



LEGISLATIVE MANAGEMENT

Friday, August 23, 2024
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Mike Lefor, Chairman, called the meeting to order at 9:34 a.m.

Members present: Representatives Mike Lefor, Glenn Bosch, Josh Boschee*, Ben Koppelman*, Emily O'Brien*, Paul J. Thomas*, Robin Weisz; Senators Brad Bekkedahl*, Kyle Davison*, Kathy Hogan*, David Hogue, Jerry Klein, Tim Mathern*, Janne Myrdal*, Donald Schaible*

Members absent: Representatives Zachary Ista, Dennis Johnson

Others present: Brian Kroshus, Tax Commissioner, Charles Dendy, Tax Department; and Tom Iverson, Highway Patrol

See [Appendix A](#) for additional persons present

*Attended remotely

It was moved by Representative Weisz, seconded by Representative Bosch, and carried on a voice vote that the minutes of the April 3, 2024, meeting be approved as distributed.

Chairman Lefor addressed the purpose of the meeting. He noted:

- The meeting is to fulfill the Legislative Management's statutory responsibility to coordinate the determination of the estimated fiscal impact of initiated measures.
- Two measures qualified for the general election ballot, as described in the Legislative Council memorandum entitled [2024 General Election Ballot Measures](#).
- Measure No. 4 relates to prohibiting political subdivisions from raising revenue through the levying of any tax on the assessed value of real or personal property. The Legislative Council staff requested the Tax Commissioner, the state official who appears to have the best information on the impact of the measure or the primary responsibility for compiling and maintaining relevant information, to present the fiscal impact statement at this meeting.
- Measure No. 5 relates to the legalization and regulation of cannabis. The Legislative Council staff requested the Commissioner of the Department of Health and Human Services, the state official who appears to have the best information on the impact of that measure or the primary responsibility for compiling and maintaining relevant information, to present the fiscal impact statement at this meeting.

MEASURE NO. 4 FISCAL IMPACT

Chairman Lefor called on Mr. Brian Kroshus, Tax Commissioner, to present a fiscal impact statement ([Appendix B](#)) for Measure No. 4.

In response to questions from committee members, Mr. Kroshus noted:

- During the last decade there has been a period of significant growth in the western part of the state and an increase in the amount of centrally assessed property.
- The ballot measure would repeal constitutional language relating to centrally assessed properties.
- Inflation over the last few years has impacted the needs of governmental entities as well as the public.
- Based upon 2024 estimates of taxes levied, the amount of tax revenue the state would be required to replace is estimated to be \$3.149 billion.

- It would be speculative to conclude political subdivisions are increasing 2024 levies as a result of the ballot measure, but the trend is indicating increases in levies.
- Special assessments are not covered by the measure and likely would continue to be a funding mechanism for some local governments.
- The primary residence credit was not taken into consideration in preparation of the estimated fiscal impact because the credit was funded for only 1 year.

Committee members noted:

- School construction projects would be affected by adoption of the measure which would take away an avenue for improving school facilities.
- With the reallocation of state funds to political subdivisions, the state may not have the resources to provide other funding for local governing bodies such as for programs to assist with school construction projects.
- Legislators need to begin looking at options to reduce spending and find new revenue sources to address the over \$3 billion fiscal impact of the measure.
- Legislators already are seeing requests for increased appropriations for law enforcement and other services and those services cannot be funded without the ability to tax at the local level.

It was moved by Representative Weisz, seconded by Senator Myrdal, and carried on a roll call vote that the committee accept the submitted fiscal impact statement for Measure No. 4, which based upon estimated growth indicates an estimated fiscal impact of \$3.15 billion for the 2025-27 biennium, and request the Legislative Council to forward the fiscal impact statement to the Secretary of State. Representatives Lefor, Bosch, Boschee, Koppelman, O'Brien, Thomas, and Weisz and Senators Bekkedahl, Davison, Hogue, Klein, Mathern, Myrdal, and Schaible voted "aye." No negative votes were cast.

MEASURE NO. 5 FISCAL IMPACT

Chairman Lefor called on Mr. Jason Wahl, Director, Division of Medical Marijuana, Department of Health and Human Services, to present a fiscal impact statement ([Appendix C](#)) for Measure No. 5.

In response to questions from committee members, Mr. Wahl noted:

- The department used the same methodology in determining the fiscal impact of the measure as has been used in other fiscal impact statements.
- Behavioral health costs were not included in the estimated fiscal impact because those costs could not be quantified.

In response to questions from committee members, Major Tom Iverson, Chief of Operations, Highway Patrol, noted:

- Although the drug screening testing devices may not be required to secure convictions for driving offenses, there is an expectation the need for more widespread use of the devices will increase.
- The screening devices would be used in a manner similar to the use of preliminary alcohol breath detection devices as a means to confirm what an officer observes.
- The funding for purchase of the screening devices is not included in the Highway Patrol budget, but the Highway Patrol likely would request additional funding if the measure passes.

In response to questions from committee members, Mr. Kroshus noted:

- It is difficult to find reliable data from comparable states to estimate the amount of revenue that would be generated through taxation of recreational marijuana, and it would be speculative.
- With a 5 percent sales tax on marijuana, the biennial revenues could be around \$7 million.

Mr. Steve Bakken, New Economic Frontier, distributed information ([Appendix D](#)) related to the fiscal impact of Measure No. 5.

Committee members discussed what should be included in the fiscal impact statement. Committee members noted:

- The state sales tax should be applicable to sales of marijuana and therefore should be considered as revenue.

- It would be speculative to assume a specific amount of sales tax would be collected.
- If the committee considers speculative tax revenue, it also should consider the social costs not identified in the statement provided by the department.
- The items included by the Department of Transportation and the Highway Patrol may not be necessary and directly attributable to the measure.
- Because legalization of marijuana would be a major societal change, the costs identified in the fiscal impact statement and other costs should be considered.

In response to a question from a committee member, Ms. Karin Mongeon, Director, Highway Safety Division, Department of Transportation, noted the state receives federal funding to address impaired driving; however, the funds addressed in the fiscal impact statement relate to educational programs aimed toward youth to prevent impaired driving.

It was moved by Representative Koppelman, seconded by Senator Mathern, and carried on a roll call vote that the committee accept the submitted fiscal impact statement for Measure No. 5, including the addition of \$7.281 million in sales tax revenue and an undetermined amount of additional costs associated with behavioral health and social impacts for the 2025-27 biennium. Representatives Lefor, Bosch, Boschee, Koppelman, O'Brien, Thomas, and Weisz and Senators Bekkedahl, Davison, Klein, Mathern, Myrdal, and Schaible voted "aye." No negative votes were cast.

REVIEW OF FISCAL IMPACT OF 2022 MEASURE

At the request of Chairman Lefor, the Legislative Council staff distributed a [memorandum](#) summarizing the estimated fiscal impact of Constitutional Measure No. 1 from the November 2022 general election relating to term limits, as required by North Dakota Century Code Section 16.1-01-17.

No further business appearing, Chairman Lefor adjourned the meeting at 11:48 a.m.

John Bjornson
Director

ATTACH:4