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ROLL NUMBER

DESCRIPTION

1275

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La Costa Rickford
Operator's Signature

10/3/03
Date

2003 HOUSE GOVERNMENT AND VETERANS AFFAIRS
HB 1275

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10/3/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1275

House Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date 1-06-03

Tape Number	Side A	Side B	Meter #
1	x		26.9-48.3
Committee Clerk Signature <i>Gayle Rourke</i>			

Minutes: Chairman Klein: called the meeting to order. All committee members were present.

Representative Iverson: Testified in favor of HB 1275. **(SEE ATTACHED TESTIMONY).**

Mark Gaydos, Design Division Engineer, Dept. of Transportation: appeared in support of HB 1275. **(SEE ATTACHED TESTIMONY).**

Representative Kasper: moved a **DO PASS** on HB 1275.

Representative Haas: **SECOND** the motion.

VOTE: 13 YES 1 NO 0 ABSENT.

Motion passed.

Representative Kasper: will carry the bill to the floor.

Meeting adjourned.

P

FISCAL NOTE
Requested by Legislative Council
01/14/2003

Bill/Resolution No.: HB 1275

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.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 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.

2001-2003 Biennium			2003-2005 Biennium			2005-2007 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.

This bill would remove the limits on the amount the DOT pays for reestablishing a displaced business. The DOT is involved in about six such actions each biennium. It is estimated this bill would increase the cost per reestablishment by about \$20,000. Thus, this bill would increase the cost of reestablishments by a total of \$120,000.

Reestablishments are primarily federally funded. Even though the total costs of reestablishment will increase by \$120,000, the total federal funding available to the DOT will not increase. Therefore, an increase to the cost of reestablishment will have to be offset by a corresponding decrease in capital asset expenditures. Thus, this bill will have no net fiscal impact on the DOT.

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.

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.

Name:	Shannon Sauer	Agency:	NDDOT
Phone Number:	328-4375	Date Prepared:	01/16/2003

La Costa Rickford
Operator's Signature

10/3/03
Date

Roll Call Vote #: Date: 26-03

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1275

House GOVERNMENT AND VETERANS AFFAIRS Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do Pass

Motion Made By Rep. Kasper Seconded By Rep. Haas

Representatives	Yes	No	Representatives	Yes	No
Chairman M.M. Klein	X		B. Amerman	X	
Vice Chairman B.B. Grande	X		L. Potter	X	
W.R. Devlin		X	C. Williams	X	
C.B. Haas	X		L. Winrich	X	
J. Kasper	X				
L.R. Klemin	X				
L. Meier	X				
M. Sitte	X				
W.W. Tieman	X				
R.H. Wikenheiser	X				

Total (Yes) 13 No 1

Absent 0

Floor Assignment Rep. Kasper

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

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Date

REPORT OF STANDING COMMITTEE (410)
February 6, 2003 1:38 p.m.

Module No: HR-23-1861
Carrier: Kasper
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1275: Government and Veterans Affairs Committee (Rep. M. Klein, Chairman)
recommends **DO PASS** (13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1275
was placed on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-23-1861

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10/3/03
Date

2003 SENATE GOVERNMENT AND VETERANS AFFAIRS

HB 1275

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10/3/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1275**

Senate Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date 03/14/03

Tape Number	Side A	Side B	Meter #
Tape 1		x	3100-end
Tape 2	x		0-310
Committee Clerk Signature <i>Spadley</i>			

Minutes:

Senator Karen Krebsbach, Chairman opens HB 1275. All senators present.

Representative Ron Iverson, sponsor of bill, goes through bill. (Testimony attached)

Senator Nelson : How did you come up with \$10,000?

Rep. Iverson: Currently this is the limit.

Senator Dever: Subsection D, define small businesses.

Rep. Iverson: I am sorry I can not.

Senator Wardner : They are going to widen Main in Fargo?

Rep. Iverson: Yes, from west to where it is wide now and through out Fargo.

Francis G. Ziegler, Director, Office of Project Development, (Testimony attached)

Senator Krebsbach : What process has gone through for an appraisal for a business?

Ziegler: We do two to be fair and then gone through a committee for approval.

Senator Fairfield: Where will this money come from?

Page 2

Senate Government and Veterans Affairs Committee

Bill/Resolution Number HB 1275

Hearing Date 03/14/03

Ziegler: Federal allocation

Senator Dever : Are each of these businesses going out of business, relocated, etc.?

Ziegler: I am not sure what exactly they will do

Senator Dever: the cost is just included as part of the project?

Ziegler: Yes

Senator Nelson : When 45th Street underpass was built there was a relocation then, did you look at location ahead of time or did that happen at a different negotiation?

Ziegler: There were two different negotiations with that.

Closed HB 1275

Senator Nelson moves to adopt amendment

Senator Wardner 2nd

6 Yes 0 No

Senator Wardner moves for a Do Pass as amended

Senator Dever 2nd

6 Yes 0 No

Carrier : Senator Brown

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1275

Senate Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date 03/20/03

Tape Number	Side A	Side B	Meter #
Tape 1		x	3880-4650
Committee Clerk Signature			

Minutes:

Committee discussion. Senator Brown is absent.

We have passed this out of committee, my concern all of a sudden hit me is it is being taken under a state agency. Besides Dept. Of Transportation, water could be another affect. Council said maybe we want to put a sunset clause on this .

Senator Nelson moves for a reconsideration on action previously taken.

Senator Warner 2nd

5 Yes 0 No 1 Absent

Senator Nelson moves to add a sunset clause for 2007.

Senator Wardner 2nd

5 Yes 0 No 1 Absent

Senator Nelson moves for a Do pass as further amended

Senator Wardner 2nd

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10/3/03
Date

Page 2

Senate Government and Veterans Affairs Committee

Bill/Resolution Number HB 1275

Hearing Date 03/20/03

5 Yes 0 No 1 Absent

Carrier: Senator Brown

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10/3/03
Date

30529.0101
Title.0200

Adopted by the Government and Veterans
Affairs Committee
March 14, 2003

JB
3-14-03

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1275

Page 1, line 2, after "agency" Insert "; and to declare an emergency"

Page 2, after line 11, Insert:

"SECTION 2. EMERGENCY. This Act is declared to be an emergency
measure."

Renumber accordingly

Page No. 1

30529.0101

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La Costa Rickford
Operator's Signature

10/3/03
Date

Date: 3/14/03
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1275

Senate Government and Veteran Affairs Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken amendment

Motion Made By Nelson Seconded By Wardner

Senators	Yes	No	Senators	Yes	No
Senator Karen Krebsbach, Chr.	✓		Senator April Fairfield	✓	
Senator Dick Dever, Vice Chr.	✓		Senator Carolyn Nelson	✓	
Senator Richard Brown	✓				
Senator Rich Wardner	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment _____

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

La Costa Rickford
Operator's Signature

10/3/03
Date

Date: 3/14/03
Roll Call Vote #: 2

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1275

Senate Government and Veteran Affairs Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taker: Do Pass as amended

Motion Made By Wardner Seconded By Dever

Senators	Yes	No	Senators	Yes	No
Senator Karen Krebsbach, Chr.	✓		Senator April Fairfield	✓	
Senator Dick Dever, Vice Chr.	✓		Senator Carolyn Nelson	✓	
Senator Richard Brown	✓				
Senator Rich Wardner	✓				

Total (Yes) 4 No 0

Absent 0

Floor Assignment Brown

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

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Ja Costa Rickford
Operator's Signature

10/3/03
Date

Date: 3/20/03
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1275

Senate Government and Veteran Affairs Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Reconsideration

Motion Made By Nelson Seconded By Wardner

Senators	Yes	No	Senators	Yes	No
Senator Karen Krebsbach, Chr.	✓		Senator April Fairfield	✓	
Senator Dick Dever, Vice Chr.	✓		Senator Carolyn Nelson	✓	
Senator Richard Brown					
Senator Rich Wardner	✓				

Total (Yes) 5 No 0

Absent 1

Floor Assignment _____

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

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Sal Costa Rickford
Operator's Signature

10/2/03
Date

Date: 3/20/03
Roll Call Vote #: 2

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1275

Senate Government and Veteran Affairs Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken add sunset clause through 2007

Motion Made By Nelson Seconded By Wardner

Senators	Yes	No	Senators	Yes	No
Senator Karen Krebsbach, Chr.	✓		Senator April Fairfield	✓	
Senator Dick Dever, Vice Chr.	✓		Senator Carolyn Nelson	✓	
Senator Richard Brown					
Senator Rich Wardner	✓				

Total (Yes) 5 No 0

Absent 1

Floor Assignment _____

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

La Costa Rickard
Operator's Signature

10/2/03
Date

Date: 3/20/03
Roll Call Vote #: 3

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1275

Senate Government and Veteran Affairs Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO Pass as further amended

Motion Made By Nelson Seconded By Wardner

Senators	Yes	No	Senators	Yes	No
Senator Karen Krebsbach, Chr.	✓		Senator April Fairfield	✓	
Senator Dick Dever, Vice Chr.	✓		Senator Carolyn Nelson	✓	
Senator Richard Brown					
Senator Rich Wardner	✓				

Total (Yes) _____ No _____

Absent _____

Floor Assignment Brown

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

La Costa Rickford
Operator's Signature

10/3/03
Date

REPORT OF STANDING COMMITTEE (410)
March 21, 2003 8:13 a.m.

Module No: SR-51-5389
Carrier: Brown
Insert LC: 30529.0101 Title: .0200

REPORT OF STANDING COMMITTEE

HB 1275: Government and Veterans Affairs Committee (Sen. Krebsbach, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO PASS (5 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1275 was placed
on the Sixth order on the calendar.

Page 1, line 2, after "agency" insert "; to provide an expiration date; and to declare an
emergency"

Page 2, after line 11, insert:

"SECTION 2. EXPIRATION DATE. This Act is effective through July 31, 2007,
and after that date is ineffective.

SECTION 3. EMERGENCY. This Act is declared to be an emergency
measure."

Renumber accordingly

2003 TESTIMONY

HB 1275

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Operator's Signature

10/3/03
Date

GOVERNMENT AND VETERANS AFFAIRS COMMITTEE

February 6, 2003

**North Dakota Department of Transportation
Mark Gaydos, Design Division Engineer**

HB 1275

Good morning, Mr. Chairman and members of the committee. I'm Mark Gaydos, Design Engineer for the North Dakota Department of Transportation. On behalf of the department, I'm testifying today on House Bill 1275.

The department relocates businesses when necessary to make way for new or reconstructed roads or other road-related improvements. A number of different payments are made to displaced businesses under the Uniform Relocation Assistance and Real Property Acquisition Act (Uniform Act), and Chapter 54-01.1 NDCC, Relocation Assistance. Section 54-01.1-03 NDCC, Moving and Related Expenses, is closely patterned after the Uniform Act.

The payments allowed by 54-01.1-03 for relocating businesses are:

1. Actual reasonable moving expenses
2. Actual reasonable expenses in searching for a replacement business
3. Actual reasonable expenses to reestablish a business, not to exceed \$10,000
4. A fixed payment in lieu of (ILO) 1, 2, and 3, not to exceed \$20,000

Our two areas of concern are (1) the maximum amounts that can be paid for reestablishing a business and (2) ILO payment.

- The reestablishment payment originated with the 1989 Session Laws (SL) Chapter 627 Section 3, which set the maximum at \$10,000.
- The ILO payment originated in 1973 with a maximum of \$2,500. The 1983 Session Laws, Chapter 91 Section 44, raised the maximum to \$10,000. The 1989 Session Laws, Chapter 627 Section 3, raised the maximum to \$20,000.

NDDOT again finds that these amounts are inadequate to compensate displaced businesses.

From 1989 to the present, we have had to relocate a number of businesses, including a service station, monument company, and tool store in Fargo; a farm building in the Fargo area; a plumbing shop in Grand Forks; a car wash in Cavalier; a paint store in Bismarck; and a holding company in Minot. In each of these cases, the owners had to settle for the \$10,000 maximum reestablishment cost even though the actual cost was much higher in some cases. Those who could not afford to go with the \$10,000 in reestablishment payments chose the ILO payment of \$20,000.

Even though our law is patterned after the federal rules, the Federal Highway Administration (FHWA) recognizes that these amounts are inadequate and is considering changes. In the meantime, the FHWA has ruled, "If a state must pay relocation benefits exceeding the limits of the Uniform Act, the cost is considered a legitimate project expense under Title 23 and is eligible

Page 1 of 2

La Costa Rickford
Operator's Signature

10/2/03
Date

for FHWA reimbursement. This position is in keeping with the TEA-21 provisions for increased participation in the costs incurred by state transportation departments in advancing highway projects." In other words, if our state law provides relocation benefits greater than what is allowed by the Uniform Act, the FHWA will participate in those costs.

Most other states are also looking at adjusting these values. The Virginia DOT sponsored a research project using a review of relocation literature, interviews with VDOT staff and industry representatives, a survey of 21 other states, a survey of relocated businesses, and a statistical analysis of VDOT relocation payments.

When the study began, the Reestablishment and ILO expenses were limited to the maximums allowed in the Uniform Act (\$10,000 and \$20,000, respectively) which is the same as allowed in 54-01.1-03. Their research showed that 50 percent of the reestablishment payments would be low in relation to the true costs. Half of the displaced businesses would have to pay out of their own pockets to reestablish their business.

These conclusions support our experience at NDDOT. We know that many displaced businesses are not being compensated for their true reestablishment costs because of the constraints of existing law. We believe that if a business is displaced there should be no expense to the owner, and that the owner should be compensated for eligible, actual invoiced costs.

We are proposing an amendment to this section that would allow "actual reasonable" expenses for the reestablishment of a business and for the ILO payment. We're using the term "actual reasonable" to make the amendment valid into the future without our having to return regularly to ask for Legislative increases.

NDDOT will be faced with at least six business relocations this year. Being displaced is traumatic enough for business owners; they should not have to suffer economic loss to reestablish their business. We are requesting that an emergency clause be attached to allow these changes to take effect immediately so that business relocations in the near future will also benefit from the change.

This concludes my testimony. I will be happy to answer any questions the committee may have.

Page 2 of 2

La Costa Rickford
Operator's Signature

10/3/03
Date

Testimony of Ron Iverson on behalf of HB 1275

Good Morning Chairman Klein and members of the Committee, for the record my name is Ron Iverson I represent the 27th district which is comprised of SW Fargo. I am here before You today to testify on behalf of HB 1275.

This bill, if it becomes law, would allow individuals whose property would have to be moved due to the action of a State agency to be able to receive adequate compensation for moving expenses. Currently the limit that can be expended on behalf of individuals is capped at Ten thousand dollars. This bill would remove that limit and it would be at the discretion Of the agency to determine the costs of such a move. I believe this is a fair and just bill and I would urge the committee to give it a DO PASS.

Thank you Chairman Klein and members of the committee. I would be happy to answer Any questions you may have.

SENATE GOVERNMENT AND VETERANS AFFAIRS COMMITTEE

March 14, 2003

**North Dakota Department of Transportation
Francis G. Ziegler, P.E., Director, Office of Project Development**

HB 1275

Good morning, Madame Chair and members of the committee. I'm Francis Ziegler, Director of Project Development for the North Dakota Department of Transportation. On behalf of the department, I'm testifying today on House Bill 1275.

The department relocates businesses when necessary to make way for new or reconstructed roads or other road-related improvements. A number of different payments are made to displaced businesses under the Uniform Relocation Assistance and Real Property Acquisition Act (Uniform Act), and Chapter 54-01.1 NDCC, Relocation Assistance. Section 54-01.1-03 NDCC, Moving and Related Expenses, is closely patterned after the Uniform Act.

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NDDOT again finds that these amounts are inadequate to compensate displaced businesses.

From 1989 to the present, we have had to relocate a number of businesses, including a service station, monument company, and tool store in Fargo; a farm building in the Fargo area; a plumbing shop in Grand Forks; a car wash in Cavalier; a paint store in Bismarck; and a holding company in Minot. In each of these cases, the owners had to settle for the \$10,000 maximum reestablishment cost even though the actual cost was much higher in some cases.

Even though our law is patterned after the federal rules, the Federal Highway Administration (FHWA) recognizes that these amounts are inadequate and is considering changes. In the meantime, the FHWA has ruled, if a state must pay relocation benefits exceeding the limits of the Uniform Act, based on State laws, the costs are considered eligible for Federal reimbursement.

Page 1 of 2

La Costa Rickford
Operator's Signature

10/3/03
Date

Most other states are also looking at adjusting these values. The Virginia DOT sponsored a research project to study this issue. When the study began, their Reestablishment and ILO expenses were limited to the maximums allowed in the Uniform Act (\$10,000 and \$20,000, respectively) which is the same as allowed in 54-01.1-03. Their research showed that 50 percent of the reestablishment payments would be low in relation to the true costs. Half of the displaced businesses would have to pay out of their own pockets to reestablish their business.

These conclusions support our experience at NDDOT. We know that many displaced businesses are not being compensated for their true reestablishment costs because of the constraints of existing law. We believe that if a business is displaced there should be no expense to the owner, and that the owner should be compensated for eligible, actual invoiced costs.

The revisions we are proposing to this section would allow actual reasonable expenses for the reestablishment of a business and for the ILO payment. We're using the definition "as determined by the criteria established by the state agency" to described actual reasonable and to make the amendment valid into the future without our having to return regularly to ask for Legislative increases.

NDDOT will be faced with at least six business relocations this year. Being displaced is traumatic enough for business owners; they should not have to suffer economic loss to reestablish their business. We are requesting that an emergency clause be attached to allow these changes to take effect immediately. Attached is the proposed amendment to make this happen.

This concludes my testimony. I will be happy to answer any questions the committee may have.

Page 2 of 2

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10/3/03
Date

Testimony of Ron Iverson on behalf of HB 1275

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Thank you Chairman Krebsbach and members of the committee. I would be happy to answer

Any questions you may have.