

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2065

2005 SENATE FINANCE AND TAXATION

SB 2065

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2065

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date January 10, 2005

Tape Number	Side A	Side B	Meter #
# 1	X		38.5 - 54.
		X	0.0 - 9.7
Committee Clerk Signature <i>Sharon Renshaw</i>			

Minutes: All members present except Sen. Bercier.

SEN. URLACHER: Called the meeting to order and opened the hearing on SB 2065.

SEN. JUDY LEE: appeared as prime sponsor of the bill with written testimony stating she introduced this bill at the request of the ND Assoc. Of Counties to deal with the shortfall that some counties are facing in having funds to cover the cost of their employee health insurance.

Sen. Bercier is now present.

TERRY TRAYNOR, Assist. Director of the Assoc. Of counties appeared in support with written testimony stating this is a straightforward change to a dedicated levy which counties have available strictly for employee health benefits.

SEN. EVERY: asked how many employees participate in PERS?

TERRY: gave a hand out showing percentages in the counties.

SEN. COOK: Wanted to know if we have a single county out there that actually had to deal with less dollars in the budget in 2004 than they did in 2003 and what the number of county

employees there were that had the option where if they elect not to take advantage of the health insurance plan offered by the County can get the value of that plan paid in cash.

ANSWER: The way the property tax code is written, counties can levy the same in dollars as they levied the year before, so if their evaluation goes down, they are sort of froze where it is and if the evaluation goes they can take advantage of the evaluation change. Your second question, I can't answer with any definitive way, I know several counties use to and had great deal of difficulty with certain Attorney General's opinions and lawsuits involving their health benefits, so it is my understanding that most counties have gotten away from that.

SEN. COOK requested some information from Terry on how many counties are following that practice and to see the Attorney General's opinion.

SEN. URLACHER asked how much increase in salary is taken place over a period of time?

ANSWER: it's difficult to answer that but over all in the last two surveys of salaries, approximately 2% gross. About half of the counties are covering 100% and the rest are somewhere in between.

LAWRENCE HOFFMAN, Dickey County Auditor appeared on behalf of the ND Auditor's Assoc. of Dickey County with written testimony stating this legislation would relieve the counties from having a shortfall of not enough revenue from levy 1261 Comprehensive Health Care Insurance Benefit Program.

SEN. COOK: if this passes, and a property owner in your county was upset that their taxes were up and came to your office and asked why, where would you place the blame, with the County Commission or your State Legislators?

LAWRENCE: No, the County Commissioners have the final say on the budget and they are not going to raise taxes because there are tax payers of the county also. All counties have caps and we are capped at 475, but where the current gab was we were paying \$60 per employee and now we are up to \$100 per employee.

No opposition on the bill.

DISCUSSION:

SEN. TOLLEFSON: stated that their are two ways of increasing taxes, one by evaluation or the other by increasing mill levy. I think sometimes the evaluation process lags to a certain extent in some areas that will affect the eventual income to the county. Personally I think that some of that should be looked at rather than this type of an increase. Also concerned as to why his own county did not respond and some of the others have not responded.

SEN. EVERY: concerns with if the commissioners and the employees have the same plan, do some counties have a different set up for the commissions than they do for the employees and if so, how do we know that that money would be used for the employees?

WADE WILLIAMS, Assoc. Of Counties appeared to answer and doesn't feel that the counties can provide a different or better plan for the Commission than they do for their employees.

There are a number of counties that do not provide health ins. For their employees, about 1/3 of them.

SEN. URLACHER questioned if there was a wage scale difference.

LAWRENCE HOFFMAN: stated that in Dickey County they have done it both ways, we did pay some commissioners their premium less than PERS, but if I would switch and lose my benefits I can only go their for 1 more year and then pick another health insurance at a higher rate

Page 4
Senate Finance and Taxation Committee
Bill/Resolution Number SB 2065
Hearing Date January 10, 2005

and so that's part of the reason that some commissioners have gone from the PERS system. In Dickey County we finally went and said either you use it or lose it. It varies from Commission to Commission.

SEN. EVERY: was under the impression that all the commissioners packers were different than the employees.

WADE WILLIAMS: No, I don't believe the commission can provide themselves a better package than do their employees.

No opposition. Hearing was closed.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2065

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date January 18, 2005

Tape Number	Side A	Side B	Meter #
#1		X	8.1 - 14.1
Committee Clerk Signature <i>Sharon Benfrow</i>			

Minutes: All committee members present.

SEN. URLACHER: mentioned that this relates to the County Mill Levy limitation.

SEN. WARDNER: stated that this just gives the counties the ability to levy for more mills for health insurance. People are really concerned about their health insurance, their concerned about their property taxes, I really don't have an answer to it or probably a solution but I'm not really fired about bring a mill, so I am going to oppose this bill.

SEN. EVERY: It looks to me like all that it does is give the county commissioners to do it, it doesn't tell them that they have to do anything. My reluctance would be if we give them this authority if it does for sure that that's what they have to use it for. I don't have a whole lot of confidence in a lot of the county commissioners and feels it is a good bill, I think it only gives them the authority, it doesn't say that they have to, but there's a little bit of reluctance there as well with me just because of the county commissioners.

SEN. URLACHER: I have that reluctance as well, I think that they need to establish priorities within their counties as we have to establish priorities here. And as we funnel money to whatever entity at the local level, if it just means spending some more money rather than reevaluating I don't have.

SEN. COOK: One of the questions I asked was to get information regarding what the county commissioners salaries are and Morton County kinda sticks out there a little bit, actually quite a bit, then I also asked the question regarding how many counties offer their employees and/or county commissioners compensation in lieu of the health or insurance benefits. In your hand outs, you can see that there are 2 counties and Morton is one of them that they offer to all their employees including their county commissioners to get in lieu of health insurance the cost of that health insurance, which I believe is six hundred and some dollars a month. So considering financial spending decisions that my county makes, considering the way I know how my constituents feel about their property tax levels right now, I'm sure not in any mood to allow the county to raise the mills another 4. There is no way I can support this bill. I understand the dilemma that some counties might be in and I understand there may some that want to support it, but I can't.

SEN. COOK made a motion for DO NOT PASS, second by Sen. Bercier.

ROLL CALL VOTE: 5-1-0. Sen. Every noted that he will say no, but will not object on the floor. Sen. Cook will carry the bill.

SEN. EVERY: stated that he has some issues at home and I'm just going to protect my interests, that's why he's saying no.

Page 3

Senate Finance and Taxation Committee

Bill/Resolution Number SB 2065

Hearing Date January 18, 2005

SEN. BERCIER: noted that he had some meetings and discussions this past weekend with his county mayor and other folks and concerns with micro-managing and property valuations also, so that's my rationale.

Date: 1-18-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2065

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Cook Seconded By Bercier

Senators	Yes	No	Senators	Yes	No
Sen. Urlacher	✓		Sen. Bercier	✓	
Sen. Wardner	✓		Sen. Every		✓
Sen. Cook	✓				
Sen. Tollefson	✓				

Total (Yes) 5 No 1

Absent 0

Floor Assignment Sen. Cook

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

REPORT OF STANDING COMMITTEE (410)
January 18, 2005 3:30 p.m.

Module No: SR-11-0662
Carrier: Cook
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2065: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO NOT PASS (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2065 was placed on the Eleventh order on the calendar.

2005 HOUSE FINANCE AND TAXATION

SB 2065

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SB 2065**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **February 23, 2005**

Tape Number	Side A	Side B	Meter #
1	X		0.8
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

REP. WES BELTER, CHAIRMAN Called the committee hearing to order.

RON ANDERSON, NDACO PRESIDENT, MC KENZIE COUNTY COMMISSIONER

Testified in support of the bill. See attached written testimony.

REP. BELTER Does each county have their own health insurance package?

RON ANDERSON You will find that out when "Tork" gets up to testify, they are all over the map, my county is self-insured, and we buy the catastrophic from Blue Cross Blue Shield, several counties are on PERS, it is all over.

ROBERT "TORK" KILICHOWSKI, PRESIDENT OF THE NORTH DAKOTA

COUNTY COMMISSIONERS ASSOCIATION Testified in support of the bill. See written testimony.

REP. WEILER The limit is four, there are eight or ten that are above four, how can that be?

ROBERT KILICHOWSKI Answered, in the 80's and early 90's, I think they allowed the percentage growth, at that time, they would allow so much growth each year, in dollars, you would probably end up with two percent.

REP. WEILER Why can't that be done now, is there a law passed or something?

ROBERT KILICHOWSKI That was taken away, it fluctuated with each session, that growth option was taken away.

REP. BRANDENBURG What happened to change the land prices, for instance LaMoure County.

RON ANDERSON Answered, probably in the rural counties, it was the ag land evaluation, we were allowed five percent.

REP. DROVDAL These numbers came from the county auditors, did they not?

RON ANDERSON This is compiled by the auditors.

SHIRLEY MURRAY, SHERIDAN COUNTY AUDITOR Testified in support of the bill.
See attached written testimony.

SEN. JUDY LEE, DIST. 13, WEST FARGO Testified in support of the bill. See attached written testimony.

REP. WEILER You named two counties in your testimony, Bowman and Steele county, how many county employees do the smaller counties have?

SEN. LEE Deferred to handout from Ron Anderson.

REP. FROELICH I am looking at the counties, Hettinger, Slope and Walsh, they all contribute 100%, but the fees on the family plans is \$805 down to \$641, employees are about the same, what causes that?

Page 3

House Finance and Taxation Committee

Bill/Resolution Number **SB 2065**

Hearing Date **February 23, 2005**

DAN ULMER, REP. BLUE CROSS & BLUE SHIELD Answered, they are rated more than

likely on age.

With no further testimony, the committee hearing was closed.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SB 2065**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **February 28, 2005**

Tape Number	Side A	Side B	Meter #
1		X	0.3
Committee Clerk Signature			

Minutes:

COMMITTEE ACTION

REP. CONRAD Made a motion for a **do pass**

REP. DROVDAL Second the motion. **MOTION CARRIED.**

8 YES 2 NO 4 ABSENT

REP. SCHMIDT Was given the floor assignment.

Date: 2-28-05
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB2065

House FINANCE & TAXATION

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

Motion Made By

Do Pass
Rep. Conrad Seconded By Rep. Drovdal

Representatives	Yes	No	Representatives	Yes	No
BELTER, WES, CHAIRMAN	✓				
DROVDAL, DAVID, V-CHAIR	✓				
BRANDENBURG, MICHAEL	✓				
CONRAD, KARI	✓				
FROELICH, ROD	✓				
GRANDE, BETTE	✓				
HEADLAND, CRAIG	✓				
IVERSON, RONALD		✓			
KELSH, SCOT	✓				
NICHOLAS, EUGENE	✓				
OWENS, MARK	✓				
SCHMIDT, ARLO	✓				
WEILER, DAVE		✓			
WRANGHAM, DWIGHT	✓				

Total (Yes) 8

No 2

Absent 4

Floor Assignment

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

REPORT OF STANDING COMMITTEE (410)
February 28, 2005 3:25 p.m.

Module No: HR-36-3786
Carrier: Schmidt
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2065: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO PASS (8 YEAS, 2 NAYS, 4 ABSENT AND NOT VOTING). SB 2065 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

SB 2065

**Testimony To The
SENATE FINANCE AND TAXATION COMMITTEE
Prepared January 10, 2005 by the
North Dakota Association of Counties
Terry Traynor, Assistant Director**

CONCERNING SENATE BILL 2065

Chairman Urlacher and members of the Senate Finance and Taxation Committee, I am here on behalf of the North Dakota Association of Counties to express the support of all 53 counties for Senate Bill 2065.

As you can see, this legislation is a very straightforward change to a dedicated levy which counties have available strictly for employee health benefits. Currently, counties have several options for this rapidly growing cost – and most counties use them all.

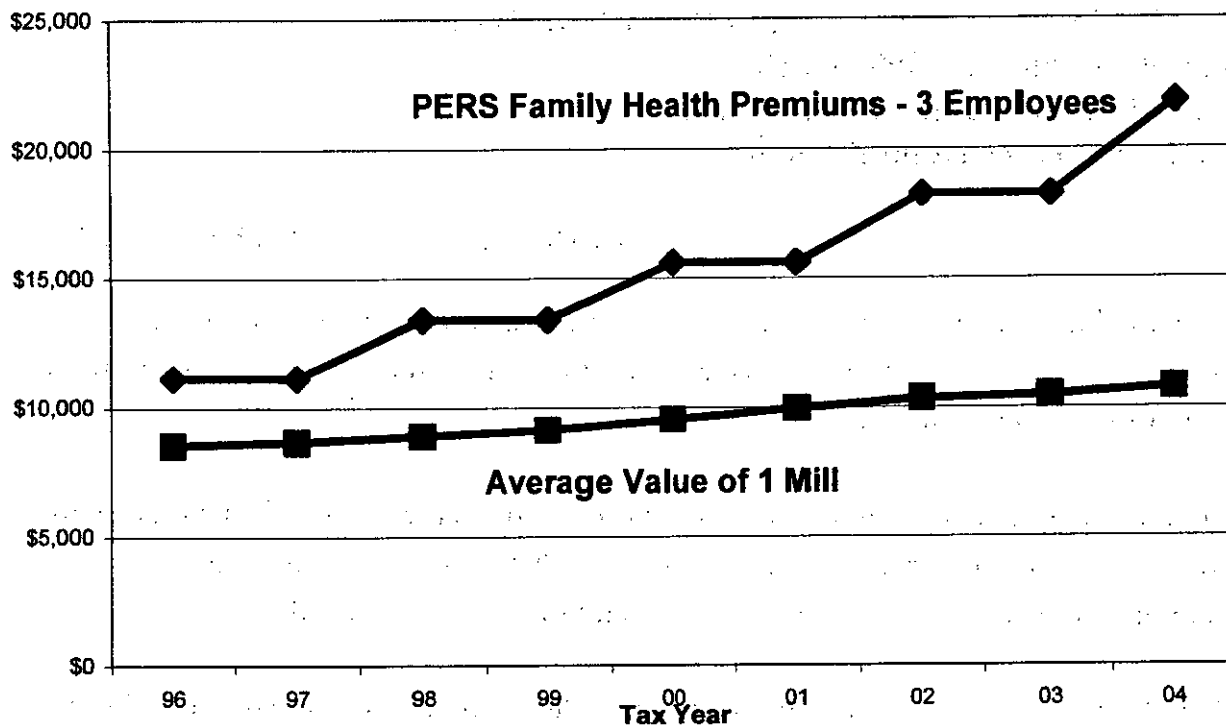
In addition to this levy, counties have statutory authority to access up to 4 mills within their OASIS/Retirement levy if it is available, and they can of course use their General Fund if there is any funding available there – unfortunately for 43 counties this fund is also capped.

For some county departments, health benefit costs can be charged against other dedicated funds – such as the human service levy for social service employees and the county highway fund for road workers. For the rest of the county however – the offices of auditor, treasurer, recorder, state's attorney, emergency manager, sheriff and others – there is no funding source other than these.

The problem, of course, is the disproportionate growth of health insurance costs in comparison to taxable valuation. A chart has been attached to give you a visual picture of this. What I have done is take the taxable value in the 30 counties that are currently capped in this dedicated levy, and compared the average value of one mill over time, with the average PERS family health premium for three employees.

As the chart clearly shows, the average annual increase by about 10% in health benefit costs has dramatically outpaced the average taxable value growth of less than 3%. In fact, for this eight-year period, taxable values in these 30 counties have gone up an average of 26%, while health insurance costs have gone up 96%.

Annual Insurance Costs vs Taxable Value 30 Counties at Levy Limitation



It should be noted that the enactment of the recent agricultural land valuation changes has resulted in total countywide taxable values actually going down in eleven of these 30 counties and the increases in the remaining counties are extremely modest (attached table). If counties are to even consider whether they will continue to provide this important benefit to their employees, it is essential that they have the levy authority necessary.

We believe that this is important not only to the counties and their employees, but to the State as well. The strength of the PERS system is the numbers of employees from State government, the university system, as well as cities and counties.

Mr. Chairman and committee members, we could probably have encouraged representatives of all 30 counties to testify today, but their stories would be extremely repetitious. We are fortunate to have Mr. Larry Hoffman, the Dickey County Auditor, here to give you a single real life example of the challenges they face in this area.

I would be glad to answer any questions that I can, but would like to close by urging a Do Pass recommendation on Senate Bill 2065.

Countywide Taxable Valuations

30 Counties Currently Capped in Levy 1261

(Comprehensive Health Insurance)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>Difference 2002-2004</u>
BENSON	\$12,175,932	\$12,267,235	\$12,362,807	\$186,875
BOTTINEAU	\$21,812,983	\$22,651,974	\$23,921,982	\$2,108,999
CAVALIER	\$19,638,726	\$19,272,267	\$19,320,874	(\$317,852)
DICKEY	\$15,008,310	\$15,233,708	\$15,407,176	\$398,866
DIVIDE	\$9,336,196	\$9,037,338	\$8,944,689	(\$391,507)
DUNN	\$12,227,722	\$12,277,711	\$12,357,115	\$129,393
EDDY	\$6,240,757	\$6,322,391	\$6,343,323	\$102,566
FOSTER	\$12,031,025	\$12,109,838	\$12,210,365	\$179,340
GRAND FORKS	\$120,149,071	\$124,884,094	\$134,373,935	\$14,224,864
KIDDER	\$8,919,358	\$9,197,067	\$9,335,645	\$416,287
LAMOURE	\$15,616,203	\$15,207,672	\$16,419,890	\$803,687
LOGAN	\$6,559,942	\$6,566,965	\$6,417,795	(\$142,147)
MCHENRY	\$20,056,244	\$20,519,519	\$20,534,009	\$477,765
MCINTOSH	\$9,413,282	\$9,459,733	\$9,526,967	\$113,685
MOUNTRAIL	\$14,219,048	\$14,600,261	\$14,691,266	\$472,218
NELSON	\$10,822,976	\$10,802,490	\$10,629,541	(\$193,435)
OLIVER	\$5,204,960	\$5,178,741	\$5,177,765	(\$27,195)
PEMBINA	\$29,215,672	\$28,043,474	\$27,986,402	(\$1,229,270)
PIERCE	\$13,122,098	\$13,568,390	\$13,829,247	\$707,149
RAMSEY	\$23,367,006	\$23,661,732	\$24,558,562	\$1,191,556
RANSOM	\$15,663,185	\$15,758,229	\$15,483,645	(\$179,540)
RENVILLE	\$9,802,825	\$9,860,176	\$9,858,854	\$56,029
SARGENT	\$13,661,842	\$13,751,700	\$14,800,068	\$1,138,226
SHERIDAN	\$6,084,815	\$5,918,760	\$6,070,748	(\$14,067)
SIOUX	\$2,018,338	\$2,036,720	\$2,059,777	\$41,439
STEELE	\$10,129,833	\$10,034,446	\$10,104,837	(\$24,996)
STUTSMAN	\$46,183,596	\$47,118,491	\$48,575,267	\$2,391,671
TOWNER	\$11,663,082	\$11,470,242	\$11,451,960	(\$211,122)
WALSH	\$30,356,418	\$30,499,323	\$30,591,688	\$235,270
WELLS	\$17,239,837	\$16,699,672	\$16,796,817	(\$443,020)

Source: Property Tax Statistical Report - ND State Tax Department

County Employee Health Plans
Data from Annual NDACo Salary, Staffing, & Fringe Benefit Survey

County	Number of full-time employees	Number of part-time employees	Total FTEs	Health Plan	Family Plan Premium	Percentage County Contributes
Adams	31	12	36.3	NDPERS	\$607	40%
Barnes	84	16	90.6	NDPERS	\$607	75%
Benson	45	24	56.7	Blue Cross/Blue Shield (BCBS)	\$607	\$300
Billings	26	11	31.5	NDPERS	\$607	100%
Bottineau	48	26	62.7	Blue Cross/Blue Shield (BCBS)	\$688	38%
Bowman	17	15	23.4	No Responses	N/A	N/A
Burke	15	21	23.0	No Responses	N/A	N/A
Burleigh	236	12	242.0	Blue Cross/Blue Shield (BCBS)	\$667	67%
Cass	353	19	366.1	Blue Cross/Blue Shield (BCBS)	\$728	79%
Cavaller	39	35	56.5	NDPERS	\$607	100%
Dickey	36	17	43.7	NDPERS	\$607	78%
Divide	24	18	32.2	NDPERS	\$607	100%
Dunn	37	5	39.2	NDPERS	\$607	100%
Eddy	18	22	28.2	NDPERS	\$607	NONE
Emmons	29	13	36.0	NDPERS	\$607	100%
Foster	21	18	29.4	NDPERS	\$607	67%
Golden Valley	18	16	25.0	No Response	N/A	N/A
Grand Forks	231	23	242.8	Blue Cross/Blue Shield (BCBS)	\$690	53%
Grant	30	15	37.5	No Health Plan	N/A	N/A
Griggs	25	25	42.4	No Response	N/A	N/A
Hettinger	22	11	27.5	Blue Cross/Blue Shield (BCBS)	\$805	100%
Kidder	23	10	26.1	NDPERS	\$607	70%
LaMoure	30	18	37.8	NDPERS	\$607	70%
Logan	16	17	23.7	NDPERS	\$607	75%
McHenry	34	25	40.9	NDPERS	\$607	100%
McIntosh	27	8	30.8	NDPERS	\$607	82%
McKenzie	61	10	65.8	Self Insured - BCBS Admin.	\$707	\$309
McLean	62	23	75.5	NDPERS	\$607	84%
Mercer	57	27	73.2	Self Insured - BCBS Admin.	\$616	100%
Morton	139	16	145.8	No Response	\$607	100%
Mountrail	46	18	54.8	NDPERS	\$607	100%
Nelson	34	17	41.3	NDPERS	\$607	100%
Oliver	10	2	10.7	NDPERS	\$607	100%
Pembina	53	12	55.9	Blue Cross/Blue Shield (BCBS)	\$564	84%
Pierce	28	18	34.5	NDPERS	\$607	100%
Ramsey	74	6	74.5	Self Insured - BCBS Admin.	\$770	100%
Ransom	33	29	44.1	NDPERS	\$607	41%
Renville	25	9	28.6	Blue Cross/Blue Shield (BCBS)	\$776	38%
Richland	100	12	106.9	NDPERS	\$607	71%
Rolette	55	17	63.4	NDPERS	\$607	61%
Sargent	20	23	31.6	NDPERS	\$607	75%
Sheridan	18	14	24.3	NDPERS	\$607	NONE
Sloux	17	12	21.1	Blue Cross/Blue Shield (BCBS)	\$740	40%
Slope	11	32	18.1	Blue Cross/Blue Shield (BCBS)	\$673	100%
Stark	78	23	92.0	NDPERS	\$607	75%
Steele	20	22	28.1	NDPERS	\$607	\$246
Stutsman	86	20	99.2	NDPERS	\$607	71%
Towner	22	15	28.3	No Response	N/A	N/A
Tralli	41	26	56.7	NDPERS	\$607	41%
Walsh	69	16	77.2	Blue Cross/Blue Shield (BCBS)	\$690	51%
Ward	179	12	185.1	No Response	N/A	N/A
Wells	28	27	42.6	Blue Cross/Blue Shield (BCBS)	\$641	100%
Williams	126	6	127.5	Self Insured - BCBS Admin.	\$633	100%
	3,007	916	3,438.2			

TESTIMONY TO THE
HOUSE TAXATION COMMITTEE
Prepared January 10, 2005 by
Lawrence Hoffman
Dickey County Auditor

CONCERNING SENATE BILL 2065 BILL

Good Morning, Mr. Chairman and members of the Senate Finance and Taxation Committee, my name is Lawrence Hoffman, Dickey County Auditor, I am here on behalf of the North Dakota Auditor's Association and the Dickey County Auditor's office to support SB2065

This legislation would relive the Counties from having a shortfall of not enough revenue from levy 1261 Comprehensive Health Care Insurance Benefit Program. Dickey County levies 4 mills which is the maximum allowed by law.

I have listed bellow the total cost of Health Insurance for the years 2003 and 2004

2003

Total cost of Health Insurance Expense	\$229,294
Amount levied (4 mills @ \$15,233)	<u>\$ 60,932</u>
Total Cost to Dickey County	\$168,361

2004

Total cost of Health Insurance Expense	\$272,224
Amount levied (4 mills @ \$15,416)	<u>\$ 61,664</u>
Total Cost to Dickey County	\$210,658

The valuation for our county and many other rural counties in the state is increasing at a small amount if at all. This is a drain on the General Fund of the county to have to supplement the various levies that do not generate the total amount necessary to meet the expenses.

I strongly urge this committee to give SB2065 a do pass recommendation.

Thank you for the opportunity to present our support for this proposal and I would welcome any questions you may have.

SB 2065
from Sen. Cook

**County Commission Salaries
NDACo 2004 Salary Survey**

County	Monthly Salary	Commission Size
Adams	\$ 725	3
Barnes	\$ 961	5
Benson	\$ 1,075	5
Billings	\$ 875	3
Bottineau	\$ 770	5
Bowman	\$ 1,435	3
Burke	\$ 706	3
Burleigh	\$ 1,200	5
Cass	\$ 1,367	5
Cavalier	\$ 569	5
Dickey	\$ 808	5
Divide	\$ 500	3
Dunn	\$ 1,000	3
Eddy	\$ 657	3
Emmons	\$ 562	5
Foster	\$ 545	3
Golden Valley	\$ 832	3
Grand Forks	\$ 1,200	5
Grant	\$ 871	3
Griggs	\$ 425	5
Hettinger	\$ 727	3
Kidder	\$ 775	3
LaMoure	\$ 300	5
Logan	\$ 915	3
McHenry	\$ 759	5
McIntosh	\$ 750	3
McKenzie	\$ 863	5
McLean	\$ 958	3
Mercer	\$ 1,018	3
Morton	\$ 1,836	5
Mountrail	\$ 689	3
Nelson	\$ 342	5
Oliver	\$ 754	3
Pembina	\$ 825	5
Pierce	\$ 675	5
Ramsey	\$ 841	5
Ransom	\$ 700	5
Renville	\$ 869	3
Richland	\$ 860	5
Rolette	\$ 875	5
Sargent	\$ 840	5
Sheridan	\$ 675	3
Sioux	\$ 899	3
Slope	\$ 897	3
Stark	\$ 991	5
Steele	\$ 601	5
Stutsman	\$ 902	5
Towner	\$ 530	5
Traill	\$ 933	5
Walsh	\$ 680	5
Ward	\$ 978	5
Wells	\$ 625	5
Williams	\$ 750	5
Average	\$ 825	221
		Total

Average Salaries

	2000	2001	2002	2003	2004	5-Year Change
Commissioner	\$703	\$756	\$781	\$796	\$841	20%
Auditor (1)	\$2,473	\$2,539	\$2,746	\$2,816	\$2,949	19%
Treasurer (1)	\$2,293	\$2,387	\$2,536	\$2,709	\$2,830	23%
Recorder (1)	\$2,248	\$2,356	\$2,476	\$2,551	\$2,685	19%
Clerk (1) (3)	\$2,249	\$2,350	\$2,227	\$2,167	\$2,401	7%
Sheriff	\$2,651	\$2,761	\$2,931	\$3,017	\$3,145	19%
State's Attorney (2)	\$2,963	\$3,074	\$3,166	\$3,191	\$3,325	12%
Tax Director (2)	\$1,990	\$2,059	\$2,087	\$2,260	\$2,461	24%

1. Adjusts all salaries to full-time for those that serve multiple positions.
2. Averages full- and part-time salaries paid for this position.
3. Excludes State-employed clerks after 2001.

SB 2065
Senate Finance & Taxation Committee
Senator Judy Lee
January 10, 2005

*Same testimony
given to the
House*

SB 2065 has been submitted at the request of the ND Association of Counties to deal with the shortfall that some counties are facing in having funds to cover the cost of their employees' health insurance. While county health insurance, provided through PERS, is expected to have premium increases in the range of 20%, land valuations are increasing at only 1-3% per year and actually going down in some counties. The current levy authority is rapidly becoming insufficient.

Counties now have a dedicated 4-mill authority for health benefits and can access up to 4 mills through their OASIS/Retirement levy, if it is available. In a smaller county, such as Bowman or Steele, 8 mills will provide approximately enough revenue for the premiums of only 12 employees.

SB 2065 increases the dedicated 4-mill levy limit to 8 mills. While no one likes to raise levies, this will at least give county commissions the option to continue to provide health insurance for their employees.

I urge the Finance and Taxation Committee to give SB 2065 a favorable review.

**Information Prepared For The
SENATE FINANCE AND TAXATION COMMITTEE
Prepared January 13, 2004 by the
North Dakota Association of Counties
Terry Traynor – Assistant Director**

CONCERNING SENATE BILL 2065

Chairman Urlacher, during my testimony in support of Senate Bill 2065 to address the levy limit for employee health benefits, I was asked about county policies regarding health benefits. Our office conducted a brief Internet survey to which all 53 county auditor's offices responded. The questions and summary of their responses are indicated below:

- Does your county pay all or any part of your employees' health insurance premiums?
 - All 53 Counties answered YES
- If yes to the previous question, do your policies allow for employees to refuse the health insurance and take all or part of the premium amount as salary?
 - No, they must take the insurance or get nothing. 49 Counties
 - Yes, they can get part of the premium as salary. Walsh, Richland, Slope
 - Yes, they can get all of the premium as salary. Bowman, Morton
- Can your commissioners get the same health benefit that is offered to county employees?
 - Yes – exactly the same 48 Counties
 - No – not offered 6 Counties (Foster, Griggs, Kidder, Renville, Sioux, Towner)
 - No – they have different county funded options No Counties

I hope this answers the questions raised. If additional information is desired, please let me know.

**Testimony To The
HOUSE FINANCE AND TAXATION COMMITTEE
Prepared February 23, 2005 by the
Ron Anderson, NDACo President
McKenzie County Commissioner**

CONCERNING SENATE BILL 2065

Chairman Belter and members of the House Finance and Taxation Committee, as President of the North Dakota Association of Counties, I am here to express the support of all 53 counties for Senate Bill 2065.

As you can see, this legislation is a very straightforward change to a dedicated levy which counties have available strictly for employee health benefits. Currently, counties have several options for this rapidly growing cost – and many counties use them all.

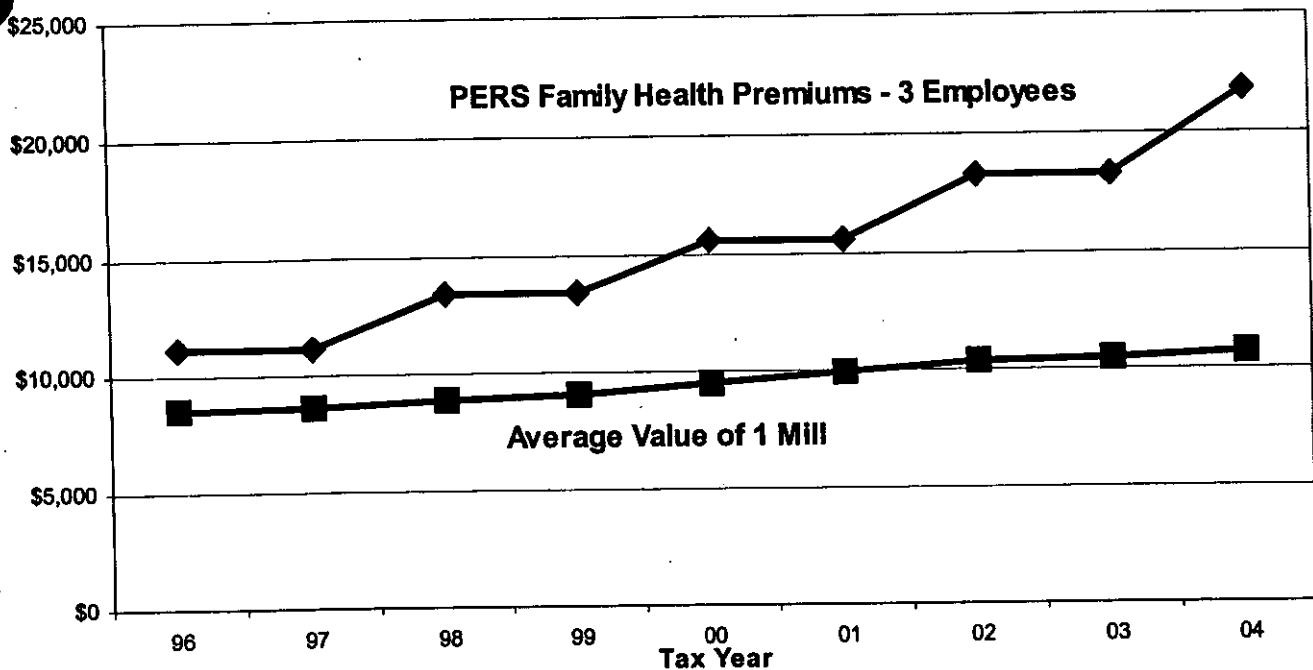
In addition to this levy, counties have statutory authority to access up to 4 mills within their OASIS/Retirement levy if it is available, and they can of course use their General Fund if there is any funding available there – unfortunately for 43 counties this fund is also capped.

For some county departments, health benefit costs can be charged against other dedicated funds – such as the human service levy for social service employees and the county highway fund for road workers. For the rest of the county however – the offices of auditor, treasurer, recorder, state's attorney, emergency manager, sheriff and others – there is no funding source other than these.

The problem, of course, is the disproportionate growth of health insurance costs in comparison to taxable valuation. A chart has been attached to give you a visual picture of this. What I have done is take the taxable value in the 30 counties that are currently capped in this dedicated levy, and compared the average value of one mill over time, with the average PERS family health premium for three employees.

As the chart clearly shows, the average annual increase by about 10% in health benefit costs has dramatically outpaced the average taxable value growth of less than 3%. In fact, for this eight-year period, taxable values in these 30 counties have gone up an average of 26%, while health insurance costs have gone up 96%.

Annual Insurance Costs vs Taxable Value
30 Counties at Levy Limitation



It should be noted that total countywide taxable values have actually gone down in eleven of these 30 counties (as well as 5 others) and the increases in the remaining counties are extremely modest (attached table). If counties are to even consider whether they will continue to provide this important benefit to their employees, sufficient levy authority is necessary.

In anticipation of a question about the relationship of this levy to the optional consolidated levy, I can tell you that it is identical to what was discussed about the jail levy. If a county chooses the consolidation option, they would lose the benefit of this proposed increase, because the statutory limit of the consolidated levy is based on the total of the individual levy limits in 2003. This either/or situation would be something a county would have to consider carefully before pursuing the consolidated option.

Mr. Chairman and committee members, we could probably have encouraged representatives of all 30 counties to testify today, but their stories would be extremely repetitious. We are fortunate to have the President of the County Commissioners Association as well as Shirley Murray, the Sheridan County Auditor, here to give you a couple of real life examples of the challenges they face in this area.

I would be glad to answer any questions that I can, but would like to close by urging a Do Pass recommendation on Senate Bill 2065.

Taxable Valuation of All Property Subject to General Property Tax
Source: Abstract of Tax List Filed the County Auditor
Property Tax Statistical Report - State Tax Department

	Taxable Value of All Property			Change 02-04
	2,002	2,003	2,004	
Adams	6,956,917	6,987,958	6,892,401	(64,516)
Barnes	32,321,849	33,018,580	32,779,403	457,554
Benson	12,175,932	12,267,235	12,362,807	186,875
Billings	4,867,839	4,767,756	5,038,010	170,171
Bottineau	21,812,983	22,651,974	23,921,982	2,108,999
Bowman	8,393,401	8,266,766	9,135,769	742,368
Burke	8,547,565	8,573,556	8,605,389	57,824
Burleigh	136,828,889	145,020,966	157,928,964	21,100,075
Cass	278,991,914	297,734,736	328,631,298	49,639,384
Cavalier	19,638,726	19,272,267	19,320,874	(317,852)
Dickey	15,008,310	15,233,708	15,407,176	398,866
Divide	9,336,196	9,037,338	8,944,689	(391,507)
Dunn	12,227,722	12,277,711	12,357,115	129,393
Eddy	6,240,757	6,322,391	6,343,323	102,566
Emmons	13,360,790	13,494,626	13,554,057	193,267
Foster	12,031,025	12,109,838	12,210,365	179,340
Golden Valley	5,360,948	5,361,941	5,457,053	96,105
Grand Forks	120,149,071	124,884,094	134,373,935	14,224,864
Grant	8,134,751	7,815,448	7,696,392	(438,359)
Griggs	8,760,162	8,407,881	8,354,961	(405,201)
Hettinger	8,834,557	8,828,366	8,865,785	31,228
Kidder	8,919,358	9,197,067	9,335,645	416,287
LaMoure	15,616,203	15,207,672	16,419,890	803,687
Logan	6,559,942	6,566,965	6,417,795	(142,147)
McHenry	20,056,244	20,519,519	20,534,009	477,765
McIntosh	9,413,282	9,459,733	9,526,967	113,685
McKenzie	16,186,233	15,926,997	15,738,388	(447,845)
McLean	23,415,966	23,912,629	24,819,939	1,403,973
Mercer	17,803,003	18,101,014	16,799,420	(1,003,583)
Morton	49,902,911	52,511,169	54,828,937	4,926,026
Mountrail	14,219,048	14,600,261	14,691,266	472,218
Nelson	10,822,976	10,802,490	10,629,541	(193,435)
Oliver	5,204,960	5,178,741	5,177,765	(27,195)
Pembina	29,215,672	28,043,474	27,986,402	(1,229,270)
Pierce	13,122,098	13,568,390	13,829,247	707,149
Ramsey	23,367,006	23,661,732	24,558,562	1,191,556
Ransom	15,663,185	15,758,229	15,483,645	(179,540)
Renville	9,802,825	9,860,176	9,858,854	56,029
Richland	44,441,953	45,509,107	47,636,240	3,194,287
Rolette	9,196,167	9,175,979	9,811,843	615,676
Sargent	13,661,842	13,751,700	14,800,068	1,138,226
Sheridan	6,084,815	5,918,760	6,070,748	(14,067)
Sioux	2,018,338	2,036,720	2,059,777	41,439
Slope	5,185,236	5,192,007	5,195,503	10,267
Stark	35,027,085	36,153,593	37,749,251	2,722,166
Steele	10,129,833	10,034,446	10,104,837	(24,996)
Stutsman	46,183,596	47,118,491	48,575,267	2,391,671
Towner	11,663,082	11,470,242	11,451,960	(211,122)
Traill	24,140,655	24,427,272	24,561,456	420,801
Walsh	30,356,418	30,499,323	30,591,688	235,270
Ward	97,996,070	100,519,559	105,172,695	7,176,625
Wells	17,239,837	16,699,672	16,796,817	(443,020)
Williams	35,046,441	35,156,457	36,108,661	1,062,220
Total	1,427,642,584	1,468,874,722	1,541,504,831	113,862,247

**TESTIMONY TO THE
HOUSE FINANCE & TAXATION COMMITTEE**

**Prepared February 23, 2005 by
Robert "Tork" Kilichowski, Walsh County Commissioner
President, North Dakota County Commissioners Association**

CONCERNING SENATE BILL 2065

Mr. Chairman and members of the Committee, I am Tork Kilichowski, a Walsh County Commissioner and President of the North Dakota County Commissioners Association. I am here today to present the support of the State's 221 county commissioners for this important piece of legislation.

It has already been explained how many counties must access many different funds to meet the rising cost of employee health insurance. While Walsh County is not one of those that have "lost" valuation in the past several years, it is a county that is at the limit in both this special fund and the county general fund – therefore I know the struggles that county boards are facing in trying to maintain a employee benefit plan. I have attached a table that shows the current levies statewide, highlighting those that are restricted by the current limits.

Also, attached to my testimony is a table showing the number of employees in each county and the health insurance plans as of last year. Every county currently offers a plan, however each addresses the employee share in a manner that fits with their overall compensation and benefit plan, AND their budget.

We believe that giving counties the ability to consider health benefits is important not only to the counties and their employees, but to the State as well. The strength of the PERS system is the numbers of employees from State government, the university system, as well as cities and counties.

Please give SB2065 a Do Pass recommendation.

Mills Levied 2003 (For Collection in 2004)

Source:

Compiled by NDACo from:

Property Tax Statistical Report - State Tax Department

	Value of 1 Mill	County General Fund		Comp. Health Insurance	
		Mills	Dollars	Mills	Dollars
Adams	\$6,988	48.33	\$ 337,728		\$ -
Barnes	\$33,019	23.00	\$ 759,427	3.39	\$ 111,933
Benson	\$12,267	29.18	\$ 357,958	4.11	\$ 50,418
Billings	\$4,768	9.91	\$ 47,248		\$ -
Bottineau	\$22,652	23.27	\$ 527,111	4.00	\$ 90,608
Bowman	\$8,267	0.25	\$ 2,067		\$ -
Burke	\$8,574	22.51	\$ 192,991	3.24	\$ 27,778
Burleigh	\$145,021	33.90	\$ 4,916,211	2.33	\$ 337,899
Cass	\$297,735	31.45	\$ 9,363,757	Home Rule	\$ -
Cavalier	\$19,272	33.24	\$ 640,610	4.87	\$ 93,856
Dickey	\$15,234	36.58	\$ 557,249	4.00	\$ 60,935
Divide	\$9,037	23.81	\$ 215,179	4.21	\$ 38,047
Dunn	\$12,278	48.99	\$ 601,485	4.57	\$ 56,109
Eddy	\$6,322	43.92	\$ 277,679	5.00	\$ 31,612
Emmons	\$13,495	38.20	\$ 515,495	1.26	\$ 17,003
Foster	\$12,110	25.69	\$ 311,102	4.00	\$ 48,439
Golden Valley	\$5,362	40.39	\$ 216,569		\$ -
Grand Forks	\$124,884	21.82	\$ 2,724,971	4.00	\$ 499,536
Grant	\$7,815	36.17	\$ 282,685		\$ -
Griggs	\$8,408	35.92	\$ 302,011		\$ -
Hettinger	\$8,828	41.80	\$ 369,026		\$ -
Kidder	\$9,197	27.57	\$ 253,563	4.00	\$ 36,788
Lamoure	\$15,208	28.10	\$ 427,336	4.14	\$ 62,960
Logan	\$6,567	41.19	\$ 270,493	4.00	\$ 26,268
McHenry	\$20,520	23.00	\$ 471,949	4.00	\$ 82,078
McIntosh	\$9,460	25.91	\$ 245,102	4.63	\$ 43,799
McKenzie	\$15,927	16.87	\$ 268,688		\$ -
McLean	\$23,913	16.88	\$ 403,645		\$ -
Mercer	\$18,101	20.50	\$ 371,071		\$ -
Morton	\$52,511	40.93	\$ 2,149,282		\$ -
Mountrail	\$14,600	25.31	\$ 369,533	4.00	\$ 58,401
Nelson	\$10,802	37.86	\$ 408,982	5.49	\$ 59,306
Oliver	\$5,179	21.27	\$ 110,152	4.04	\$ 20,922
Pembina	\$28,043	25.98	\$ 728,569	4.00	\$ 112,174
Pierce	\$13,568	34.69	\$ 470,687	4.52	\$ 61,329
Ramsey	\$23,662	32.30	\$ 764,274	5.07	\$ 119,965
Ransom	\$15,758	28.89	\$ 455,255	5.08	\$ 80,052
Renville	\$9,860	23.00	\$ 226,784	4.00	\$ 39,441
Richland	\$45,509	70.77	\$ 3,220,680		\$ -
Rolette	\$9,176	32.82	\$ 301,156		\$ -
Sargent	\$13,752	36.18	\$ 497,537	6.88	\$ 94,612
Sheridan	\$5,919	23.70	\$ 140,275	4.55	\$ 26,930
Sioux	\$2,037	50.67	\$ 103,201	8.31	\$ 16,925
Slope	\$5,192	15.41	\$ 80,009	3.27	\$ 16,978
Stark	\$36,154	58.96	\$ 2,131,616	2.77	\$ 100,145
Steele	\$10,034	34.36	\$ 344,784	4.04	\$ 40,539
Stutsman	\$47,118	25.11	\$ 1,183,145	4.00	\$ 188,474
Towner	\$11,470	25.25	\$ 289,624	4.07	\$ 46,684
Traill	\$24,427	23.97	\$ 585,522	3.63	\$ 88,671
Walsh	\$30,499	29.61	\$ 903,085	4.00	\$ 121,997
Ward	\$100,520	21.17	\$ 2,127,999	1.99	\$ 200,034
Wells	\$16,700	36.58	\$ 610,874	4.13	\$ 68,970
Williams	\$35,156	32.99	\$ 1,159,812	2.25	\$ 79,102
Number of Counties Levying		53.00		39.00	
Average of Those Levying		30.87		4.10	

County Employee Health Plans
Data from Annual NDACo Salary, Staffing, & Fringe Benefit Survey

County	Number of full-time employees	Number of part-time employees	Total FTEs	Health Plan	Family Plan Premium	Percentage County Contributes
Adams	31	12	36.3	NDPERS	\$ 607	40%
Barnes	84	16	90.6	NDPERS	\$ 607	75%
Benson	45	24	56.7	Blue Cross/Blue Shield	\$ 607	49%
Billings	26	11	31.5	NDPERS	\$ 607	100%
Bottineau	48	26	62.7	Blue Cross/Blue Shield	\$ 688	38%
Bowman	17	15	23.4	NDPERS	\$ 607	0%
Burke	15	21	23.0	NDPERS	\$ 607	41%
Burleigh	236	12	242.0	Blue Cross/Blue Shield	\$ 667	67%
Cass	353	19	366.1	Blue Cross/Blue Shield	\$ 728	79%
Cavalier	39	35	56.5	NDPERS	\$ 607	100%
Dickey	36	17	43.7	NDPERS	\$ 607	78%
Divide	24	18	32.2	NDPERS	\$ 607	100%
Dunn	37	5	39.2	NDPERS	\$ 607	100%
Eddy	18	22	28.2	NDPERS	\$ 607	0%
Emmons	29	13	36.0	NDPERS	\$ 607	100%
Foster	21	18	29.4	NDPERS	\$ 607	67%
Golden Valley	18	16	25.0	Blue Cross/Blue Shield	\$ 643	49%
Grand Forks	231	23	242.8	Blue Cross/Blue Shield	\$ 690	53%
Grant	30	15	37.5	NDPERS	\$ 607	22%
Griggs	25	25	42.4	NDPERS	\$ 607	41%
Hettinger	22	11	27.5	Blue Cross/Blue Shield	\$ 805	100%
Kidder	23	10	26.1	NDPERS	\$ 607	70%
LaMoure	30	18	37.8	NDPERS	\$ 607	70%
Logan	16	17	23.7	NDPERS	\$ 607	75%
McHenry	34	25	40.9	NDPERS	\$ 607	100%
McIntosh	27	8	30.8	NDPERS	\$ 607	82%
McKenzie	61	10	65.8	Self Insured - BCBS Admin.	\$ 707	44%
McLean	62	23	75.5	NDPERS	\$ 607	84%
Mercer	57	27	73.2	Self Insured - BCBS Admin.	\$ 616	100%
Morton	139	16	145.8	NDPERS	\$ 607	100%
Mountrail	46	18	54.8	NDPERS	\$ 607	100%
Nelson	34	17	41.3	NDPERS	\$ 607	100%
Oliver	10	2	10.7	NDPERS	\$ 607	100%
Pembina	53	12	55.9	Blue Cross/Blue Shield	\$ 564	84%
Pierce	28	18	34.5	NDPERS	\$ 607	100%
Ramsey	74	6	74.5	Self Insured - BCBS Admin.	\$ 770	100%
Ransom	33	29	44.1	NDPERS	\$ 607	41%
Renville	25	9	28.6	Blue Cross/Blue Shield	\$ 776	38%
Richland	100	12	106.9	NDPERS	\$ 607	71%
Rolette	55	17	63.4	NDPERS	\$ 607	61%
Sargent	20	23	31.6	NDPERS	\$ 607	75%
Sheridan	18	14	24.3	NDPERS	\$ 607	41%
Sioux	17	12	21.1	Blue Cross/Blue Shield	\$ 740	40%
Slope	11	32	18.1	Blue Cross/Blue Shield	\$ 673	100%
Stark	78	23	92.0	NDPERS	\$ 607	75%
Steele	20	22	28.1	NDPERS	\$ 607	41%
Stutsman	86	20	99.2	NDPERS	\$ 607	71%
Towner	22	15	28.3	NDPERS	\$ 607	41%
Traill	41	26	56.7	NDPERS	\$ 607	41%
Walsh	69	16	77.2	Blue Cross/Blue Shield	\$ 690	51%
Ward	179	12	185.1	NDPERS	\$ 607	65%
Wells	28	27	42.6	Blue Cross/Blue Shield	\$ 641	100%
Williams	126	6	127.5	Self Insured - BCBS Admin.	\$ 633	100%
	3,007	916	3,438.2	36 NDPERS/13 BCBS	Avg. \$632	Avg. 68%

**TESTIMONY TO THE
HOUSE FINANCE & TAXATION COMMITTEE
Prepared February 23, 2005 by
Shirley Murray, Sheridan County Auditor**

CONCERNING SENATE BILL 2065

Chairman Belter and members of the Committee, I am Shirley Murray, the Sheridan County Auditor. I am here today to present our county's support of SB2065 and discuss the impact of health insurance costs on our budget.

The previous county officials talked about the various options for raising revenue for these important costs. In Sheridan County, we currently participate in the NDPERS health plan and the county pays the single employee portion of \$246 per month/\$2,952 per year of the premium cost for 21 employees for a total of \$61,992. One mill generates \$6,071.00 in Sheridan County, so you can see that four mills will pay for the health benefits of only 8 county employees.

We have allocated these costs to the various special funds as we are allowed, like the 4 mills within the OASIS/Retirement fund, that generates enough premium for another 8 employees but we must still use \$14,760 from our General fund, Social Services fund, and Highway Distribution fund to pay the remaining 5 employees health benefits. With little valuation change in the county, it has become difficult to keep up with the rapidly increasing costs of health coverage.

Our county board has been committed to providing a reasonable employee benefit package, and we are hopeful that this can continue. Without the levy authority however it will at some point become impossible for the county commission to even consider the option.

Please give SB2065 a Do Pass recommendation.