VETOED MEASURES

CHAPTER 571

S.B. No. 51
(Christensen, Sorlie)
(Legislative Audit and Fiscal Review Committee)

SALARIES OF ASSISTANT AND SPECIAL ASSISTANT ATTORNEYS GENERAL

AN ACT

To amend and reenact sections 54-12-07 and 54-12-08 of the North Dakota Century Code, relating to salaries of assistant and special assistant attorneys general, and providing an effective date.

Veto

March 26, 1969

The Honorable Ben Meier
Secretary of State
State Capitol
Bismarck, North Dakota

Dear Mr. Meier:

Senate Bill 51 provides that the Attorney General shall pay the salaries of all Assistant and Special Assistant Attorneys General, and that a special fund be established from which the Attorney General would pay these attorneys, even though they were providing a service to departments, agencies, or institutions financed from sources other than the General Fund.

Agencies financed from other than the General Fund would pay to the Attorney General on a quarterly basis for such services, and such amounts would be deposited in a special fund.

This bill is to be effective July 1, 1971. This delay was designed to give all departments time to adjust their budgets for legal services prior to the next session of the legislature.

Perhaps this bill seeks to obtain uniformity in salaries of Assistant Attorneys General. Perhaps the bill seeks to have Attorneys General paid from only one agency, and that agency would be the Attorney General's Office.

Under our present system, many agencies are able to hire an Assistant Attorney General on a part-time basis with other departments contributing to his salary for part-time legal work done for them. Every Assistant Attorney General, because of his talent, experience, or interest, has a unique value to the department which seeks his service. Therefore, I think it is not advantageous to bring about any strict uniformity in the salaries of Assistant Attorneys General as would be the case under Senate Bill 51.

Under Senate Bill 51, many departments would find themselves paying into the Attorney General's special fund for legal services that they did not get, thus subsidizing those agencies receiving more legal service than they were paying for.

Senate Bill 51 was not requested by the Attorney General's Office, nor is it regarded with favor by that office. Senate Bill 51 would greatly increase the work of the Attorney General's Office and would diminish the administrative control that department heads need to have for efficient and effective operations of their units within State Government.

Because there is no demonstrated need for a change in the procedure now being followed in hiring and paying Assistant Attorneys General, and because the Attorney General's Office does not look with favor on this legislation, and because it would weaken the prerogatives of department heads within the Executive Branch of State Government, I therefore veto Senate Bill 51.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

Section 1. Amendment.) Section 54-12-07 of the North Dakota Century Code, is hereby amended and reenacted to read as follows:

54-12-07. Salary of Assistant Attorneys General.) The annual salary of the assistant attorneys general shall be as provided by the legislative assembly, and such assistant attorneys general shall be compensated for all services performed by them from funds available to the attorney general. Departments, agencies, and institutions financed from other than the general fund and requiring services from assistant attorneys general shall pay to the attorney general on a quarterly basis the salary costs of the office of attorney general in providing such services unless an assistant attorney general is assigned only on a special assignment for a limited time or in instances of other unusual circumstances, in which case a waiver of such payment may be granted by the attorney general after proper application has been received and approved by him. Upon receipt of such payments, the attorney general shall deposit the payments in a fund in the state treasury from which within the limits of legislative appropriation the necessary salaries and related fringe benefits of the assistant attorneys general shall be paid.

Section 2. Amendment.) Section 54-12-08 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

54-12-08. Special Assistant Attorneys General—Appointment—Revocation—Compensation.) The attorney general also, when he deems it necessary, may after consultation with the head of the state department or institution affected appoint special assistant attorneys general, and no state officer, head of any state department, whether elected or appointed, or state department shall employ legal counsel, and no person shall act as legal counsel, in any matter, action or proceeding in which the state or any state department is interested or is a party, except upon appointment by the attorney general. The appointment shall be in writing. The powers conferred upon such special assistant attorneys general shall be the same as are exercised by the regular assistant attorneys general, when such powers are not limited specifically by the terms of such appointment. Any such appointment shall be revocable at the

pleasure of the attorney general. The attorney general shall request on a quarterly basis from each department, agency, or institution financed from other than the general fund a payment for the costs which he has incurred in providing the services of special assistant attorneys general to the various departments, agencies, and institutions, and such payment shall be waived only in the event that a special assistant attorney general is assigned on a special assignment for a limited time or in instances of other unusual circumstances and a proper application for such waiver has been received and approved by him. Upon receipt of such payments the attorney general shall deposit the payments in a fund in the state treasury from which within the limits of legislative appropriation the necessary salaries and related fringe benefits of the special assistant attorneys general shall be paid.

Section 3. Effective Date.) The provisions of this Act shall be in full force and effect on and after July 1, 1971.

Disapproved March 26, 1969.

Filed March 26, 1969.

CHAPTER 572

S. B. No. 199
(Hernett, Sorlie, Chesrown, Melland, Luick)

PAYMENT OF DELEGATES' EXPENSES TO NATIONAL POLITICAL CONVENTION

AN ACT

To repeal section 16-17-18.1 of the North Dakota Century Code, relating to expenses of delegates to national political conventions.

Veto

March 4, 1969

The Honorable Richard Larsen
President of the Senate
North Dakota State Senate
Bismarck, North Dakota

Dear Mr. President:

Senate Bill 199 repeals Section 16-17-18.1 of the North Dakota Century Code relating to expenses of delegates to national political conventions. I cannot in good conscience sign this bill into law.

Our system of democratically elected, representative national government rests squarely on the selection of Presidential and Vice Presidential candidates, as well as the adoption of political action platforms, by the legally recognized national political conventions. The repeal of the statute which has traditionally helped to defray some of the expenses of delegates to national political conventions seems to minimize the importance of these conventions within our system of government.

To repeal state support of legally selected delegates sent to the national conventions in these times of high cost could place an unhealthy importance on a delegate's being independently wealthy in order to be considered a delegate. There might even be instances where delegates would be tempted to accept sponsor-

ship by special interests. This would be undesirable. I would much prefer to see state financial support of national political convention delegates strengthened rather than eliminated.

If there are any shortcomings in the present law which provides partial state financing of delegate expenses to a national political convention, there is yet time in the legislative session of 1971 to make changes effective in the political conventions of 1972, rather than repeal entirely the present law. I think we need to consider this matter more thoroughly.

I have talked with the chairmen of both the Democratic-Non-Partisan League Party and the Republican Party, and they concur that the repeal contained in this bill is unwise.

Personal wealth or sponsorship should never become factors in delegate selection to a national political convention.

I therefore veto Senate Bill 199.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

Section 1. Repeal.) Section 16-17-18.1 of the 1967 Supplement to the North Dakota Century Code is hereby repealed.

Disapproved March 4, 1969.

Filed March 20, 1969.

CHAPTER 573

S.B. No. 294
(G. Larson, Butler, Lips)

DEFINITION OF EMPLOYER UNDER LABOR MANAGEMENT RELATIONS ACT

AN ACT

To amend and reenact subsection 2 of section 34-12-01 of the North Dakota Century Code, relating to definition of employer.

Veto

February 25, 1969

The Honorable Richard Larsen
President of the Senate
North Dakota State Senate
Bismarck, North Dakota

Dear Mr. President:

Section 34-08-02 of the North Dakota Century Code clearly sets forth our state's declaration of public policy regarding the freedom to organize for working people.

The policy states, "For the purpose of the interpretation of the provisions of this chapter, the public policy of this state is declared to be that a worker of this state shall be free to decline to associate with his fellows, but that he also shall have full freedom of association, self-organization, and designation of representatives of his own choosing to negotiate the terms and conditions of his employment, and that he shall be free in such matters, as well as in other concerted activities for the purpose of collective bargaining or other mutual aid or protection from interference, restraint, or coercion by employers of labor or their agent."

Section 34-09-01 of the North Dakota Century Code amplifies, through a declaration of public policy, the freedom that shall be granted workers in North Dakota.

It states, "The public policy of this state is declared to be that a worker shall be free to decline to associate with his fellows and shall be free to obtain employment wherever possible without interference or being hindered in any way, but that he shall also have the right to association and organization with his fellow employees and designation of representatives of his own choosing."

Senate Bill 294 would amend Subsection 2, Section 34-12-01, of the 1967 Supplement to the North Dakota Century Code by including "any nursing home licensed by the State Health Department" as being among the employers who shall not be included under the rules and regulations set forth in Chapter 34-12 of the North Dakota Century Code titled North Dakota Labor Management Relations Act.

The North Dakota Labor Management Relations Act sets forth rules of procedure to protect both the workers and the employers. I am sure there are many legislators who voted for Senate Bill 294 thinking that this amendment would prevent the workers in a nursing home from legally organizing a labor union. This is not true, as has been pointed out early in this letter. Sections 34-08-02 and 34-09-01 of the North Dakota Century Code make it possible for any group of workers to organize a union, including the organization of a union among workers in a nursing home.

What Senate Bill 294 does is exempt the workers of a nursing home or any labor union that might be formed from having to follow the rules and procedures as set forth in the North Dakota Labor Management Relations Act. Since the North Dakota Labor Management Relations Act was enacted to protect the workers and the employers, and since it brings orderly procedure out of what could otherwise be chaos, I see nothing to be gained from passing Senate Bill 294, and I can see a retreat from the orderly relationship between workers and employers in nursing homes if Senate Bill 294 is passed.

To those who believe that Senate Bill 294 will in some way hold down the high costs already experienced in nursing home care, I believe that an examination of the makeup of these costs will reveal that workers or work rules are not excessive.

Since Senate Bill 294 does not prevent the organization of a la-

bor union among workers in a nursing home and thus does not prevent the possibility of strike, but does prevent the use of the orderly procedure between workers and nursing home employers as set forth in the North Dakota Labor Management Relations Act, I believe it in the best interest of our state that Senate Bill 294 not become law.

I therefore veto Senate Bill 294.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

Section 1. Amendment.) Subsection 2 of section 34-12-01 of the 1967 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

2. "Employer" includes any person acting as an agent of an employer, directly or indirectly, but shall not include the United States or any wholly-owned government corporation, or any federal reserve bank, or any state or political subdivision thereof, or any corporation or association operating a hospital and any nursing home licensed by the state health department, if no part of the net earnings inures to the benefit of any private shareholder or individual, or any person subject to the Railway Labor Act, as amended from time to time, or any labor organization (other than when acting as an employer), or anyone acting in the capacity of officer or agent of such labor organization, or any farmer;

Disapproved February 25, 1969.

Filed March 20, 1969.

CHAPTER 574

S.B. No. 389
(Nething, Kautzmann)

COMPOSITION OF HIGHWAY CORRIDOR BOARD

AN ACT

To amend and reenact section 24-17-06 of the North Dakota Century Code, relating to the composition of the highway corridor board.

Veto

March 13, 1969

The Honorable Richard Larsen
President of the Senate
North Dakota State Senate
Bismarck, North Dakota

Dear Mr. President:

Senate Bill 389 increases the membership of the Highway Corridor Board from five to seven members and specifies the method by which its membership shall be selected. The reasoning behind this bill is that the Highway Corridor Board would be benefited by representatives of industries which are most directly involved in highway advertising and beautification of our highways.

I think the Corridor Board is a very essential agency that can be of great value in the enhancement and maintenance of the natural beauty adjacent to our highways. I do, however, see a very serious departure from reponsible government in this bill.

The executive branch of state government, in order to be strong and responsible, must have authority to go with its responsibility. This bill takes a state government agency that is an integral part of the executive branch of government and places the power of appointment to the board directly in the hands of

the presidents of non-governmental trade associations. In so doing, this bill removes the governor or any state department heads from participating in the selection of a state government board which is an integral part of the executive branch of state government.

I have seen far too many examples of the dilution of authority within the executive branch of government through inadvertent legislation adopted in past years. Senate Bill 389 unwisely and unnecessarily restricts the authority of the executive branch of government without diminishing the responsibility that rests with the executive branch of government.

While I understand and agree with the objective sought in enlarging the Highway Corridor Board, I am so completely opposed to the removal of the authority of the executive branch of government in this bill that I therefore veto Senate Bill 389.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

Section 1. Amendment.) Section 24-17-06 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

24-17-06. Highway Corridor Board—Members.) There is hereby established, to serve as an agency of the state and to perform the functions, conferred upon it in this chapter, the highway corridor board, hereinafter referred to as the board. The board shall be composed of the following seven members: the North Dakota state highway commissioner or his authorized agent; the lieutenant governor of the state of North Dakota; two representatives of the North Dakota outdoor advertising association to be designated by its president and to serve terms of two and four years; one representative of the North Dakota restaurant association to be designated by its president and to

serve a term of two years; a representative of the North Dakota motel association designated by its president to serve a term of two years; a representative of the petroleum council to be designated by its chairman to serve a term of two years. At the expiration of the term of any member appointed to the board, his successor shall be appointed for a term of four years.

Disapproved March 13, 1969.

Filed March 20, 1969.

CHAPTER 575

S. B. No. 459
(Trenbeath, Luick, Nasset, Robinson, Sorlie, Jacobson)

DETERMINATION OF SUMS DUE COUNTY EQUALIZATION FUNDS

AN ACT

To amend and reenact sections 15-40-18 and 57-01-05 of the North Dakota Century Code, relating to the determination of sums due county equalization funds, and relating to the duties of the state supervisor of assessments.

Veto

March 28, 1969

The Honorable Ben Meier
Secretary of State
State Capitol
Bismarck, North Dakota

Dear Mr. Meier:

It has been the stated policy of the present administration to work for equalization and fairness between all taxpayers in North Dakota. One of the tools that we must use in seeking equalization between taxpayers is the sales ratio study.

There are those who have obtained tax relief through the inequities disclosed by the sales ratio study, and conversely there

are those who have to pay higher taxes because of a favored position that they have held for many years as disclosed by the sales ratio study.

There is a determined effort among some interests in this state to abolish the sales ratio study because of the tax advantage that would accrue to those interests if less information is known concerning tax equalization.

Senate Bill 459 contains two features which are very objectionable. It writes into law a restriction that tax inequities can be corrected only by a one-half correction of their variation from the state average. Even more crucial, however, is the language in Senate Bill 459 which provides that no adjustment in the 21 mill school equalization levy shall be made if any provision of Section 15-40-18 of the North Dakota Century Code is rendered inoperative by judicial action.

It is my judgment that the equalization feature of our state law as now guided by sales ratio studies could be completely halted by the simple expedient of an individual taxpayer's obtaining a restraining order or an injunction with respect to the 21 mill levy on his property. Such judicial action which would render Section 15-40-18 inoperative would be a very serious matter.

The Tax Department, in 1968, employed the expert service of the tax consulting firm of Touche, Ross, Baily & Smart to study our sales ratio system. This study by the consulting firm made several recommendations to refine our sales ratio study procedure.

None of these proposed recommendations is embodied in Senate Bill 459.

Because Senate Bill 459 does not add anything to tax equalization, but opens up a very serious possibility of making tax equalization inoperative, I veto Senate Bill 459.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

Section 1. Amendment.) Section 15-40-18 of the 1967 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

15-40-18. Determination of Sums Due County Equalization Funds.) For purposes of this section:

1. "County average" means the countywide average percentage of market value at which taxable property in a county has been assessed after final equalization; and

2. "State average" means the statewide average percentage of market value at which all taxable property in the state has been assessed after final equalization.

At the close of each school year the county superintendent of schools of each county shall submit to the superintendent of public instruction a request for a grant-in-aid from the state for the county equalization fund. The request shall be filed on forms furnished by the superintendent of public instruction and shall state the full amount of the payments from the county equalization fund to be made to each school or school district that has complied with the provisions of law relating to such fund. Immediately following the final meeting of the state board of equalization, the state tax commissioner shall certify to the superintendent of public instruction the countywide average percentage of market value at which all taxable property in each county has been assessed after final equalization and the statewide average percentage of market value at which all taxable property in the state has been assessed after final equalization. The superintendent of public instruction shall then determine the amount of the grants-in-aid to which each county is entitled. Any county which, according to the certificate of the tax commissioner, has a county average that is equal to the state average, shall be entitled to a sum determined by subtracting from the full amount of the payments to be made in the county, the product of the taxable assessed valuation of property in the county multiplied by twenty and five-tenths mills, and the balance will be the amount of aid to which the county is entitled.

Any county which, according to the certificate of the tax commissioner, has a county average that is less than the state average, shall be entitled to a sum determined by subtracting from the full amount of the payments to be made in the county the product of the taxable assessed valuation of the property in the county after adjusting such valuation upwards to equal the taxable valuation of property that would have existed for such county had the property in such county been assessed at the state average, by twenty and five-tenths mills. The balance will be the amount of aid to which the county is entitled for such fund.

Any county which, according to the certificate of the tax commissioner, has a county average that is more than the state average, shall be entitled to a sum determined by subtracting from the full amount of the payments to be made in the county the product of the taxable assessed valuation of the property in the county after adjusting such valuation downwards to equal the taxable valuation of property that would have existed for such county had the property in such county been assessed at the state average, by twenty and five-tenths mills. The balance will be the amount of aid to which the county is entitled for such fund.

The superintendent of public instruction shall determine the product of the taxable valuation of property in the county, after adjusting such valuation upwards or downwards to equal the taxable valuation of property that would have existed for such county had the property in such county been assessed at the state average, by twenty-one mills. The superintendent of public instruction shall certify such amount to the county auditor of each county, that has a county average that is less than or more than the state average, which shall be converted to mills and levied by the county auditor upon all taxable property in the county in lieu of the twenty-one mill levy specified in section 57-15-24.

In the event any provision of this section is rendered inoperative by judicial action, the tax levy provided for in section 57-15-24 shall not be affected, except that the adjustments required by this section shall not be made.

Section 2. Amendment.) Section 57-01-05 of the 1967 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-01-05. State Supervisor of Assessments.) The state tax commissioner shall appoint from a list of qualified applicants forwarded to him by the North Dakota merit system council a supervisor of assessments who shall be a person trained and experienced in property appraisals and familiar with assessment and equalization procedures and techniques. If the tax commissioner does not desire to appoint a supervisor of assessments from the list of candidates forwarded to him by the merit system council he may request additional lists of qualified applicants from the council. The supervisor of assessments shall serve at the pleasure of the state tax commissioner and office space shall be furnished him by the commissioner.

The supervisor of assessments shall perform the following duties under the direction of the tax commissioner:

1. He shall advise and give the various assessors in the state the necessary instructions and directions as to their duties under the laws of this state, to the end that a uniform assessment of all real and personal property in this state will be attained.

2. He shall assist and instruct the various assessors in this state in the use of soil reconnaissance surveys, land classification methods, in the preparation and proper use of land maps and record cards, in the proper classification of real and personal property, and in the determination of proper standards of value.

3. He shall have authority to require the attendance of groups of assessors at meetings called by him for the purpose of giving them further assistance and instruction as to their duties.

4. He shall make sales ratio and other studies of property assessments in the various counties and cities of this state for the purpose of properly advising the various assessors in the state, and for the purpose of recommending to the tax commissioner changes to be made by the state board of equalization in the performance of the equalization powers and duties prescribed for it by section 57-13-04. In any county or city, or any part thereof where the number of sales of properties is insufficient for making a sales ratio study, the supervisor of assessments

or his assistants shall make appraisals of properties in order to determine the ratio of market value to assessment value.

5. He shall cooperate with the North Dakota state university of agriculture and applied science in the development of a soil mapping program, a land classification system, valuation studies and other matters relating to the assessment of property, and shall provide for the use of such information and procedure at the earliest possible date by the assessors of this state.

6. He shall have general supervision of assessors and county supervisors of assessment pertaining to methods and procedures of assessment of all property and shall have authority to require all county supervisors of assessment to do any act necessary to obtain uniform methods and procedures of assessment.

7. He shall perform such other duties relating to assessment and taxation of property as the tax commissioner shall direct.

8. For the purpose of equalizing assessments on a statewide and countywide basis as it affects section 15-40-18, he shall make studies of property assessments, and shall recommend changes to the tax commissioner to be made by the state board of equalization in the performance of the equalization powers and duties prescribed by section 57-13-04. In the event sales-assessment ratio studies shall be used in making such recommended changes, not more than fifty percent of the variation between market value indicated by such studies and the assessed value shall be taken into account as a basis for adjustments under the provisions of section 15-40-18.

Disapproved March 28, 1969.

Filed March 28, 1969.

CHAPTER 576

H. B. No. 160
(Bunker, Bier, Davis, Mueller. Aamoth, Strinden)
(Metzger, Aas)

INSURANCE ON PUBLIC BUILDINGS

AN ACT

To amend and reenact section 26-24-09 of the North Dakota Century Code, relating to insurance on public buildings.

Veto

March 12, 1969

The Honorable Ernest N. Johnson
Speaker of the House
North Dakota House of Representatives
State Capitol
Bismarck, North Dakota

Dear Mr. Speaker:

In 1967, the Legislature passed legislation which would permit political subdivisions to insure government buildings with private insurance companies rather than the State Fire and Tornado Fund. I stated then that to do so would mark the beginning of the end of the State Fire and Tornado Fund in favor of the private insurance companies. The phasing out of the State Fire and Tornado Fund would mark the beginning of higher appropriations for state insurance and more taxes from taxpayers.

The State Fire and Tornado Fund has been of tremendous benefit to the taxpayers of North Dakota who support school districts, cities, and villages, as well as the state government. The fund has always charged a lower premium for comparable protection than could be obtained from private sources.

The State Fire and Tornado Fund could not be construed as a state business as it was never in competition with private insurance companies in insuring risks in the private sector. The fund insures only government buildings.

State and local government has no obligation to generate business or provide profit for private enterprise. **State and local government, however, does have a deep and abiding obligation to each and every taxpayer to operate all levels of government as efficiently and economically as is possible.** I do not believe then that state or local government is obligated to the insurance industry to generate business for them, nor do I believe that the special interest of the insurance industry in conducting part of the business of government for a profit should supersede the interest of all taxpayers who seek economy in government. Government must be run as a business.

In the depths of the depression in the early 1930's, the Fire and Tornado Fund accepted school warrants at full value at a time when private insurers would have had to have cash.

The fund was so successful that for a period of years from 1935 to 1943, there were no annual premiums charged on buildings which had been insured for five years or more. No private insurance company could have come to the rescue of hard pressed state and local government in this manner. During this eight-year period, $1,686,000 in premiums was not charged by the fund and, in effect, provided this additional financial support to government.

The rate charged to local politicial subdivisions since 1943 has remained at 50% of the rates established by the Fire Underwriters Inspection Bureau, except for one term of two years when the rate was set at 60%.

When the law was changed on July 1, 1967, to permit private insurance companies to obtain insurance contracts on government buildings, there were approximately 5,500 buildings insured by the Fire and Tornado Fund in all counties in North Dakota. After 18 months of operation, we find that today the number of buildings insured by the fund has been reduced to 4,717. This is a 14% reduction in a little over one and one-half years.

On July 1, 1967, the Fire and Tornado Fund insured buildings with an approximate value of $350 million. Today that value has dropped to $318 million. Premiums charged by the Fire and Tornado Fund have dropped in the last 18 months from $1.2 million to $1.1 million.

Since the Fire and Tornado Fund was established in 1919, there have been total loss claims paid of $6,593,395.77. The present reserve in the fund for payment of losses to government buildings is now $7,974,201.99. **The reserve on hand then at the present time far exceeds the total of all the losses to the fund since its beginning 40 years ago.**

House Bill 160 seeks to make it optional for state agencies and state industries as well as political subdivisions to insure buildings, their fixtures and permanent contents, with private insurance companies if they wish. We have in this bill a very profound and basic concept which must be decided. That concept is, should state government have an obligation to the taxpayer which supersedes an obligation to any particular segment of the private business sector. In my judgment, government was created not to feed the private business sector, but to conduct the affairs under law of all citizens and taxpayers at the least possible economic cost to them.

There is no proof that optional coverage by private insurance companies can result in year-in and year-out savings to taxpayers.

State government, with its far flung building locations, does not have the concentrated risk for insurance consideration as do many risks in private business or, for that matter, in local government.

The theory of insurance is to protect the ability to restore a building that has been lost. In the case of state buildings, there is a question in my mind that there is any need to provide insurance at all because of the ability of taxpayers to spread the risk of a state building loss over thousands of other taxpayers.

Only in a few instances where state industries are involved, such as the State Mill or the Bank of North Dakota, are we insuring a productive capacity. And so any loss in state buildings, except for these few state industries, does not impair our taxpayers' productive capacity to generate income for replacement of loss. This is not true with private business whose productive capacity probably would be severely impaired or destroyed if they were to suffer a building loss.

In my judgment then, the state can more effectively serve the

taxpayer by carrying a minimum of insurance at minimum cost to the taxpayer on state buildings. To open the door making it possible for private insurance companies to insure state buildings could not do other than raise the cost of government to the taxpayer.

The law does not require competitive bidding. The law permits officials to make a selection of insurance coverage unrelated to premium cost or adequate coverage. Already, in 18 months of operation, there is evidence that low bids are not being accepted in all cases by officials in local government.

Already, there is evidence of favoritism being granted to certain private insurance agencies. Already, there is evidence that Fire and Tornado Fund bids, even though the lowest, are being rejected. This kind of operation in government does not protect the interest of the taxpayers and is the type of operation that will sooner or later result in those types of scandals that reduce the confidence of the public in their public officials and government.

I have recommended in the past and I recommend now that **the interest of our citizens and taxpayers would be best served if we were to strengthen the reserves of the Fire and Tornado Fund and to make adjustments in Fire and Tornado Fund coverage.**

We see evidence that pressures are being brought to bear upon local government officials to grant insurance contracts to selected companies.

At this time, the 1967 law permits governing bodies to grant contracts without competitive sealed bids. The principle of open competitive bidding has been abolished under the 1967 law. House Bill 160 seeks to bring the insurance of state industries and state government under the weaknesses that were built into the 1967 law which permitted optional coverage by private insurance companies or the Fire and Tornado Fund.

There is no question that this bill would permit private insurance companies to pick and choose the low risk buildings and that the Fire and Tornado Fund would be used as a catch-all for the high risk buildings. It should be obvious to all what would be necessary in the competitive rates charged by the Fire

and Tornado Fund when it would be required to carry the high risk buildings.

As the number of risks insured by the Fire and Tornado Fund shrinks, as the private insurance companies take over, there would undoubtedly be a rising loss history to the Fire and Tornado Fund because the remaining buildings would carry a higher risk. As the more hazardous risks left with the Fire and Tornado Fund caused losses to go up, insurance rates by the fund would have to increase. This would then provoke the cry that Fire and Tornado Fund rates had been forced up to comparable rates with private insurance and therefore this would prove that the Fire and Tornado Fund was not needed and should be phased out completely.

When the Fire and Tornado Fund has been phased out or effectively crippled, we can expect the rates of private insurance companies to rise on state buildings with no concern for competition.

As I said in 1967 in my message vetoing House Bill 714 of that year, I can see no legitimate philosophical, political, or economical reason why the private insurance industry should lay claim to the insurance of state buildings, particularly when such a claim will eventually result in a cost of at least one-half million dollars more annually to North Dakota taxpayers. **If large sums of tax money were not involved, the insurance companies would not be interested in moving in.**

I have seen much debate and concern in this session on various measures asking that savings of $10,000 here and $85,000 there be made. **It does not seem to me to be consistent that the Legislature can be so concerned about relatively small but easily seen state appropriation expenses, and then totally ignore the substantially increased costs that are built into House Bill 160.**

House Bill 160 is not a taxpayers' bill. It is an insurance industry bill. My obligation as Governor is to all of our citizens and taxpayers, and not just a special interest view.

I therefore veto House Bill 160.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

Section 1. Amendment.) Section 26-24-09 of the 1967 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-24-09. Commissioner to Provide Insurance on All Public Buildings.) Upon application the commissioner shall provide for insurance against loss by fire, lightning, inherent explosion, windstorm, cyclone, tornado and hail, explosions, riot attending a strike, aircraft, smoke, vehicles, or any other risks of direct physical loss, all in the manner and subject to the restrictions of the standard fire insurance policy and standard endorsement, and no other hazards, in the fund, on all buildings owned by the state, state industries, and political subdivisions of the state, and the fixtures and permanent contents in such buildings, to the extent of not to exceed the insurable value of such property, as such value is determined by the commissioner and approved by the officer or board having control of such property, or, in case of disagreement, by approval through arbitration as hereinafter provided.

All public buildings owned by the state, state industries and political subdivisions of the state, and the fixtures and permanent contents in such buildings, in lieu of coverage provided for in this section, may at the option of the officer, board or governing body having control of such property be insured on the basis of competitive sealed bids, through the fire and tornado fund which shall be invited to submit a sealed bid or private insurance companies licensed to do business in this state, against damage resulting from hazards, which hazards shall include but shall not be limited to those types of hazards that may be insured against by the fund. The officer, board or governing body may reject any or all such bids. A private insurance company writing insurance on public property under this chapter shall notify its agent, the insured, and the fire and tornado fund of the expiration of such insurance at least thirty days before the expiration date of such insurance.

All public libraries owned by the state or the political subdivisions of the state may, in addition to the coverage provided for in this section, be covered against damage through vandalism. If such coverage cannot be extended to the public libraries

situated within this state, such libraries may contract for such coverage with private insurance companies, provided that such coverage meets the recommendations of the insurance code of the American library association.

Disapproved March 12, 1969.

Filed March 21, 1969.

CHAPTER 577

H. B. No. 283
(Moquist, Hensrud)

EXAMINATION OF APPLICANTS FOR MOTOR VEHICLE OPERATOR'S LICENSE

AN ACT

To amend and reenact section 39-06-13 of the North Dakota Century Code, relating to drivers' license examinations.

Veto

March 26, 1969

The Honorable Ben Meier
Secretary of State
State Capitol
Bismarck, North Dakota

Dear Mr. Meier:

House Bill 283 seeks to relieve the Highway Patrol of some of its duties in examining applicants for an operator's license. The motive behind this legislation is good in that there is an attempt here to save our Highway Patrolmen from doing work that others could possibly do.

I see, however, in House Bill 283, some very serious de-

ficiencies. It divides the responsibility for conducting operator license examinations between the Highway Patrol and more than 150 driver education instructors. It would permit the development of varying driver license examination standards which would not be in the best interest of the state. It would bring about some unfairness and inequity in driver license examinations because of a failure of standardized examinations by driver education instructors.

This bill would still require the Highway Patrol to travel to locations where examinations were given in order for the Highway Patrol to give eye examinations. Thus, much of the time which this bill attempts to save for Highway Patrolmen would still be consumed.

This bill makes no provision for the supply of forms, nor does it make provision for the keeping of records, nor the reporting of examination activities of driver education instructors. It would throw an unmanageable responsibility on the Highway Patrol.

This bill makes no provision for compensation to driver education teachers for giving driver education examinations. This bill assumes that all driver education teachers are qualified to conduct driver license examinations. Perhaps, under proper conditions, driver education teachers could become qualified, but there is no provision in the bill for training people in the techniques of driver license examination.

Driver education instructors are not necessarily qualified to give operator examinations.

Because this bill would create far more problems and inequities than it would cure, I therefore veto House Bill 283.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

Section 1. Amendment.) Section 39-06-13 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

39-06-13. Examination of Applicants.) The highway patrol shall examine every applicant for an operator's license, except as otherwise provided in this chapter. Such examination shall include a test of the applicant's eyesight, his ability to read and understand highway signs regulating, warning, and directing traffic, his knowledge of the traffic laws of this state, and shall include an actual demonstration of ability to exercise ordinary and reasonable control in the operation of a motor vehicle. The highway patrol shall make provision for giving an examination either in the county where the applicant resides or at a place adjacent thereto reasonably convenient to the applicant within not more than thirty days from the date the application is received. The commissioner may require such other physical or mental examination as may be deemed advisable.

An instructor of driver education duly certified by the superintendent of public instruction and actively engaged in the instruction of driver education in a high school of this state may examine applicants for a motor vehicle operator's license who have successfully completed the prescribed high school course in behind-the-wheel and classroom training in driver education. Such examination shall be in lieu of the highway patrol examination of applicants for operators' licenses prescribed in this section but such examination shall be substantially the same as the highway patrol examination.

Disapproved March 26, 1969.

Filed March 27, 1969.

CHAPTER 578

H.B. No. 450
(Appropriations Committee)

MEMBERSHIP AND QUORUM OF EMERGENCY COMMISSION

AN ACT

To amend and reenact section 54-16-01 of the North Dakota Century Code, relating to the membership and defining a quorum of the emergency commission.

Veto

March 26, 1969

The Honorable Ben Meier
Secretary of State
State Capitol
Bismarck, North Dakota

Dear Mr. Meier:

House Bill 450 would require the full Emergency Commission, which includes the Chairmen of the Senate and House Appropriations Committees in addition to the Commissioner of Agriculture, the Secretary of State, and the Governor, to meet on every application that comes before the Emergency Commission according to the process established by law.

Under the present law, the legislative members of the Emergency Commission are called in only to pass on transfers from the State Contingency Fund in excess of $10,000 or for approval of the acceptance and expenditure of very large federal grants. The present law, which allows the small Emergency Commission made up of the Governor, Secretary of State, and Commissioner of Agriculture to act on small and routine matters, has worked very efficiently.

House Bill 450 would require many trips to the State Capitol by

the legislative members of the full Emergency Commission. In my judgment, these many trips are unnecessary, and the additional control by the legislative members in routine and small applications to the Emergency Commission is cumbersome.

House Bill 450 also provides that the Emergency Commission quorum shall consist of three members, but all actions of the Commission must be concurred in by a least three members of the Commission in attendance at the meeting during which action was taken.

Since it would be highly unlikely that the two legislative members of the Emergency Commission would want to make the many trips required by routine Commission business, many of the Commission meetings would be attended by only the constitutional officers on the Commission. The requirement that all three of these constitutional members must agree is an unnecessary encumbrance on the process of government, since the present law permits a majority of a quorum of three to take action.

Because I can see no benefit from this legislation, and because it unnecessarily encumbers the working of the Executive Branch of State Government, I veto House Bill 450.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

Section 1. Amendment.) Section 54-16-01 of the 1967 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

54-16-01. Emergency Commission—Members—Organization—Meetings—Quorum—Duties.) The emergency commission shall consist of the governor, the commissioner of agriculture,

the secretary of state, the chairman of the senate appropriations committee, and the chairman of the house of representatives appropriations committee. The governor shall be chairman of the commission, and the secretary of state, the secretary. The emergency commission shall meet upon the call of the chairman, and three members of the commission shall constitute a quorum, but all actions of the commission shall be concurred in by three members of the commission in attendance at the meeting during which such action was taken. The commission shall exercise the powers and perform the duties imposed upon it by law.

Disapproved March 26, 1969.

Filed March 26, 1969.

CHAPTER 579

H. B. No. 453
(Dornacker)

EXCLUSION OF CERTAIN SALES FROM SALES ASSESSMENT RATIO STUDY

AN ACT

To amend and reenact section 57-01-06 of the North Dakota Century Code, relating to the exclusion of certain sales from sales assessment ratio studies.

Veto

March 28, 1969

The Honorable Ben Meier
Secretary of State
State Capitol
Bismarck, North Dakota

Dear Mr. Meier:

The sales ratio study principle has been applied in North Dakota and in many other states to strive toward fairness between taxpayers based on equitably assessed real estate. The sales ratio study is a tool whereby equalization of real estate valuation can be pursued, no matter whether that property is located in rural or urban areas, or whether it be business or residential property, or whether it is located in one part of the state or in another.

The North Dakota Tax Department employed a professional consulting firm, Touche, Ross, Baily & Smart, to review North Dakota's sales ratio study in 1968. They made several recommendations for refinement of our sales ratio procedure. None of these recommendations appears in House Bill 453.

House Bill 453 makes no contribution to improving our sales ratio procedure. Existing law eliminates property which is not

assessable from the sales ratio study without the passage of House Bill 453. Existing law prohibits the use of transactions involving less than 80 acres. House Bill 453 raises the limitation to 150 acres, which eliminates too many valid sales and would thus weaken the sales ratio study.

Almost all sales of land in North Dakota include unsevered mineral rights, except in certain western areas of the state. It would be virtually impossible in most cases to determine what portion of a sale reflects unsevered mineral rights. Thus, House Bill 453 would effectively eliminate too many valid rural sales from the sales ratio study.

We must always be seeking legislative and administrative ways of refining our sales ratio study. House Bill 453 does not contribute to such refinement. In fact, it reduces the accuracy and fairness of the sales ratio study.

I therefore veto House Bill 453.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

Section 1. Amendment.) Section 57-01-06 of the 1967 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-01-06. Sales Assessment Ratio Study—Contents Not To Be Included.) Any sales assessment ratio study which may be made by the state tax commissioner shall not include the following:

1. Property owned or used by public utilities;

2. Property classified as personal property;

3. A sale where the grantor and the grantee are of the same family or corporate affiliate (if known);

4. A sale which resulted as a settlement of an estate;

5. All sales to or from a government or governmental agency;

6. All forced sales, mortgage foreclosures, and tax sales;

7. All sales to or from religious, charitable, or nonprofit organizations;

8. All sales where there is an indicated change of use by the new owner;

9. All transfer of ownership of property for which is given a quitclaim deed;

10. That portion of a sale of property not assessable by law which includes churches; farm buildings and improvements; business franchises; good will; grazing rights; and irrigation rights;

11. Agricultural lands of less than one hundred fifty acres; and

12. That portion of a sale which reflects unsevered mineral rights.

Disapproved March 28, 1969.

Filed March 28, 1969.