

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

4035

2005 SENATE POLITICAL SUBDIVISIONS

SCR 4035

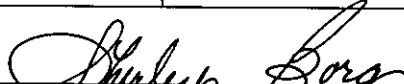
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4035

Senate Political Subdivisions Committee

☐ Conference Committee

Hearing Date February 24, 2005

Tape Number	Side A	Side B	Meter #
1	X		4954 - End
1		X	0 - 1210
1		X	2544 - 3153
2	X		0 - 605
1 (Afternoon)	X		640 - 1255
Committee Clerk Signature 			

Minutes:

**Chairman Cook** opened the hearing on SCR 4035 which is a concurrent resolution directing the Legislative Council to study mill levy authority for North Dakota regional planning councils to promote economic development efforts throughout North Dakota. All members (6) present.

**Senator Jerry Klein**, District 14, introduced SCR 4035. Some weeks ago a gentleman on the regional council that we work with in Fessenden, and Wells County and Jamestown contacted me about the difficulty they have with mills and money and how do they do this and a lot of those efforts. He thought it would be a good idea to see if we could put a study out there to see how we do some of these economic developments. How do we fund the programs? Is there a way that we could fund it with more of a county mill? Currently some of the counties do have a mill for their local JDA's. In an effort to take a look at this he would like to introduce this study.

Testimony in support of SCR 4035.

**Eric Hoberg**, Director of the Regional Council, Jamestown, ND. There are eight regional councils in our state. My region has nine counties. I am here to testified in support of SCR 4035 which is a study we are asking for, to study the ability to put a mill levy authority to North Dakota regional planning councils to promote economic development efforts throughout North Dakota.

Regional councils were established back in the early 1970's. I have been a director since 1991. The main purpose is to support economic and community development. We support it through IRP's which are intermediate relending programs, micro loans, revolving loan funds and housing projects. We are looked at as an entity locally to help small cities in all our counties develop projects within their county. He handed out what he will talk about. (See attachment # 1).

Smaller communities can not do economic development alone. We are seeing a greater and greater need because the projects are becoming large and communities need help. The cities are asking for this. They need a venue. The regional council does not have the funding that they need. Our regional council has developed revolving loan funds through government loan funds. The projects that we fund are of a riskier nature and we take losses and expect to take losses. The purpose of the program is to help those projects that can not get funding. We undertook a regional project called the twenty first century homesteading act. We don't have new money coming in.

**Senator Hacker:** I have a question. Have you been losing on your revolving loan fund? Because this study would direct the study to do a mill levy to give you guys money to add into your revolving loan fund. How are you administering you loan funds? Have you been losing money and what is the percentage of bad deals you have had?

**Eric Hoberg:** Absolutely, you are going to have bad deals. Our percentage of deals that are bad are within twenty per cent.

**Senator Hacker:** The Bank of North Dakota does do a beginning business loan fund which provides up to \$80,000 funds which requires no collateral. They are taking risks.

**Eric Hoberg:** Have you used that fund? It does not require collateral but requires the father and mother to sign. They are not out there to take losses. Our funds are out there to do deals that are not bankable and to take a second position behind the bank.

**Senator Hacker:** Are we taxing the people of North Dakota to give you venture capital money? I understand this is a study and that is what the study would be about.

**Eric Hoberg:** You no really, if you want to look at our funds as venture capital, you could make a tie because it is high risk funds. Is that a bad thing? Absolutely not, because deals are very difficult today. Are venture capital funds necessary in North Dakota to do economic development in rural North Dakota? Absolutely, you can not do it with out some kind of riskier fund.

**Senator Dever:** I think the issue before us is whether your regional planning council should be able to levy a tax in nine different counties. How is you regional council constituted? Is it made up of representatives from each of those counties? Are they county commissioners?

**Eric Hoberg:** We have a county commissioner from every county. Every county is represented on our regional planning board.

**Senator Dever:** Do I understand correctly that the governance of you planning council is made up nine people each elected by the counties? Would it be better to access each county to levy?

**Eric Hoberg:** I have a thirty three member board. What they are telling me they do not have the ability to do it. The cities want to support us but they do not have the venue to do it.

**Senator Triplett:** Is it correct that your board is provided for you by statute. I hear you saying it should be a taxing authority located within the counties and cities so that it still would be discretionary with each county.

**Eric Hoberg:** That is right. I ask for you to give us the ability to work with our smaller community and give us the ability to study that venue.

No further testimony for or against SCR 4035.

**Vice Chairman Hacker** closed the hearing on SCR 4035.

**Chairman Cook** called the committee back to order for discussion on SCR 4035.

**Senator Triplett:** It seems to me there are two issues. One is the language is directing the legislative council to do the study. Maybe it should be changed to a permissive study. The other thing is it says in the second to last paragraph that the legislative council study mill levy for ND regional planning councils to promote economic development. What he said they intended was to have mill levy authority for the counties and each county would then make its decision on whether to collect the money and then pass it forward to the regional planning council.

**Chairman Cook** asked Senator Triplett to work with Carlee McLeod, Intern to get the amendments drafted.

**Senator Fairfield:** If we could get a little more information on one thing. Mr. Hoberg didn't go into it in depth. How the funding mechanism for the regional council work in terms of, I know

they have funding specifically for the regional council and after that is used they can access the governors discretion fund. That is a fairly ample amount of money they can use.

**Senator Hacker:** We may want to be a little lenient on this study as we know many times a study turns into a bill the following session. Government isn't always the best venture capital and maybe because there are too many blockades up. They are better at loaning. That is why I asked him the question, "are you going to be using this for venture capital"? and why his revolving loan fund is at twenty per cent. I constructed a revolving loan fund and our rate was about six percent. I think we need to be careful.

**Chairman Cook** closed the discussion.

Afternoon 2/24/05

**Chairman Cook** opened the discussion of amendments and ask for action. All members (6) present.

**Senator Triplett** moved amendments presented by Carlee Mcleod Intern.

**Senator Fairfield** seconded the motion.

**Roll call vote:** 6 Yes 0 No 0 Absent .

Amendments passed.

**Senator Triplett** moved Do Pass as Amended.

**Senator Fairfield** seconded the motion.

**Roll call vote:** 4 Yes 2 No 0 Absent

**Senator Dever** moved a Do Not Pass as Amended.

**Senator Gary Lee** seconded the motion.

**Roll call vote:** 4 Yes 2 No 0 Absent Carrier: **Senator Dever**

Date: 2-24-05  
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SCR 4035

Senate Political Subdivisions Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Moved Amendments

Motion Made By Senator Triplett Seconded By Senator Fairfield

Senators	Yes	No	Senators	Yes	No
Senator Dwight Cook, Chairman	X				
Senator Nicholas P. Hacker, VC	X				
Senator Dick Dever	X				
Senator Gary A. Lee	X				
Senator April Fairfield	X				
Senator Constance Triplett	X				

Total Yes 6 No 0

Absent \_\_\_\_\_

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

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



Date: 2-24-05  
Roll Call Vote #: 2

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SCR 4035

Senate Political Subdivisions Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 58328.0101 Title .0200

Action Taken Moved Do Pass as Amended

Motion Made By Senator Triplett Seconded By Senator Fairfield

Senators	Yes	No	Senators	Yes	No
Senator Dwight Cook, Chairman		X			
Senator Nicholas P. Hacker, VC		X			
Senator Dick Dever		X			
Senator Gary A. Lee		X			
Senator April Fairfield	X				
Senator Constance Triplett	X				

Total Yes 4 No 2

Absent \_\_\_\_\_

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

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

Date: 2-24-05  
Roll Call Vote #: 3

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SR 4035

Senate Political Subdivisions Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 58328.0101 Title 0200

Action Taken Do Not Pass as Amended

Motion Made By Senator Dever Seconded By Senator Gary Lee

Senators	Yes	No	Senators	Yes	No
Senator Dwight Cook, Chairman	X				
Senator Nicholas P. Hacker, VC	X				
Senator Dick Dever	X				
Senator Gary A. Lee	X				
Senator April Fairfield		X			
Senator Constance Triplett		X			

Total Yes 4 No 2

Absent \_\_\_\_\_

Floor Assignment Senator Dever

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

**REPORT OF STANDING COMMITTEE**

**SCR 4035: Political Subdivisions Committee (Sen. Cook, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO NOT PASS (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SCR 4035 was placed on the Sixth order on the calendar.**

Page 1, line 1, after "for" insert "counties to support"

Page 1, line 14, after "for" insert "counties to support"

Renumber accordingly

2005 TESTIMONY

SCR 4035

## CHAPTER 54-40.1 REGIONAL PLANNING COUNCILS

**54-40.1-01. Legislative findings and purpose.** The legislative assembly finds that the citizens of the state have a fundamental interest in the orderly development of the state and its resources. This finding recognizes the fact that the mobility of the population, changes in economic forces, and governmental mandates within and without the state present problems that cannot always be met by individual counties or cities and that local government planning and development efforts can be strengthened when aided by studies, planning, and implementation of both a statewide and regional character.

The legislative assembly further finds that the state has a positive interest in the establishment, preparation, and maintenance of a long-term, continuing, comprehensive planning and development process for the physical, social, and economic development of the state and each of its regions to serve as a guide for activities of state and local governmental units.

It is the purpose of this chapter to establish a consistent, comprehensive statewide policy for planning, economic development, program operations, coordination, and related cooperative activities of state and local governmental units and to enhance the ability of and opportunity for local governmental units to resolve issues and problems transcending their individual boundaries. In furtherance of this purpose, the legislative assembly finds that the governor is required to assure orderly and harmonious coordination of state and local plans and programs with federal, state, and regional planning and programming.

# What would one mill Generate?

• Barnes County	\$ 33,016
• Dickey County	\$ 15,233
• Foster County	\$ 12,100
• Griggs County	\$ 8,408
• LaMoure County	\$ 15,207
• Logan County	\$ 6,567
• McIntosh County	\$ 9,459
• Stutsman County	\$ 47,118
• Wells County	\$ 16,699
• TOTAL	\$ 163,807

# Uses/Need for a Mill Levy:

- Administrative match for programs
  - Provide the match for the SBDC program
  - Provide the match the EDA program
- Provide the funding to belong to the CONAC Equity Fund for the entire region
- Provide feasibility money to smaller communities when undertaking larger projects
- Revolving Loan Fund/Equity Fund

# About the RLF

- Established with a \$400,000 grant from EDA and \$300,000 from local sources
- Created/Saved 316 jobs
- Revolved into over \$ 1,600,000 in loans
- Provides funding for retail and service
- Takes a second position
- Average monthly balance is \$ 21,000
- Has approximately \$ 400,000 in “current” loans
- Would look to invest \$100,000 yearly



# About SBDC

- Worked with 100 clients in 2003 & 120 in 2004
- Provided 10 training seminars to over 100 people in 2003 and 27 events to 418 people in 2004
- Established/expanded/retained 29 businesses(04)
- All services are provided free of charge
- Worked in every county in the Region
- Need \$28,000 local match per year to fund the program

# Positive reasons for a Levy

- Stabilize Council's budget
- Provide yearly capital to the RLF program
- Provide needed funding for local development projects
  - Provide the ability of smaller communities to undertake larger projects when presented
- Maintain General fund dollars and sales tax dollars at the local level

# Negatives on the Levy

- Additional Local Tax