2009 SENATE FINANCE AND TAXATION

SB 2368

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2368

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Hearing Date: 02/09/2009

Recorder Job Number: 8977

Committee Clerk Signature

Minutes:

Chairman Cook: Opened hearing on SB 2368.

Vice Chairman Miller, District 16: See Attachment #3 for testimony in support of the bill. Also Vice Chairman Miller appeared for Senator Olafson who could not make it (See Attachment #1 and #2).

1.40 **Thomas Hanson, North Dakota Association of Soil Conservation Districts:** Appeared in place of James Teigen the President. See Attachment #4 for testimony handed out.

8.37 **Chairman Cook:** Why are there 55 soil conservation districts and 53 counties?

Thomas Hanson: In Bottineau they are split into two, and also in Stark you have two different districts. In the southwest you have 3 counties that are split into two districts. They don't follow county lines in every situation. We do have a few more than the number of counties. Some are looking at consolidating to survive in the future.

Chairman Cook: The decision as whether or not they consolidate is a decision made by the actual soil conservation district, or is it a decision that county commissioners weigh in on?

Thomas Hanson: I believe it is the districts that are going to be making the decisions.

Chairman Cook: In the district that the one mill raises as much as $433,000, is that Cass County?

Thomas Hanson: Yes. The counties with the highest population are going to have the highest taxable property base and they will bring in the most. The very rural counties are the ones most in need and are having problems in finding funds to do the programs that they are normal engaged in.

Chairman Cook: Are we going to see a lot of shelter belts across the state disappearing now with the other practices such as no till and minimum till?

Thomas Hanson: We are seeing that already and it will continue. We hope that the shelter belts need to be replanted, or they need a living snow fence or something done on field borders. There are ways to engineer this so that it doesn't interfere with the seed equipment the farmers are using nowadays.

Senator Hogue: You raised $433,000 in Cass County and then and only $2,000 in one of the counties of the southwest; my question is had you thought of tailoring the bill to permit more of a mill levy increase in those counties that need it?

Thomas Hanson: What we are seeing now is a responsibility taken on by the districts as to whether they are going to, where they assess their mill levy and how much of the mill they will be taking right now. When we talked to the districts, only 1/3 has indicated that they would probably increase their mill if this bill were to pass. Most have indicated that they will only do it if necessary. They have indicated that they are going to live within what they do. A lot of it is self governing on this. We want to be responsible and only asked for one mill increase on this. 13.38 **Chairman Cook:** The supervisors may make a tax levy; that is the supervisors of the soil conservation district, is that correct?

Thomas Hanson: Yes. 3 elected, 2 appointed.

Chairman Cook: Are they elected?

Thomas Hanson: There are 5 members on the board and 3 are elected and 2 are appointed.

Chairman Cook: Who appoints them?

Thomas Hanson: The elected supervisors appoint the 2, but it does go to the county commissioners.

Chairman Cook: The county commission does not weigh in on raising the mill levy?

Thomas Hanson: The budgets that the soil conservation district come up with every year, they are approved by the county commissions. It is worked out between them.

Chairman Cook: Does that mean that 5 people have the final say over whether or not this one mill would be raised?

Thomas Hanson: They would send the budget to the county commissioner and also by that budget say that they need to increase that.

15.30 **Carol Ondracek, Supervisor, Walsh County Three Rivers Soil Conservation District:** Testified in support for Ernie Barta, Walsh County Three Rivers Soil Conservation District. See attachment #5 for testimony.

19.15 **Senator Anderson:** I noticed on second page - control of weeds and trees was one of your revenues, there is a county weed levy, do you get some of that?

Carol Ondracek: No

19.40 **Representative Kenton Onstad, District 4:** Testified in support of the bill. Over time the tree rows served a very useful purpose and we need to continue that. We need to continue those necessary costs for different counties. Taking out tree rows has created additional problems with snow on roads etc.

22.25 **LeAnn Harner, Supervisor, Oliver Soil Conservation District:** See Attachments #6 and #7 for testimony in support of the bill.

32.50 **Rocky Bateman, Morton County Soil Conservation District Member:** Testified in support of the bill. We do a lot of the tree planting in the urban areas. We do other work besides tree planting. When we look at funding sources inflation is playing into trying to expand. There are a number of counties that don't need this, but there are others that do. We didn't think that there was need to come up with a lot of complicated formulas to try and rectify the discrepancies, we thought that a one mill increase gave us the revenue in a simple manor.

34.22 **Chairman Cook:** If I want you to plant a tree in the front yard of my house in Mandan, can I call you and put it in for nothing?

Rocky Bateman: I don't know if we can put it in for nothing, but we can sell you the tree.

Chairman Cook: I didn't know that.

Senator Hogue: In areas north of Bismarck, in the urban sprawl 2 acre lots, do you do those areas?

Rocky Bateman: I do not know if I can answer that. I do know that the urban component is becoming a bigger and bigger issue all the time. We try to do what we can, but we try not to cross the line with others that are in competition to us. Some cities have forestry programs, and some have other entities that sell trees. The costs of trees vary depending on the kind of tree.

Senator Hogue: I am assuming it is below what a homeowner would have to pay a local contractor.

Rocky Bateman: There is a difference, but we do have a limit in our county of how few trees we will plant.

37.09 **Senator Dotzenrod:** Have you talked about having any increases above the one mill to be subject to voter approval?

Rocky Bateman: Not in our county.

LeAnn Harner: 4 counties have tried voting on that. It has not passed as of yet. There has been a move to do that, but part of the problem is that people see the USDA service center office and they don't see a difference between locally funded and federally funded.

38.40 **Joleen Schwartz, Walsh County:** Testified to give figures on costs. We did have raise our tree planting fees to accommodate.

40.12 **Senator Dotzenrod:** (To LeAnn Harner) In your testimony you gave us figures on chart with what is going on in every county, I thought I heard you say that you collected $175,000 worth of services, is that something you feel are revenues generated is an even situation?

LeAnn Harner: Yes. We do fee for service.

Senator Dotzenrod: Is this a break even situation, or do you make a profit?

LeAnn Harner: Yes, we make a little profit that we put back into education and things like that.

Chairman Cook: Closed hearing on SB 2368.

See Additional Testimony dropped off #8 and #9.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2368

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Hearing Date: 02/11/09

Recorder Job Number: 9267

Committee Clerk Signature

Minutes:

Chairman Cook: Reopened discussion on SB 2368.

Vice Chairman Miller: The way that I look at this is that one mill is not a lot of revenue. This is something tied directly to the land. I support this bill because in my district these people operate well and spend their money wisely.

Senator Anderson: The difference is that water districts can special assess, where these folks can't even pay their expenses for going to meetings in some places.

Senator Hogue: I am opposed to the bill. An additional problem I have with these folks is we are taxing everybody in the county and giving it to the soil conservation district that essentially competes with private business. I don't like that.

Vice Chairman Miller: They sell trees but they really compete. They plant shelter belts.

Senator Dotzenrod: Wind erosion, if you live in town, it is a problem. These people have done a lot of good and it has benefited the whole state. I guess they make good use of what money they have had.

Senator Anderson: Moved a Do Pass.

Vice Chairman Miller: Seconded.

Chairman Cook: Discussion?

Senator Hogue: I don't dispute the good work that they do, but why would we disadvantage our private businesses that do tree planting too?

Vice Chairman Miller: The soil conservation districts got into the business of tree planting because they did not have enough funding to do anything else and they needed money. So the large part of what they are doing is trying to find ways to create conservation plans in conjunction with the federal RCS. It is kind of a local/federal partnership. I think the mill rate would allow them to enhance their activities of better soil conservation and encouraging people to go down that road.

Chairman Cook: The days of planting wind rows have come to an end hasn't it?

Vice Chairman Miller: Not entirely, we have new practices. The trees they used to plant were not the right ones and they have to plant better ones.

Chairman Cook: The no till, minimum till stopped a lot of the erosion going on.

Chairman Cook: Any other discussion?

A Roll Call vote was taken: Yea 3, Nay 3, Absent 1 (Senator Triplett).

Motion Failed.

Chairman Cook: We will hold this one for another vote when Senator Triplett is back.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2368

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Hearing Date: 02/16/2009

Recorder Job Number: 9537

Committee Clerk Signature

Minutes:

Chairman Cook: Reopened discussion on SB 2368. We failed on a 3/3 vote last time and we are back due to the failed motion.

Senator Anderson: Moved a Do Pass.

Senator Dotzenrod: Seconded.

Chairman Cook: Discussion?

Senator Triplett: I have read the testimony since I missed the original hearing and if anyone has any comments for me, I would be happy to hear them.

Chairman Cook: This is a property tax increase, 1 mill to 2 mills. I think that one could argue that if we quit the capitalization rate issue that the one mill rate will raise a little be of taxes too.

Senator Hogue: I argued against it on the basis that these districts are competing with private industry for the sale of trees and we should not be subsidizing them.

Senator Triplett: Can I just toss in my two cents. I am actually kind of a fan of the soil conservation districts, but I am not a fan of dedicated mill levies from my experience as a county commissioner. It really weighs down so much what county commissioners can do when you have all these mills that have to go out for specific groups. By the time you get all of the dedicated mills taken care of, the actual authority county commissioners have to put

together a budget is so limited. It becomes a clerical function. If you make your case well enough to a county commission, there is nothing in the law that prevents them from giving money out of general funds as needed for any specialized purposes that the state has identified. I have voted against a dedicated mill levy for groups because of that. I will vote no on this.

Chairman Cook: How many different mill levies do we have? 70 some?

Senator Triplett: Something like that.

Chairman Cook: Discussion? (no)

A Roll Call vote was taken: Yea 3, Nay 4, Absent 0.

Motion failed.

Senator Hogue: Moved a Do Not Pass.

Senator Triplett: Seconded.

A Roll Call vote was taken: Yea 4, Nay 3, Absent 0.

Senator Hogue will carry the bill.

Date: 02/11/09

Roll Call Vote #:)

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. : 2368

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By Senator Anderson Seconded By Senator Miller

Senators	Yes	No	Senators	Yes	No
Sen. Dwight Cook - Chairman		✓	Sen. Arden Anderson	✓	
Sen. Joe Miller – Vice Chairman	✓		Sen. Jim Dotzenrod	✓	
Sen. David Hogue		✓	Sen. Constance Triplett		
Sen. Dave Oehlke		✓			

Total: Yes 3 No 3

Absent 1 Triplett

Floor Assignment Failed

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

Date: 02/16/09

Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. : 2368

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By Senator Anderson Seconded By Senator Dotzenrod

Senators	Yes	No	Senators	Yes	No
Sen. Dwight Cook - Chairman		✓	Sen. Arden Anderson	✓	
Sen. Joe Miller – Vice Chairman	✓		Sen. Jim Dotzenrod	✓	
Sen. David Hogue		✓	Sen. Constance Triplett		✓
Sen. Dave Oehlke		✓			

Total: Yes 3 No 4

Absent _____

Floor Assignment _____

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

Failed

Date: 02/16/09

Roll Call Vote #: 2

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. : 2368

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☐Do Pass ☒Do Not Pass ☐Amended

Motion Made By Senator Hogue Seconded By Senator Triplett

Senators	Yes	No	Senators	Yes	No
Sen. Dwight Cook - Chairman	✓		Sen. Arden Anderson		✓
Sen. Joe Miller – Vice Chairman		✓	Sen. Jim Dotzenrod		✓
Sen. David Hogue	✓		Sen. Constance Triplett	✓	
Sen. Dave Oehlke	✓				

Total: Yes 4 No 3

Absent 0

Floor Assignment Senator Hogue

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

REPORT OF STANDING COMMITTEE

SB 2368: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **DO NOT PASS** (4 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). SB 2368 was placed on the Eleventh order on the calendar.

2009 HOUSE FINANCE AND TAXATION

SB 2368

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2368**

House Finance and Taxation Committee

☐ Check here for Conference Committee

Hearing Date: March 10, 2009

Recorder Job Number: 10575 (Also includes SB 2221)

Committee Clerk Signature

Minutes:

Chairman Belter: We will open the hearing on SB 2368. How many people wish to testify on 2368?

Senator Olafson: It is a pleasure to be here before your committee again today where I have received favorable consideration on bills in the past and I hope I will today as well. SB2368 is a bill which would allow soil conservation districts, if they choose to do so, to raise their mills by one mill. I need to start out by saying that I am not one who likes tax increases very much; and before I introduce a bill that would allow for that, there had better be a darned good reason for doing that. These people have convinced me that there is. In many of the districts around our state, if they are not able to access some additional funding, they plainly and simply will not be able to function and do the important work that they do. I can attest to the fact that based on my experience as a lifelong farmer and rancher, that the work they do is very important and it is very beneficial to those of us who are in production agricultural. Some of the activities that they do, and you are going to hear expert testimony after I have concluded my comments here this morning, but some of the activities they are involved in are tree planting, water way seedings, limited (?)grass plantings; they provide aerators for use on CRP lands. A lot of people think this is just a rural effort, but they do work on urban development with tree planning

and helping people set up drain gardens. They also do a lot of education, educating the youth on the importance of our natural resources, wild life, soils and trees. It is important to know that they did a survey of the soil conservation districts around the state and only about a third of the districts said they would raise their levy if allowed, a third said they would not, and one third said they would access the additional levy only for special needs or equipment purchases. Another interesting thing to note is that there is a huge difference in the amount of money that one mill will raise in one county as compared to another. The figure that I was given was that one mill in the lowest valuation county would raise $2,250 roughly and in the highest valuation county would raise $433,000 so that is quite a disparity. This would be an increase that would be put on at the local level. At that level in the rural areas, everybody knows everybody; everybody see what everybody is doing so if the mill levy is increased, supervisors are locally known and their work is very visible. I think by virtue of that fact, they will certainly be held accountable for any tax increase that may go into effect. Again, I know you are going to hear some more testimony from the people who are involved in this important work so I would defer any of the more technical questions to them, but I would try to answer any questions I am able.

Representative Headland: Why do you feel that this decision is better to be made here than on the local level? They already can, by a vote if they take it to the people, increase their mill levies so why do you feel that we are better able to make this decision, rather than locals?

Senator Olafson: Well, as I understand it, as it apparently sits, they can't raise it above where they are now unless we give them the authority to take it to a vote of the people—that's my understanding.

Representative Drovdal: You just made the statement that we have to raise this so they can take it to a vote of the people, but does this require voters...?

Senator Olafson: You are correct about that. I stated that incorrectly. This would allow the supervisors themselves to raise it. Thank you for correcting that; I was incorrect about that.

Representative Weiler: Jumping on Representative Headland's question, could they not take it to a vote of the people?

Senator Olafson: I am not sure.

Chairman Belter: We can get the Tax Department to clarify that.

Senator Olafson: It is my understanding that this is needed in order that the supervisors could implement the increase, but I can't answer the question about whether they can currently put it to a vote of the people so I would defer that question to the Tax Department.

Representative Kingsbury: I just came down to lend my support to this bill because in Walsh County, we have great workers in our soil conservation on the board and at the office and we see a lot of good things being done. They are really strapped at this time and have sought this increase before and joined with the state forces this time to make it a statewide program that they could adjust if they wanted. I think that they will be prudent in assessing and not assessing what they need for covering what they do. I am just asking for your support on this on this bill. (6:17)

Senator Lindaas: I appear in favor of 2368 as a co-sponsor on the bill. I will begin by saying that we have a resource here in our region that is more or less the envy of the rest of the world. It is a resource that is so obvious that we overlook it a lot of the time; the resource is our soil. It is something that, as I have said, we take for granted. When you look at the rest of the world and the Middle East where they are fighting among the rocks and sand and everything else, and when we see what we have here, I think we are very fortunate and I think it is a resource that we have to protect. I don't know how many of you have looked at your parking sticker and the motto that is on there. It says "strength from the soil". I think that is a

motto that we should go forward with. The costs of operating the soil conservation districts and other costs in ND continually go up. It is hard for these units to make ends meet and to do the work that is in front of them. With that, Mr. Chairman, I will just thank you for the opportunity to come before you and if anybody has any questions that aren't too hard, I will try to answer them.

James Teigen, President, ND Association of Soil Conservation Districts: (Testimony 1) (8:27-18:41) **(Submitted Testimony 2 by James Cart, Supervisor, Burke Soil Conservation District, Kenmare and Testimony 3 by Curtiss Craig Klein, Supervisor, Foster County Soil Conservation District.)**

Representative Headland: Why do you feel the legislature is better suited to make this decision versus the local people? I looked at the statute and currently in law; you can increase your mill levy by taking it to a vote of the local people.

James Teigen: That is true; the districts have that authority at this time. In fact, there are three or four districts that have used that provision to try to take it to a vote of the people in their areas in the last three or four years. It has not been very successful for probably a variety of reasons; I don't need to tell you about the opposition to raising property taxes and the difficulty in getting any increase through. Perhaps we have to bear some of the blame for that; maybe our districts did not do an adequate job of making their case and convincing the people. As we look at the breakdown of the votes in those areas, a lot of times the rural people, the people who are using the services are pretty supportive, but the people in the communities frankly hadn't had that much contact with the soil conservation district and to them, they could not perceive the value. I think that will change in time as urban conservation programs are planned throughout the state and the people in town get a chance to see what benefit they may realize from working with the district, but it has frankly been a tough sell. This would

certainly be easier for the district if the authority were increased one mill. It would give those districts, as was mentioned before, who were caught in the middle and are really having a hardship the opportunity to get some funding to get them through their tough times. Especially, as I mentioned, as programs and needs change, it is difficult for them to make those immediate changes in their programs and to respond to them. If they have an additional need to get rid of an old piece of equipment that is no longer doing the job for them and shift to another program, it is very difficult to do so and this would help them bring that to fruition a little bit easier.

Rocky Bateman, Soil Conservation District Director from Morton County: (21:14) Having sat on your side of the table and not been in favor of many tax increases of any kind in my career, I hope you won't think I have gone soft in my older age as far as tax increases go. I would like to address Representative Headland's question about the ballot initiative that we have available for us now. I would just like to say, as he had explained, that there is that urban-rural split. We don't have enough rural people left to pass that type of legislation. As a legislative body we are coming to you because it is your job to oversee the greater good and need of the entire population of this state. We are doing ballots with local people and it is just not working. We don't have enough rural people left to pass it; yet we have an urban segment of our society that wants everything we do to be green and have a positive carbon footprint and all these types of things, which we agree with totally. But in order to do that, we need to have some people on the ground to do that; we also have the federal government looking at some programs that are coming down the road more towards that greener type of environmentalism that our urban brothers and sisters want. We agree that should happen, but we are having to struggle for a certain amount of counties because we just don't have the tax base to get them the tools they need.

Representative Headland: Can soil conservation districts merge with other soil conservation districts?

Rocky Bateman: I think that in the past some have already done that and we may see more of that in the future, but some of these, even if you combine a whole bunch of them, don't have enough money to make things work like they should. That is where the problem is. There is that tax base; if you have a big city in your soil conservation district, you have a good tax base but we have some counties that don't have a big city and they don't have anything and they can't raise the tax base.

Representative Pinkerton: Do you have any data that shows a few counties where this has been put up for election and how this went, whether it is really urban rule or?

Rocky Bateman: Yes, we have that. I would defer that to them; they have that.

Ernie Barta, Chairman of Walsh County Commission: (Testimony 4) (24:00-26: Before I get into my testimony, I would like to address that. Two years we came here and before that, we also went locally. Through the process, I think we got beat at the time because Grafton was trying to raise their sales tax and the people were against that. When they voted against that, they voted against the soil bill. We lost by six votes. When you look at the end results and you could break it down, the cities versus the rural people. That is the conception. We are trying to change it; we are gaining on that but it is awful hard to sell when (and you guys know) the farms out there (inaudible) and also there are landowners that when we did it in November, it was so close but there were a lot of guys who took off. They are the Phoenix bums from Arizona that go there and they never voted. We have got big farmers coming 100 miles that don't vote. They are too busy harvesting their crops and they don't come and vote so we are actually losing it even with our farmers too. They don't take the time out to vote so that is why we come here. Like I said, we were close; but it was really a big town to rural. At

the time, I think there was $3.70 some for a $100,000 home. It was so close but we just didn't get that town vote. Realistically, we have been going out and we have been changing attitudes. We just brought some people in town trees for their lots; it's a farm lot. So things are changing and we are getting that way but we don't still feel that we could go back and do a local vote and get it accepted because of the urban versus the rural. (25:40-29:19)

Lee Ann Harner, Board of ND Soil Conservation Districts: I am an elected supervisor of Oliver Soil Conservation District and Chairman of the Board; I would like to just visit with you. I think soil conservation is value added agriculture. When we keep soil on the land and not blowing in the air or in a ditch some place, that is value added. When we keep water and make the best utilization of our water resources, that is value added and when we help our producers make the best use of their pesticides and their chemicals; that is value added. That is value added not just for the farmer, although, of course, it has great benefit to them; but it is value to every citizen in our cities with cleaner air, cleaner water, better resources and more productive agriculture. We know agriculture is the foundation of the state; in fact, agriculture is the foundation of our property tax. When we plant a living snow fence, especially on days like this, we don't know how many lives we save because of more visibility. What we do isn't sexy, it isn't cool, and it isn't something that we talk about a lot but it is something that affects every citizen in the state and it is something that our districts really need. Now in Oliver County, 33 years ago, our tax rates right now our property tax mill rate is $7,000; that is not a lot. (30:50) Thirty three years ago, we wanted to hire a clerk. I wasn't on the board at that time but our district supervisors went to the county commissioners and told them we need to hire a county clerk because we needed a visible presence in that office every day. We need somebody that can say to the tree planters, you can go to this place this day and this place this day, and help manage things for us. The county commissioners said they could get $4,000. Now we hired

Harriet and 33 years later, we are still getting $4,000 a year from the county extra for Harriet. Harriet is still there and Harriet is the voice, she's the presence of our conservation district. She was there when we went through four technicians in three years because we had a heck of a time trying to find somebody in a county where the average wage is over $40,000, we are trying to hire somebody to run equipment for $10 an hour, but we couldn't afford any more. We finally found a young man who happens to be married to a school teacher who seems to really like the community. We are hoping he is going to be there when Harriet retires and JB will now be the voice and the presence there in the office. Keeping that continuity is really important. In Oliver County, we have a $175,000 budget. Now we have almost no competition for renting equipment and this kind of thing or we didn't when we started. Eight years ago we decided to buy a no till planter, a no till row planter. There were two planters in the county at the time; both owned by very large farmers who could afford it. A lot of people were interested but they couldn't spend the $20,000 for the equipment so we bought it. That planter went over 2,000 acres the first year and it has been on about 2,000 acres ever since. We charge the same kind of rates that a commercial guy would and do you know five years after we started with that planter, two other people bought planters and now they are renting out and doing custom work. One of these days, we are going to have enough competition that we are going to be forced to retire our planter and we will as soon as the need is not there. We bought a soil sampler and did that. Two years later somebody else decided to have a soil sampler. We bought an anhydrous applicator and we are just getting that paid off this year and by golly, there is another business that decided to offer an anhydrous applications so what are we going to do next? Well, we are looking at a pipeline plow and we are hoping that we can run that for a couple of years and keep generating income and keep ahead of the curve and prove the market is there while all the commercial guys come in and follow us after we prove the market.

That is what we are faced with in our districts. We have been wise stewards of the soil and our resources, but district supervisors are paid $62.50 a meeting; that is what century code allows. Now that doesn't mean that district supervisors actually receive it. Many of them are paid far far less. I think there are about a dozen that actually take the maximum; there are some that take nothing; on our board, we take $25. When we first got the row planter, we had a couple of guys that spent three or four days during spring season because there were problems, stopping their farm work and getting $25 to put in a 12 hour day to go fix the row planter so somebody else could plant the corn. That is the kind of dedication we have from our board. I have been a supervisor for four years; I serve on the shoulders of giants because there are so many people who have dedicated so much of their life to this process. Some of them are in this room here; Jim Teigen has spent years; Ernie Barta; Eric Smestad has 25 acres of trees on his place; Rocky is one of our new supervisors and we are proud to have the leadership that he brings; Ernie over here; we have people over here who really have dedicated their lives to this and I am hoping that you will see fit to pass 2368 and let us continue this very important work. Are there any questions?

Chairman Belter: How many more people wish to testify? Further testimony in support of 2368? If not, is there any opposition to 2368? Any neutral testimony? If not, we will close the hearing on SB 2368.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2368**

House Finance and Taxation Committee

☐ Check here for Conference Committee

Hearing Date: March 11, 2009

Recorder Job Number: 10755

Committee Clerk Signature

Minutes:

Chairman Belter: I was waiting for Representative Weiler because he had done some checking on it and I think we could act on it, but .... How about SB 2368? Let's hold that one.

Representative Pinkerton: Is there some way this could be amended that (inaudible)? I am not sure what different sized counties do, but it would seem that counties under a certain population would benefit more from this 2% more than counties above that. If the use is dictated, it is not.... Is there some way we can move this?

Chairman Belter: Well you sure can, but my problem with the whole bill is that the soil conservation districts are asking us to override what the people in the districts voted. Philosophically I don't think that is what we should be doing in state government; they just have to get out there and sell their wares better.

Representative Pinkerton: So would you entertain a "do not pass"?

Chairman Belter: I would entertain a "do not pass". We have a motion from Representative Pinkerton for a "do not pass" on SB 2368 and a second from Representative Grande. Any discussion?

Representative Schmidt: Mr. Chairman, there are a lot of soil conservation people on my email. They only want 1 mill, don't they?

Chairman Belter: Here is my argument, Representative Schmidt. Yes, the soil conservation people have all written us and said they want it, but the people in Walsh County have voted and they don't want it. Now they have come to the legislature and said, hey we want you guys to override the wishes of the people in Walsh County. I just philosophically have a problem with that. I know it is a problem for the smaller counties. I got an email from Cass County and they said, "We need to do it for the smaller counties" because I am not sure if Cass would take it or not, but I don't think it is as much of a problem where you have a lot more taxable (?) but it is a problem.

Representative Grande: I think you are right in the fact that we sure did hear a lot from the people that worked for the soil conservation, but I have a whole lot more voters than I have that work for them.

Representative Froseth: I missed the hearing on this because I was in Senate Finance and Tax but one of the board members is Jim Cart from Kenmare. He stopped in Saturday morning and visited with me about this. Burke County gets about $8,400 from the one mill and they have tried to hire a director and a part-time serviceman master technician in the summer months to do their work and they just don't have enough money to operate. He said from the board's perspective (apparently they must have discussed it with board members from all over) that they were quite sure and felt quite confident that the large districts that didn't need this money would never levy that extra mill. That is just the word of the board I guess so I don't know what to say. I don't want to say you have to go to a vote of the people I suppose to ask for that one mill levy. I am going to support it because I am with a small county that is just about out of business without a little more money to operate. Their work picture has changed. There isn't much tree planting any more like there used to be; now it is more in the area of bringing water resources to farmers and ranchers; they are digging water lines from wells to

different areas of pastures and so forth. Their work mission has changed a lot in that corner of the state I know. Before they used to plant trees all over; now it is the big machinery and most of those trees are coming out. I am going to support it because I know they don't have enough money to do their job or do their mission.

Representative Drovdal: I agree with both sides of an argument and I always vote with my friends. They have the ability; we believe in local control and they have the ability to go and ask for 1 mill, 2 mills or 3 mills, whatever they need at the local level. As was testified here, they just haven't bothered to communicate with the public out there. I have always felt in my areas that they had good support whenever they go out and have a forum and tell the people what they need and why they need it. They have got that ability and we generally don't automatically give out a free pass from here. They say they want local control; yet they come in and want us to override local control by passing this. I think we should tell them to go to the people and get their vote, just the way it is supposed to be. Let the local people make the decision. If they don't want to support it, then they don't want soil conservation districts.

Chairman Belter: Any other discussion? If not, will the clerk read the roll for a **"do not pass" on SB 2368. A roll call vote resulted in 8 ayes, 3 nays, 2 absent/not voting (Froelich and Weiler). Representative Brandenburg will carry the bill.**

I think we will adjourn for the day. Monday will be the day of no return. Hopefully we will have SB 2229 back by Monday. That is all we have got 2229. Rita is going to check with me. If we don't have that bill back or have assurances that we will have it back, I don't know what we are going to do. (General discussion on bill). I suppose we could hold the hearing, but the problem is if you don't have the bill, there could be all kinds of amendments on it so you are kind of between a rock and a hard place. It was in the Senate. I don't know; they don't seem to know where it is at.

Representative Drovdal: They amended the bill I am sure and then the Senate sent it over but didn't have them put the amendments on it so they called the bill back so they could get the proper amendments on it.

Date: March 11, 2009

Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2368

House **FINANCE AND TAXATION** Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken ☐ Do Pass ☒ Do Not Pass ☐ Amended

Motion Made By Pinkerton Seconded By Grande

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley R. Belter	/		Representative Froelich		
Vice Chairman David Drovdal	/		Representative Kelsh	/	
Representative Brandenburg	/		Representative Pinkerton	/	
Representative Froseth		/	Representative Schmidt		/
Representative Grande	/		Representative Winrich		/
Representative Headland	/				
Representative Weiler					
Representative Wrangham	/				

Total (Yes) 8 No 3

Absent 2 (Froelich + Weiler)

Floor Assignment Rep Brandenburg

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

REPORT OF STANDING COMMITTEE

SB 2368: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **DO NOT PASS** (8 YEAS, 3 NAYS, 2 ABSENT AND NOT VOTING). SB 2368 was placed on the Fourteenth order on the calendar.

2009 TESTIMONY

SB 2368

#1

Senate Bill 2368

Written Testimony submitted by:

Senator Curtis Olafson

Mr. Chairman and members of the Senate Finance and Taxation Committee,

I regret that I am unable to attend the hearing on Senate Bill 2368, but I would like to submit written testimony for your consideration. Senate Bill 2368 seeks to give Soil Conservation District supervisors the authority to levy an additional mill in support of their work on behalf of soil conservation in our state. As a life-long farmer/rancher, I have seen the valuable benefits that result from the efforts of our Soil Conservation Districts. The good people who work on this effort tell me that the budgets of many districts are becoming so strained that they are having problems in continuing their work. While the passage of this bill could result in tax increases in some counties, others do not need to increase their mill levies. If a mill levy is increased, the supervisors are locally known and their work is very visible to the taxpayers, so accountability for their actions should not be a major concern. I know that you will hear expert testimony from those who work with Soil Conservation Districts.

I respectfully request a Do-Pass recommendation on Senate Bill 2368.

#2

Cavalier County SCD

800 9th Ave E, Suite B Langdon ND 58249

February 9, 2009

Senator Olafson
State Capitol
600 East Boulevard
Bismarck ND 58505-0360

Dear Senator Olafson,

RE: Bill SB 2368

The Cavalier County Soil Conservation District Board from Langdon North Dakota is in support of Senate Bill 2368. We feel this bill will be valuable to soil conservation districts that are short of operating funds. There is so much work for soil conservation districts to do, yet often there is not enough funds to do the work.

Sincerely,

Cavalier County Soil Conservation District Board

Jon Iverson Terry Jacobson Karry Krahn Ed Pearson Kevin Dawley

#3

Testimony before the Senate Finance and Taxation Committee on

SB 2368 Soil Conservation Districts

Senator Joe Miller
District 16, Park River

Mr. Chairman and members of the Senate Finance and Taxation Committee, I am Senator Joe Miller of District 16.

It is a main goal of mine to see property taxes reduced. So when I come before you with a bill that potentially raises taxes I do so very cautiously and only with the best intentions.

SB 2368 will raise the mill levy cap for our soil conservation districts from one mill to two. It is my belief that this levy is the most proper levy, as it directly ties to the land and directly benefits land and landowners.

It is vitally important that we give these districts the ability to raise the necessary funds to conduct business that is so important to the preservation top soil, protection of water sources and overall beauty of the landscape.

This program has operated successfully on a shoe string budget and I believe can greatly improve its impact if given proper funding.

Please join me in support of this important step towards better agriculture that is profitable and sustainable.

Thank you.

#4

NORTH DAKOTA ASSOCIATION OF SOIL CONSERVATION DISTRICTS
OWNER AND OPERATOR OF LINCOLN-OAKES NURSERIES

3310 University Drive
Bismarck, ND 58504
(701) 223-8518 • (701) 223-1291 fax

PRESIDENT
James Teigen

EXECUTIVE DIRECTOR
Thomas Hanson
ndascd@btinet.net

SB 2368
Testimony of James B. Teigen, President
North Dakota Association of Soil Conservation Districts

Mr. Chairman and Members of the Finance and Taxation Committee:

North Dakota's 55 soil conservation districts (SCDs) are unique subdivisions of state government, authorized and regulated by the North Dakota Century Code, Chapter 4-22. **Our focus is to protect and improve the soil and water resources of this state.** To accomplish this goal, our districts work closely with other partners, such as the USDA's Natural Resources Conservation Service, the Forest Service, Extension, wildlife groups, and other conservation groups to provide technical, educational, and other services to land users. The cooperation between these partners is often so seamless, that it is hard to distinguish the responsibilities of one group from the other.

We believe that one of our strengths is the locally-led nature of our districts in North Dakota and across the entire nation. While the major priorities may vary among the districts, common programs include tree planting and maintenance, education of producers and youth, promotion of no-till and reduced tillage programs, demonstration plots and tours, soil-health education, and others. Some districts also provide equipment, such as no-till drills, CRP mowers, manure spreaders, tree spades, and soil testing, to help producers decide what new practices may have value to them. **In short, SCDs provide everything, from advice to equipment and people doing the work, to "put soil conservation on the ground."**

Unfortunately, the financial resources of our districts vary as greatly as our programs. Major sources of income for the SCDs include the option of enacting an one-mill levy, the District Assistance Program administered by the ND State Soil Conservation Committee, and earned income from providing services to farmers/ranchers/landowners.

- **The one-mill levy** is available to all 55 SCDs, with 50 of 53 counties assessing the levy in 2007. Of the 50 counties utilizing the mill levy, 17 assess one mill, 11 assess less than one mill, and 22 counties provide in excess of one mill to the SCD (through an authorization to provide additional funds for items such as insurance premiums and employee benefit plans). The tax valuation of counties varies greatly, with one mill raising from as little as $2253.96 in the lowest valuation county, to as much as $433,083.69 in the highest valuation county in 2007. In 2007, one mill provided less than $10,000 in 13 counties, between $10,000 and $15,000 in 14 counties, and between $15,000 and $20,000 in 7

counties. In preliminary survey results, about one-third of the SCDs said they would raise their levy if allowed, one-third said they would not, and one-third said only for special needs, such as when they needed to replace a tractor or re-roof their tree shed.

- **The District Assistance Program** is a grant application process to the State Soil Conservation Committee, which received a $730,000 line-item in the Extension budget in 2007. Last biennium, 51 of the 55 SCDs in ND applied for a District Assistance Program grant, and 44 districts received a grant. Those grants ranged from $5350 to $21,250 per district for the 2007-2009 biennium. The most common amounts ranged from $16,250 to $21,250 per district. Those grants were significant for the districts, and often meant the difference between making a district viable or simply being present in the community. While grant monies may be used for any need of the districts, a significant amount enabled districts to improve compensation for their employees and begin to offer retirement or health benefits.
- **Earned income** varies from district to district and from year to year. Tree sales and fabric installation have declined, largely due to lack of USDA cost-sharing programs, partly in response to weather extremes, partly because of perceptions that reduced-tillage has reduced wind erosion concerns, partly because of difficulty in working around tree rows with larger equipment, and other reasons. Income from machinery-rental programs declines as producers see the value and purchase their own equipment or local private businesses enter the market. Not all districts have the ability to make sudden shifts in programs and equipment to replace the traditional sources of revenue to the district, or to adopt new programs that address newer resource concerns, such as soil salinity, soil health, biomass development for alternate fuels, and urban conservation programs.

North Dakota's soil conservation districts point with pride to the many miles of trees they have planted, the reduced wind and water erosion because of the adoption of minimum and no-till practices, the educational programs for youth and producers which are on-going, the improved values of our land, the protection and improved quality of streams, lakes, and wildlife, as well as the positive effect all of these have on the well-being of our crops, livestock communities, and economy. **The value and responsibility of having a soil conservation presence in each community remains.**

Having a soil conservation district available requires at least one or two people to answer the phone, provide the technical advice, and make the field visits to help producers and landowners address their natural resource concerns. It's also important for districts to adjust their programs and the services offered as demands change. Giving SCDs the authority to access an additional mill of tax monies will be a valuable tool for those who need it. I appreciate your thoughtful consideration and support for SB 2368.

#5

SB 2368

Testimony of Ernie Barta

Walsh County Three Rivers Soil Conservation District

Mr. Chairman and Members of the Senate Finance and Taxation Committee:

As you drive down the road during your busy schedules, take a look out your window. Notice the beauty that you see in the landscape of this beautiful state of ours. You will also notice good sound conservation practices that protect our soil and water. Many times these practices are taken for granted but these conservation practices play an important part in improving the quality of life for both people and wildlife. Help us to continue to be good stewards of this great land our forefathers left for us to care for.

I would like to discuss with you the equipment and buildings that the District works with on a daily basis.

The tree shed is more than 20 years old. It is in need of repairs. The interior wood is rotting and has developed holes. The other tree shed that was built in 1963. It leaks and has cracks in the concrete that need attention. Both sheds are used for storage of fabric, equipment and the trees.

The ATV was bought in 1992. It is in tough shape. It smokes and barely runs.

The weed badger was bought in 2002 (our latest purchase). It is on a 1969 Ford tractor that is too light and under powered. It has no live hydraulics (which means that the badger stops operating when the clutch is engaged) making it difficult to operate the badger.

The fabric machine is homemade and doesn't meet the demands of application in sod. It is too light to do an adequate job.

The tree planter bought in 1989, is designed to plant trees into sod and is still meeting the needs of the present plantings.

The 1990 Ford pickup (with 200,000 miles) is not reliable and therefore is used very little.

The 1995 Dodge pickup (with 226,500 miles) is not trustworthy for long distances or winter travel. The District's staff are good enough to use their personal vehicles to go to trainings and meetings.

Our annual revenue consists of tree sales, tree plantings, fabric application, mowing of noxious weeds in CRP, chemical and mechanical control of the weeds in trees, sales of deer repellant, Mill levy and District assistance programs.

The Districts expenses include repairs of equipment and buildings, fuel, equipment rental, education, supplies, and the salary for 2 employees and 2-3 summer employees.

As the Chairman of our local Soil Conservation District, I ask myself, "How do we keep employees that do a great job and are willing to work with this undependable equipment and to volunteer of their time and vehicles?" "Furthermore, how do we upgrade the equipment and provide for the other needs of the District?"

I would like to ask you, "How would you feel about having employees, or better yet, your wife or other family members to work with or operate equipment that is aged and undependable?"

In closing, I would like to refer to a comment made by Governor Hoeven at one of the annual conventions; he stated that "The Soil Conservation Districts are doing a great job of being stewards of the soil and promoting conservation of this great land our forefathers left us." He added," Keep up the Great work!"

With your help that is what we would like to do.

Please support Senate Bill 2368.

Thank you,

Ernie Barta District Chairman

Walsh County Three Rivers Soil Conservation District

Walsh County Three Rivers Soil Conservation District Board Members:

Ernie Barta 248-3580 (home) 520-3184 (cell) ernie_barta@hotmail.com

Vern Russum 352-1762 (home) 520-1509 (cell) vr1@polarcomm.com

Richard Holland 284-6046

Carol Ondracek 593-6220 (home) 331-0128 (cell) lankinlady@yahoo.com

Gary Babinski 699-5102 (home) 218-779-0833 (cell)
gbabin@ruralaccess.net

#4

From LeAnn Harner
Oliver SCD Supervisor

Testimony - SB 2368

Mr. Chairman, Members of the Committee:

I rise in support of 2368. I know what that little extra money and stability can mean to a district. Over 30 years ago, our soil conservation district wanted to hire a part-time clerk, but just didn't have the funds. The board asked the county commission, and the county gave us $4,000 per year extra in funding, just for the clerical assistance. While that amount hasn't changed over the years, we still have the same clerk. - Harriet.

Soil conservation districts are non-regulatory agencies. We serve as a bridge from state and federal government to the local citizens. When someone is dubious about a program, they see Harriet in the grocery store or at a school basketball game and talk to her. The locals may not fully understand that Harriet is paid from the District. They just know that one of their own - somebody they've grown up with or gone to church with, works in that government building and she says this program is all right. Harriet gives every program immediate credibility because she's local.

SCD supervisors serve as bridges, too. While we don't work in that office, people see our names associated with events, or visit with us during tours, or when we're at a bull sale or crop improvement meeting, we see our fellow farmers and by golly, we somehow seem to always find a minute to ask about weed concerns, see how their no-till field worked out last year, or if they see a wet spring or a dry spring and are they concerned about runoff. If someone has a specific question about a program, we can usually give them a general idea, but then we say, "you know, those programs change and every circumstance is different, you really need to go see our District Conservationist." When those producers get to that government office - maybe just a little nervous - who's the first person they see? That's right - good old Harriet. There's an instant connection.

While I've talked about government programs, please be assured that SCDs are not just pushing federal government programs. **The biggest service we provide is technical assistance**...mostly at no charge. When we get a producer in the office, and that producer is asking about a program, the discussion soon leads to "what's your problem?" Are you trying to get a new well for the house, or do you have far-flung pastures without water and need to be able to efficiently provide water? Are you seeing topsoil blow or wash into ditches and want to keep it in place? Maybe you don't understand why your cows tend to eat the grass only on one of the pasture and we need to physically go out and check the conditions to see some possible reasons. When we identify the concern, we can often help producers find a way to slightly change the operation and at least start to address the concern. Some of their issues might require major changes and perhaps some construction or equipment and that's when the programs can help.

Our educational programs bridge the urban-rural divide. One year our district decided to offer soil sampling services to producers. At our Ladies' Ag event - where we often have more town women than country - we asked the ladies to bring samples of their garden soil for testing. Three-fourths of attendees brought samples. Then a couple of minutes of the program

were an explanation of how our field sampler worked and the ladies saw an actual test report. We talked about why farmers and gardeners needed to test their soils so they could see the pH levels and various nutrients so they didn't use too much fertilizer - which costs you extra money and just runs off or is wasted. The speaker's main point was new varieties of flowers and vegetables, but she stressed pH levels, which plants needed more fertilizer, etc. in her discussion. Many districts host Ladies' Ag events.

Our programs for kids teach the wise use of our natural resources in a fun manner, but based on sound, scientific principles. The Eco-Ed days for 6th graders across our state get kids out of the classroom and on the land for a day to learn about trees, soil, water, range, and other issues. It's fun to see these kids actually have to walk across prairie. Many of these students haven't been off a sidewalk or graveled street before. When they clamber up a hill, or dig into the mud and really experience nature first hand, it drives lessons home and makes science real. Looking at rangeland and trying to see how many different species you can find on a hill makes them understand there's a lot in them, thar hills that isn't evident from the Interstate. You can tell a child there's different types and layers of soil, but when you dig a soil pit that they can crawl down into and see the various layers for themselves, well, it's an entirely different memory.

Programs and activities aren't free. **Districts have done a wonderful job selling services to earn funds for educational programs.** But in order to provide the services, we need long-term, trained personnel who relate to the community and can provide quality service with that local connection. If you get into a situation where you have new personnel every year or every couple of years, it's hard to run a consistent program.

Districts are often the leaders in introducing new farming methods to the area. In Oliver County, producers see things happening in Burleigh County, but don't believe they'll translate west of the river. We offer test plots and host tours of producers who are trying these methods. Because some people don't want to be seen on a "government tour," we - and other districts - offer self-guided tours. Sites are marked with signs and mail boxes. From the mailbox, you pick up a map of all the sites and information specific to the field you're looking at such as crop variety, date planted, soil test, fertilizer used, spraying date and spray specs, yield data, cropping history, etc. It's just another way to share information.

Our District provides a no-till row planting service to encourage producers to no-till their corn and sunflowers. Since we started, several other no-till planting services have started up. We provide soil testing - and gee, another company decided to offer that service. Then we bought a no-till anhydrous applicator....and now we're starting to see other such equipment. **Our District is spawning other businesses, but we couldn't have done this without stable funding.**

I urge you to recommend DO PASS on SB 2368.

LeAnn Harner, Supervisor, Oliver Soil Conservation District - 667-5718 - harner@starband.net

Soil Conservation Funding - 2007

COUNTY	1 MILL*	LOCAL SCD FUNDING*	STATE TECHNICAL GRANT**	TOTAL LOCAL & STATE FUNDS
Adams	7,943.50	7,943.50	8,125.00	16,068.50
Barnes	40,067.78	40,049.28	2,675.00	42,724.28
Benson	14,369.46	21,123.15	10,625.00	31,748.15
Billings	6,217.43	0.00	0.00	0.00
Bottineau (Has 2 SCDs)	26,906.25	35,114.33	18,750.00	53,864.33
Bowman (SCD is combined with Slope)	12,674.78	12,674.78	8,125.00	20,799.78
Burke	8,968.39	8,609.70	10,625.00	19,234.70
Burleigh	222,231.99	188,402.73		188,402.73
Cass	433,083.69	151,615.01	0.00	151,615.01
Cavalier	22,033.83	22,033.83	8,500.00	30,533.83
Dickey	18,482.87	18,482.87	0.00	18,482.87
Divide	9,848.27	9,553.22	9,375.00	18,928.22
Dunn	13,427.54	20,373.72	9,375.00	29,748.72
Eddy	6,732.07	13,585.32	10,625.00	24,210.32
Emmons	14,773.47	0.00	0.00	0.00
Foster	13,219.25	16,391.86	10,625.00	27,016.86
Golden Valley	5,968.39	5,967.17	8,125.00	14,092.17
Grand Forks	173,437.07	173,429.85	0.00	173,429.85
Grant	9,429.87	11,315.87	10,625.00	21,940.87
Griggs	9,792.83	10,576.29	8,125.00	18,701.29
Hettinger (SCD is combined with Slope)	10,274.13	19,290.63	8,125.00	27,415.63
Kidder	10,904.59	10,904.59	9,375.00	20,279.59
LaMoure	19,311.11	19,292.31	9,375.00	28,667.31
Logan	7,579.47	7,579.47	0.00	7,579.47
McHenry	23,572.19	28,973.76	8,125.00	37,098.76
McIntosh	10,587.64	25,516.20	9,375.00	34,891.20
McKenzie	19,455.29	19,455.36	4,750.00	24,205.36
McLean (Has 2 SCDs)	60,767.36	36,173.41	18,750.00	54,923.41
Mercer	20,086.21	25,905.11	2,500.00	28,405.11
Morton	67,662.47	67,634.80	8,125.00	75,759.80
Mountrail	17,132.92	13,182.53	10,625.00	23,807.53
Nelson	11,552.38	10,974.74	3,250.00	14,224.74
Oliver	7,070.70	14,002.64	8,125.00	22,127.64
Pembina	31,815.58	31,811.82	3,750.00	35,561.82
Pierce	14,554.76	14,554.76	9,375.00	23,929.76
Ramsey	28,179.93	36,915.78	9,375.00	46,290.78
Ransom	18,064.01	17,421.94	8,125.00	25,546.94
Renville	10,613.73	12,311.95	9,375.00	21,686.95
Richland	54,645.14	27,424.35	0.00	27,424.35
Rolette	10,471.53	15,497.74	9,375.00	24,872.74
Sargent	16,585.19	16,575.43	8,125.00	24,700.43
Sheridan	6,970.21	11,570.60	6,500.00	18,070.60
Sioux	2,253.96	3,426.03	8,125.00	11,551.03
Slope (Shares SCDs with Bowman & Hettinger	5,734.69	7,614.81	0.00	7,614.81
Stark (2 SCDs)	49,151.08	51,614.61	12,250.00	63,864.61
Steele	11,578.29	11,578.29	9,375.00	20,953.29
Stutsman	55,678.20	0.00	0.00	0.00
Towner	12,019.33	12,740.57	10,625.00	23,365.57
Traill	27,971.55	27,971.55	0.00	27,971.55
Walsh	33,669.84	35,353.36	8,125.00	43,478.36
Ward	141,588.92	56,710.08	0.00	56,710.08
Wells	19,544.17	28,925.34	10,200.00	39,125.34
Williams	46,471.71	39,527.92	7,500.00	47,027.92
TOTAL:	$1,953,127.01	$1,525,674.96	$365,000.00	$ 1,890,674.96
% of Total Levied Property Tax:	0.0026	0.002		

* Annual Numbers From Table 3 - Summary of 2007 General & Special Property Taxes Levied by the State and Political Subdivisio

** Grant is given on biennial basis, but is pro-rated on an annual basis for this chart.

Additional Testimony

#8

----- Original Message -----
From: Bob Curl
To: patriot4@starband.net
Sent: Friday, February 06, 2009 11:55 AM
Subject: Mill levy

SB 2368
Towner County Soil Conservation District

Mr. Chairman & Members of the Finance & Taxation Committee,

For many of the same reasons Walsh County/Three Rivers SCD are having in trying to exist as a service to the landowners, producers, and urban citizens of their district, we in Towner County are and have been struggling with those issues for years.

One mill in Towner County nets the District just a little over $12,000 a year. In the 21st century how is it possible for the services we are expected to provide, to even come close to maintaining a standard of accomplishments.

Our equipment is old and worn out. We have been told by mechanics,"the next time the transmission goes out of your truck, DON'T COME BACK, it's impossible to repair." This equipment is the life blood to our tree planting. If we can't plant trees, we lose.

The Towner County SCD has been in existence since 1948 with a one mill levy. We have over the past 50 years planted hundreds and hundreds of miles of field windbreaks, farmstead and recreational tree plantings. Twice in the past two years we have asked the citizens of this county for an additional mill and twice we have been turned down. Somewhere over the years our rural and urban citizens have lost the concept that Soil Conservation Districts are a part of County government. One of our Supervisors, prior to the November election this fall, was told to his face "why do you need another mill, when you get all that money from the US government?"

Perhaps our District has misled our citizens, or perhaps it's the concept of today in the history of our nation, that we must ask and ask our federal government for more and more.

The Towner County SCD supervisors feel that soil conservation districts are without a doubt, a vital functional part of county government, and if the landowners and our urban citizens expect the services we provide, it is up to these taxpayers to provide the taxation for funding.

It is without a question that we support this bill, and urge your support so we may provide all these services for perhaps another 50 years. I honestly feel that without more funding, our District may have to consider dissolvement. We must put conservation back on the ground forever.

Thank you.

Towner County Soil Conservation District

#9

Senate Given to House

SB 2368

Testimony of Curtiss Craig Klein, Supervisor, Foster County Soil Conservation District

Mr. Chairman and Members of the Finance and Taxation Committee:

You have heard about how the Soil Conservation Districts operate and the great job they have done in promoting the conservation of our Natural Resources. But you have not heard how and why they got started.

They called it "The Worst Hard Time". A time in our nation's history never before experienced. The Dirty 30's, the Dust Bowl, and that terrible day on the 14th of April 1935 , 'Black Sunday', along with the 'Great Depression'. But Black Sunday was our nation's wake –up call!

The worst dust storm ever, started in North Dakota on the morning of the 14th, Palm Sunday. Temperatures drop 30 degrees and by mid-morning the windblown soil slid down over South Dakota. When the big roller hit Kansas, it was two hundred miles wide. The front edge appeared two thousand feet high. Carrying so much static electricity it stalled cars. By 8:00pm it reached the Texas Panhandle clawing through five states.

It is hard to imagine just how bad it was. Prior to Black Sunday there were forty nine dusters in 3 weeks. Farmers had a diet of canned rabbit and pickled tumbleweed. Thousands of respiratory problems, people going blind from all the blowing dirt, and cattle losing their hair. People were struggling to stay alive, find enough money to buy shoes, food and goods they couldn't make at home.

What was happening to the land went unnoticed at first. The first dusters were a mystery to farmers and meteorologists. But a young soil scientist knew different, Hugh Bennett in the 1920's warned people of trouble ahead. The government continued to promote soil as "the one resource that cannot be exhausted". It encouraged the plowing of some 40 million acres of grasslands of the plains. Leaving the soil very vulnerable in the dry years.

Hugh Bennett started "Operation Dust Bowl" in order to inform the public on what was happening and what the country could do about it. Five days after Black Sunday he was in Washington, D C. testifying at a Senate hearing on soil conservation. Most of the senators there were bored at was he was saying, but he kept talking. He tried to drive a point across about soil loss. "An inch of topsoil can be blown away in an hour, but it takes a thousand years to restore it." A senator gazing out the window interrupted him saying, " It's getting dark outside." It was early afternoon and it was getting dark. Soil from southern plains plain fell on the capitol causing the sun to vanish. "This, gentlemen, is what I'm talking about," said Bennett. "There goes Oklahoma."

Within a day, Bennett had his funding for a new agency to restore and sustain the health of the soil. The Soil Conservation Act was passed and the Soil Conservation

Service was formed, later called Soil Conservation Districts. A grass root organization lead by locally elected citizens. Hugh Bennett once said, "Natural conservation action must spring from people on the land, and to large extent, be advanced by them as individuals with t he help of government."

A productive agriculture depends on a healthy land. America is blessed with framers that do an outstanding job taking care of our Natural Resources. Soil Conservation Districts have played as huge part in educating farmers and ranchers on the importance of keeping our earth healthy and sustainable.

I strongly encourage you to support SB 2368. Soil Conservation Districts will not survive on the funds now provided, and I feel we will see some closings or consolidations. In the long run it is a great loss to producers as well as the urban folk. All the services cannot be provided with one employee. We have come such a long way from the "Dirty 30's", let's not go backwards now. Our air and water is cleaner now than 20 years ago, let's keep it going.

We should strive to become better stewards of the land and have as our goal to leave the earth in better shape than we came. Another pioneer in conservation, a game biologist, Aldo Leopold once said, "It is the American farmer who must weave the greater part of the rug on which America stands."

extra testimony

SB 2368
Testimony of Vernon Russum
Walsh County Three Rivers Soils Conservation District

Mr. Chairman and Members of the Finance and Taxation Committee:

Soil Conservation Districts are responsible for conserving the soil and improving water quality through the education of children and adults, supplying information about conservation programs, and providing services to plant and ensure the survival of the trees and grasses.

In our area we are dealing with high land values and with that less tree plantings. The producers are removing trees instead of planting them. It is simple economics; every last acre needs to produce an income. Due to the lack of livestock, there are many services that our Districts aren't able to provide. Many of the livestock practices have been beneficial to other Districts in providing an income. Due to the intense farming practices of our area, the District is unable to provide these services that may keep another District in the Black.

We continue to provide services such as mowing of noxious weeds in CRP and other set aside acres, granular chemical on trees, mechanical weed control in the tree row, applying fabric to tree rows, deer repellant, and many other services. We have had to increase the cost of our services on to the producer in order to keep the doors open.

Along with the services we have been providing, the equipment that we use is getting old and need of replacement. Both of our pickups have over 200,000 miles on them and each year we have to provide for the unexpected repairs on them. The tractor that we use on the Badger, (which is a machine used to clean the weeds between the trees within the tree row) is a 1969 Ford that does not have live hydraulics (which means that when the clutch is engaged, all of the badgers functions stop) and is outdated for the needs of the Badger. The ATV that we use to apply chemical is a 1992 Polaris. We have been discussing the replacement of the ATV when the budget will permit it. The tree shed is in need of repair. The wood on the interior is deteriorating and there are holes surfacing along the walls. There are other items that the District is going with out such as a laptop computer to access the

spreadsheet for the tree inventory while in the field with a producer doing a conservation plan as well as at the tree shed working with hand plant orders. The laptop could have tree plans scanned on to it and other information that would save time while the district staff is out of the office and in the field.

We have found in our search for other funding, such as grants and loans that we just don't fit. We have been told that we are a political sub-division and are unable to receive some grants and loans.

Soil Conservation Districts have not had a mill levy increase since 1983 which is the year that mill levies were enacted. Our District went to the people of Walsh County to increase the Mill levy. We lost narrowly. We found that within our own County there is a misunderstanding as to our funding. Because we work closely with NRCS (share an office, phones, & computers) many think that we receive Federal money and that our staff are federally employed. This misconception as well as urban dwellers who are not concerned as to the influence conservation may have on them, has been detrimental to our local success in passing the increased mill.

We would appreciate your support of this bill and we, as District Supervisors, take our role in conservation seriously. We are landowners and any increase in land taxes directly affects us as well as our neighbors. Speaking as a landowner, we would not come before this committee if we hadn't exhausted other sources of financial support for the District. We have discussed the budget within the SCD meetings and would not utilize the full mill. Having access to the 1 mill increase would help us to reach our goals as a District to provide conservation to our area. Please help us put conservation on the ground.

Thank you,

Vernon Russum
Supervisor
Walsh County Three Rivers Soil Conservation District

NORTH DAKOTA ASSOCIATION OF SOIL CONSERVATION DISTRICTS
OWNER AND OPERATOR OF LINCOLN-OAKES NURSERIES

3310 University Drive
Bismarck, ND 58504
(701) 223-8518 • (701) 223-1291 fax

PRESIDENT
James Teigen

EXECUTIVE DIRECTOR
Thomas Hanson
ndascd@btinet.net

SB 2368

Mr. Chairman and Members of the Finance and Taxation Committee:

Thank you for the opportunity to testify today. My name is Jim Teigen, and I am a farmer from Rugby. I serve as a supervisor for the Pierce County Soil Conservation District, and as President of the North Dakota Association of Soil Conservation Districts. I speak to support SB 2368.

To understand where we are, perhaps we need to review for a minute where we've been. The origins of soil conservation districts in this country date back to the 1920's and early 30's when a series of studies and projects, often with little coordination or communication, tried to study soil conservation practices. The Dust Bowl days of the "Dirty Thirties" hastened the movement when an immense cloud of dust from the Great Plains blew East and darkened the skies over Washington, DC. Congress passed legislation in 1936 to form the Soil Conservation Service to provide technical assistance to landowners. President Franklin Roosevelt asked states to establish soil conservation districts in early 1937, and **North Dakota passed the bill establishing districts and the State Soil Conservation Committee on March 16, 1937.**

North Dakota's districts were established from 1937 to 1952, and now consist of 55 districts covering all of the state. The SCDs are unique subdivisions of state government, authorized and regulated by Chapter 4-22 of the North Dakota Century Code. **Our focus is to protect and improve the soil and water resources of this state.** To accomplish this goal, our districts work closely with other partners, such as the Natural Resources Conservation Service (which replaced the original Soil Conservation Service), the Forest Service, Extension, wildlife groups, and other conservation groups to provide technical, educational, and other services to land users. The cooperation between these partners is often so seamless that it is hard to distinguish the responsibilities of one group from the other.

We believe that one of our strengths is the locally-led nature of our districts is North Dakota and across the entire nation. While specific priorities may vary among the districts, common programs include tree planting and maintenance, education of producers and youth, promotion of no-till and reduced tillage programs, demonstration plots and tours, soil-health education, and others. Some districts also provide equipment, such as no-till drills, CRP mowers, manure spreaders, tree spades, and soil testing, to help producers decide what new practices may have value to them. **In short, SCDs provide everything, from advice to equipment and people doing the work, to "put soil conservation on the ground."**

Unfortunately, the financial resources of our districts vary as greatly as our programs. Major sources of income for the SCDs include the option of enacting an one-mill levy, the District Assistance Program administered by the ND State Soil Conservation Committee, and earned income from providing services to farmers, ranchers, and land users.

- **The one-mill levy** is available to all 55 SCDs, with 50 of 53 counties assessing a levy in 2007. Of the 50 counties utilizing the mill levy, 17 assess one mill, 11 assess less than one mill, and 22 counties provide in excess of one mill to the SCD (through an authorization to provide additional funds for items such as insurance premiums and employee benefit plans). The tax valuation of counties varies greatly, with one mill raising as little as $2,253.96 in the lowest valuation county, to as much as $433,083.69 in the highest valuation county in 2007. In 2007, one mill provided less than $10,000 in 13 counties, between $10,000 and $15,000 in 14 counties, and between $15,000 and $20,000 in 7 counties. In response to a survey, one-third of the districts said they would raise their levy if allowed, one-third said they would not, and one-third said only for special needs, such as when they needed to replace a tractor or re-roof their tree shed.
- **The District Assistance Program** is a grant application process to the State Soil Conservation Committee, which received a $737,800 line-item in the Extension budget in 2007. Last biennium, 51 of the 55 SCDs in ND applied for a District Assistance Program grant, and 44 districts received a grant. Those grants ranged from $5,350 to $21,250 per district for the 2007-2009 biennium. The most common grants ranged from $16,250 to $21,250 per district. Those grants were significant for the districts, and often meant the difference between making a district viable

or simply being present in the community. While grant monies may be used for any need of the districts, a significant amount enabled districts to improve compensation for their employees and begin to offer retirement or health benefits.

- **Earned income** varies from district to district and from year to year. Tree sales and fabric installation have declined, largely due to lack of USDA cost-sharing programs, partly in response to weather extremes, partly because of perceptions that reduced tillage has reduced wind erosion concerns, partly because of difficulty in working around tree rows with larger equipment, and other reasons. Income from machinery-rental programs declines as producers see the value and purchase their own equipment or local private businesses enter the market. Not all districts have the ability to make sudden shifts in programs and equipment to replace the traditional sources of revenue to the district, or to adopt new programs that address newer resource concerns, such as soil salinity, soil health, biomass development for alternate fuels, and urban conservation programs.

North Dakota's soil conservation districts point with pride to the many miles of trees they have planted, the reduced wind and water erosion because of the adoption of minimum and no-till practices, the educational programs for youth and producers which are on-going, the improved values of our land, the protection and improved quality of streams, lakes, and wildlife, as well as the positive effects all of these have on the well-being of our crops, livestock, communities, and economy. **The value and responsibility of having a soil conservation presence in each community remains.**

Having a soil conservation district available requires at least one or two people to answer the phone, provide the technical advice, and make the field visits to help producers and landowners address their natural resource concerns. Its also important for districts to adjust their programs and the services offered as demands change. Giving SCDs the authority to access an additional mill of tax monies will be a valuable tool for those who need it. I appreciate your thoughtful consideration and support for SB 2368.

Testimony 2

TESTIMONY – VOTE YES ON SB 2368

Mr. Chairman, Members of the Committee:

SB 2368 is the bill which would provide Soil Conservation Districts (SCDs) the authority to increase the SCD mill levy from one mill to two mills in order to permit those Districts with a low tax base to obtain the revenue essential to their continued operations. Here are a few key points:

(1) Not all Districts would ever have the need to implement the increased mill levy as those with a substantial tax base do not use their current authorized levy no. There are also Districts with a low tax base that have developed other revenue sources (tree planting, shall water line installation for livestock pastures, etc.), but these are often rather short-term as the needs are fulfilled. The real need here is for Districts caught in the middle with insufficient revenue to attract or maintain the SCD staff necessary to provide essential soil conservation services to both rural and urban residents in their districts. Some of these services are:

- Providing or sponsoring educational programs in schools (Envirothon, Eco-Ed, Sam Ting, etc.)
- Establishing and providing, in conjunction with NRCS District Offices, on-the-ground conservation demonstration projects. The Burke-Divide One Pass Seeding Self-Guided Summer Tour and the Tri-County Range Tour (Burke, Divide and Mountrail Counties) are two popular annual examples in my area.
- Numerous conservation programs for urban residents in cities and towns across North Dakota are ongoing and well received as well. Examples include efficient fertilizer and pesticide use, water quality, and tree variety selection, planting and care.
- Many SCDs are involved in new programs or expanding on existing programs to assist agricultural producers and urban residents in soil health, erosion control, salinity control and manure (including odor) management.

(2) The elected and appointed supervisors of Soil Conservation Districts and their hired staff work closely with county USDA-NRCS staff, but are not a part of the federal staff and are not paid out of federal funds, but rather from the state authorized mill levy, state technical assistance grant money and earnings from services provided. There is very little, if any, redundancy between the SCD staff and NRCS staff in services/work provided to the public. In fact, NRCS programs would be adversely impacted if SCD staff were no longer available to accomplish their portion of the conservation mission.

(3) It is becoming increasingly difficult to attract and retain SCD staff personnel in those Districts with limited financial means. Many Districts currently have only one full-time person. If/when that position becomes vacant and can no longer be filled with someone competent to handle office work, operate various machinery and effectively supervise seasonal help (ex: tree planters), the SCD will essentially shut down.

(4) Most SCD supervisors are landowners (I'm one of them) and are not eager to increase their taxes or any one else's. But this is one case in which, for all the benefit that soil conservation districts and their staff people provide to the citizens of this state, I would be willing to cough up the additional tax revenue where necessary to ensure continuance.

Sincerely,

James Cart

James Cart
Supervisor, Burke Soil Conservation District
Box 112, Kenmare, ND 58746
Phone: 701-385-4366

Testimony 4

SB 2368

Testimony of Ernie Barta

Chairman of the Walsh County Commission

Mr. Chairman and Members of the House Finance and Taxation Committee:

As you drive down the road during your busy schedules, take a look out your window. Notice the beauty that you see in the landscape of this beautiful state of ours. You will also notice good sound conservation practices that protect our soil and water. Many times these practices are taken for granted but these conservation practices play an important part in improving the quality of life for both people and wildlife. Help us to continue to be good stewards of this great land our forefathers left for us to care for.

I would like to discuss with you the equipment and buildings that the District works with on a daily basis.

The tree shed is more than 20 years old. It is in need of repairs. The interior wood is rotting and has developed holes. The other tree shed that was built in 1963. It leaks and has cracks in the concrete that need attention. Both sheds are used for storage of fabric, equipment and the trees.

The ATV was bought in 1992. It is in tough shape. It smokes and barely runs.

The weed badger was bought in 2002 (our latest purchase). It is on a 1969 Ford tractor that is too light and under powered. It has no live hydraulics (which means that the badger stops operating when the clutch is engaged) making it difficult to operate the badger.

The fabric machine is homemade and doesn't meet the demands of application in sod. It is too light to do an adequate job.

The tree planter bought in 1989, is designed to plant trees into sod and is still meeting the needs of the present plantings.

The 1990 Ford pickup (with 200,000 miles) is not reliable and therefore is used very little.

The 1995 Dodge pickup (with 226,500 miles) is not trustworthy for long distances or winter travel. The District's staff are good enough to use their personal vehicles to go to trainings and meetings.

The Districts annual revenue consists of tree sales, tree plantings, fabric application, mowing of noxious weeds in CRP, chemical and mechanical control of the weeds in trees, sales of deer repellant, Mill levy and District assistance programs.

The Districts expenses include repairs of equipment and buildings, fuel, equipment rental, education, supplies, and the salary for 2 employees and 2-3 summer employees.

I would like to ask you, "How would you feel about having employees, or better yet, your wife or other family members to work with or operate equipment that is aged and undependable?"

In closing, I would like to refer to a comment made by Governor Hoeven at one of the annual conventions; he stated that "The Soil Conservation Districts are doing a great job of being stewards of the soil and promoting conservation of this great land our forefathers left us." He added," Keep up the Great work!"

With your help that is what we would like to do.

Please support Senate Bill 2368.

Thank you,

Ernie Barta

Chairman of the Walsh County Commission