624** plus unknown number of loads for equipment used to assemble towers. (Ton mile is based on 212 loads moved during spring thaw and dependent on number of loads moved during spring thaw.)

Origin: Fargo **Destination**: Edgeley

$20 permit per trip: **$10,800**

Ton mile fee: **$180,412** plus unknown number of loads for equipment used to assemble towers. (Ton mile based on 212 loads moved during spring thaw and dependent on number of loads moved during spring thaw.)

$10 permit per trip: **$5,400**

Ton mile fee: **$90,206** plus unknown number of loads for equipment used to assemble towers. (Ton mile based on 212 loads moved during spring thaw and dependent on number of loads moved during spring thaw.)

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.

There should be no additional expenditure; the amounts of permits issued and mile tax computations would remain the same.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

N/A

Name:	James M. Hughes	**Agency:**	Highway Patrol
Phone Number:	328-2455	**Date Prepared:**	01/19/2001

Adopted by the Transportation Committee
February 8, 2001

VR
2/9/01

HOUSE AMENDMENTS TO HB1308 HOUSE TRN 2-12-01

Page 1, line 2, after "permits" insert "; and to provide an expiration date"

Page 1, line 11, after "the" insert "permit"

Page 1, line 12, remove the first underscored comma, after "if" insert "the cargo originates in and", and replace "moving" with "transporting"

Page 1, line 13, after "wind" insert "to a location in this state"

Page 1, after line 21, insert:

"**SECTION 2. EXPIRATION DATE.** This Act is effective through July 31, 2003, and after that date is ineffective."

Renumber accordingly

Date: 2/08/01
Roll Call Vote #:

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1308

House Transportation Committee

☐ Subcommittee on

or

☐ Conference Committee

Legislative Council Amendment Number

Action Taken Do Not Pass as Amended

Motion Made By Rep. Carlson Seconded By Rep Ruby

Representatives	Yes	No	Representatives	Yes	No
Robin Weisz - Chairman	✓		Howard Grumbo		✓
Chet Pollert - Vice Chairman	✓		John Mahoney	✓	
Al Carlson	✓		Arlo E. Schmidt	A	
Mark A. Dosch	A		Elwood Thorpe		✓
Kathy Hawken	✓				
Roxanne Jensen	✓				
RaeAnn G. Kelsch	✓				
Clara Sue Price	A				
Dan Ruby	✓				
Laurel Thoreson	✓				

Total (Yes) 9 No 2

Absent 3

Floor Assignment Rep. Hawken

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

REPORT OF STANDING COMMITTEE

HB 1308: Transportation Committee (Rep. Weisz, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (9 YEAS, 2 NAYS, 3 ABSENT AND NOT VOTING). HB 1308 was placed on the Sixth order on the calendar.

Page 1, line 2, after "permits" insert "; and to provide an expiration date"

Page 1, line 11, after "the" insert "permit"

Page 1, line 12, remove the first underscored comma, after "if" insert "the cargo originates in and", and replace "moving" with "transporting"

Page 1, line 13, after "wind" insert "to a location in this state"

Page 1, after line 21, insert:

"**SECTION 2. EXPIRATION DATE.** This Act is effective through July 31, 2003, and after that date is ineffective."

Renumber accordingly

2001 TESTIMONY

HB 1308

HB 1308 / TRANSPORT FEES FOR WIND ENERGY EQUIPMENT
TRANSPORTATION COMMITTEE
February 1, 2001 / Mary Ekstrom

Good Morning Mr. Chairman and members of the committee, I am Mary Ekstrom. I represent District 11 in Fargo.

I am here to sponsor HB 1308 which reduces the transport fees for moving towers for wind generators and other components relating to the wind energy generation. Several weeks ago, Representatives Carlson and Schmidt as members of the Finance and Tax Committee, listened to extensive testimony regarding the potential for wind energy development in North Dakota. This new industry and North Dakota's wind present economic opportunity for North Dakota and particularly for our rural landowners.

It has been estimated that 36% of the Nation's electrical energy needs could be produced from North Dakota's wind resources. However, North Dakota does not stand alone with this resource. While North Dakota's potential is rated as number one in the Nation, (Texas is number two), we need to provide incentives to potential developers. The states surrounding us, Iowa in particular, are ahead in their development of this resource.

This bill, I believe will further encourage wind energy developers to come our state. Additionally, it will encourage further manufacture of wind energy components here and provide good paying jobs. We have two manufacturers, at present. DMI builds towers in West Fargo and we have a blade manufacturer in Grand Forks. Several companies have indicated that, as this industry develops in North Dakota, they will consider bringing their manufacturing plants here.

I will be happy to answer your questions. I respectfully request a DO PASS on this bill.