

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2027

2001 SENATE TRANSPORTATION

SB 2027

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2027

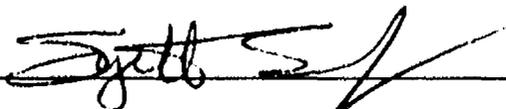
Senate Transportation Committee

Conference Committee

Hearing Date 1-19-01; 2-1-01;2-8-01

Tape Number	Side A	Side B	Meter #
1	x		0.0- End
1		x	0.0-14.0
2-1-01	2	x	3.5-9.1
2-8-01	1	x	4.7-7.4

Committee Clerk Signature



Minutes: SB 2027 relates to a pilot project involving county treasurers administering motor vehicle registration programs; to provide for a legislative study; to provide an expiration date; and to declare an emergency.

Senator Bill Bowman: (District 39, Supports) Explains the content of bill. Explains that the bill gives a service to people who live a long way from anywhere. County is picking up biggest part of tab. State has minimal costs; only training cost of the necessary personnel to implement the pilot project. Suggests inserting "Rural" into line 7. Wants everyone to know that it is not the intent to eliminate any current branch offices in existence.

Senator O'Connell: Do you think the \$31,000 might be high for state costs?

Senator Bowman: Yes, it shouldn't cost that much. We did not know the whole picture when we were writing the proposed bill.

Senator O'Connell: What do you consider "rural" areas?

Senator Bowman: Bowman, McKenzie, and Emmons Counties.

Page 2

Senate Transportation Committee

Bill/Resolution Number SB 2027

Hearing Date 1-19-01; 2-1-01;2-8-01

Rep. Ray Wikenheiser: (District 28; Supports) See attached testimony.

Allen Knudson: (Legislative Council; Neutral) Provides information on bill.

Senator Stenehjem: Why is July, 2001 stated on the bill?

Allen Knudson: So it would be in line with other branch offices.

Senator Stenehjem: Why aren't the three stated counties not spelled out on the bill?

Allen Knudson: It was left up to discretion of DOT.

Linda Svihovec: (McKenzie County treasurer; Supports) See attached testimony.

Gene Veeder: (McKenzie County Director of Economic Development; Supports) Explains that this can help us be involved in corporate America.

Roger Chinn: (County Commissioner of McKenzie County; Supports) See attached testimony.

Wade Williams: (ND Association of Counties; Supports) See attached testimony. Also points out that the people who chose the three counties were not from those counties.

Eldon Patterson: (Bowman County Commissioner; Supports) See attached testimony.

Christine Septon: (Bowman County Treasurer; Supports) See attached testimony.

John MacMartin: (Minot Area Chamber of Commerce; Opposes)

States that the current system has been in effect for 30-35 years and is a great example of privatizing in government. The branch offices belong in the private sector.

Senator O'Connell: How much money does the Minot Chamber of Commerce make?

John MacMartin: Approximately \$140,00-\$145,000.

Senator Stenehjem: What's the fee charged for vehicles?

John MacMartin: It varies, \$2-\$6.

Senator Trenbeath: So the Minot Chamber of Commerce is a private organization?

John MacMartin: Yes.

Page 3

Senate Transportation Committee

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Senator Mutch: Would this pose a serious threat to Minot?

John MacMartin: I don't see where these three projects would directly affect Minot, but it is a duplication of unnecessary services.

Senator O'Connell: Can you provide all the services in Minot that Bismarck does?

John MacMartin: Some things you have to get solely from Bismarck.

Senator Stenehjem: What would your response be if Max, Velva, and Burlington were the towns involved?

John Mac Martin: That we still do not need to duplicate services.

Tom Freier: (NDDOT; Both Neutral and Supportive) See attached testimony.

Keith Kiser: (Director of Motor Vehicle Division) Approaches the podium.

Senator Stenehjem: Will you explain the \$31,000 expenditures?

Keith Kiser: \$15,000 for equipment. The balance for personnel training, follow-up training/visits, and supplies.

Senator Stenehjem: Have you talked to county treasurers to see what equipment they have and do you feel comfortable with the security of the network?

Keith Kiser: Yes, and security is not an issue from my perspective.

Senator Stenehjem: At this point, there are 3 counties ready to foot the majority of the bill, it the county's and local persons decision to decide if no longer needed due to technological advances. Wouldn't this be an excellent time to check it out?

Senator Mutch: Are the 13 existing locations designated by stature?

Keith Kiser: Yes, the governor decides.

Senator Stenehjem: 2001 study may be too soon. 2003-2004 would be much more feasible. I request a new fiscal note and an amendment.

Page 4

Senate Transportation Committee

Bill/Resolution Number SB 2027

Hearing Date 1-19-01; 2-1-01; 2-8-01

Keith Klier: I will provide that.

Stacy Miller: (Slope County Treasurer; Supports) Gives support of bill.

Senator Bowman: This is a service to rural people to keep rural communities alive. Technology gives us this opportunity.

Senator O'Connell: Would you feel comfortable putting the stated three counties stated in law and look to move interim study to 2003-2004?

Senator Bowman: I'd be in favor.

Senator Stenehjem: I thought about the same idea to add counties, but now I think it's a bad idea because if one county changes their mind, it's stuck in there.

Rusty Pflenis: (Emmons County & ND Treasurer Association; Supports) We are not looking at this as a financial thing, it's all about service to our people and community.

Senator Stenehjem: *"All three County treasurers please stand up."*

Christine Septon, Linda Svihovec, and the Emmons County treasurer all stand.

Senator Stenehjem: Are all three of you willing to travel and train at Bismarck, provide necessary technical equipment, and take the training involved?

All three treasurers of affected counties state, "YES".

Senator Stenehjem: Clerk, let the record indicate that all three treasurers have agreed to this position.

Hearing closed on SB 2027.

Committee reconvened on 2-1-01.

Senator O'Connell motions to accept proposed amendment. Seconded by Senator Espegard. Roll Call taken. 6-0-0. Senator Espegard made a motion to Do Pass as amended. Seconded by Senator Bercier. Roll Call taken. 6-0-0. Floor carrier is Senator Stenehjem.

Page 5

Senate Transportation Committee

Bill/Resolution Number SB 2027

Hearing Date 1-19-01; 2-1-01; 2-8-01

Committee reopened on 2-8-01 due to missing amendments.

Senator Trenbeath moves to accept proposed amendment. Seconded by Senator Espogard. Roll

Call taken. 6-0-0. Senator Trenbeath made a motion to Do Pass as amended. Seconded by

Senator Mutch. Roll Call taken. 6-0-0. Floor carrier is Senator Stenehjem.

FISCAL NOTE
 Requested by Legislative Council
 12/14/2000

Bill/Resolution No.: SB 2027

Amendment to:

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				(\$19,981)		(\$4,552)
Expenditures				\$31,716		\$7,226
Appropriations				\$31,716		\$7,226

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			(\$7,295)	(\$4,440)		(\$1,662)	(\$1,012)	

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

It is estimated that the overall cost to implement the provisions of this bill will be \$31,716 during the 2001-2003 biennium. The cost to continue the provisions of this bill during the 2003-2005 biennium are estimated to be \$7,226.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The appropriation increase necessary to implement the provisions of this bill will come from the Department's gross revenue collections, lowering the overall amount of money available to go into the Highway Tax Distribution Fund.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The expenditures are based on an estimate of the cost of computers and printers necessary to implement the provisions of this bill. Also included are estimated costs for training, supplies, and periodic on-site visitations by Department staff.

C. Appropriations: Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

The Department will require an appropriation increase to cover the costs associated with implementation of the provisions of this bill.

Name:	Keith Kiser	Agency:	NDDOT
Phone Number:	328-2720	Date Prepared:	12/18/2000

Date: 2-1
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2027

Senate Transportation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By O'Connell Seconded By Espegard

Senators	Yes	No	Senators	Yes	No
1 Senator Stenejem, Chairman	X		Senator Bercler 6	X	
2 Senator Trenbeath, Vice-Chair	X		Senator O'Connell 5	X	
4 Senator Espegard	X				
3 Senator Mutch	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment _____

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

Date: 2-1-01
Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2027

Senate Transportation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number 101.0201

Action Taken Do Pass

Motion Made By Sen. Espgaard Seconded By Sen. Bercier

Senators	Yes	No	Senators	Yes	No
1 Senator Stenehjem, Chairman	X		Senator Bercier	6	X
2 Senator Trenbath, Vice-Chair	X		Senator O'Connell	5	X
4 Senator Espgaard	X				
3 Senator Mutch	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Sen. Stenehjem

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

10121.0301
Title.

Prepared by the Legislative Council staff for
Senator Stenehjem
February 6, 2001

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2027

Page 1, line 2, after the second semicolon insert "and"

Page 1, line 3, remove "; and to declare an emergency"

Page 1, line 5, replace "Before July" with "By January"

Page 1, line 6, replace "2001" with "2002"

Page 1, line 14, replace "2001-02" with "2003-04"

Page 1, remove line 18

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2027: Transportation Committee (Sen. Stenehjem, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (8 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2027 was placed on the Sixth order on the calendar.

Page 1, line 2, after the second semicolon insert "and"

Page 1, line 3, remove "; and to declare an emergency"

Page 1, line 5, replace "Before July" with "By January"

Page 1, line 6, replace "2001" with "2002"

Page 1, line 9, after the period insert "The department shall pay the training costs of the personnel necessary to implement the pilot project."

Page 1, line 13, replace "2001-02" with "2003-04"

Page 1, remove line 17

Renumber accordingly

2001 HOUSE TRANSPORTATION

SB 2027

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2027

House Transportation Committee

Conference Committee

Hearing Date March 1, 2001

Tape Number	Side A	Side B	Meter #
I	x		1,977
		x	0
Committee Clerk Signature <i>Laurence L. Fink</i>			

Minutes: Rep. Weisz - Chairman opened the hearing on SB 2027 as engrossed; A Bill for an Act relating to a pilot project involving county treasurers administering motor vehicle registration programs; to provide for a legislative council study; and to provide an expiration date.

Allen Knutson -- Legislative Council Staff I do not appear for or against this bill but to provide information on it. I was the staff on the interim committee that recommended this bill. I refer you to page 82 of the Legislative Council Report for more that lead to the recommendations to introduce this bill. What it does is provide for a pilot project. Section 1 provides that the DOT on January 1, 2002 establish the pilot project for branch offices in three different counties in the state. They would administer the motor vehicle registration programs similar to the other branch offices now existing in the state. There are 13 of those. The treasurer in each of the counties would be the program administrators. Section 2 of the bill provides that the legislative council would study during the 2003-04 interim the efficiency and effectiveness of this program. The Senate amended to remove line 17 which had provided that the project would be expiring.

Rep. Weisz - Chairman (2181) On the fiscal note, why is there a negative revenue of \$20,000?

Allen Knutson: I believe the reason for that the cost would come out of the motor vehicle division revenues; therefore less revenue for distribution to the cities and counties from the highway fund.

Rep. Thorpe: (2229) What is the reasoning behind this proposition ?

Allen Knutson: The committee was studying the possibility of moving state employee to the rural areas of the state. As part of the study, the County Treasurers Association came in and proposed something along these lines as they felt they could provide more services locally.

Rep. Thorpe: (2321) I got the impression from prior sessions that we were looking more to privatizing some of these functions. I don't see how it fits that.

Allen Knutson: The DOT may provide more information on that.

Senator Bowman: I was the person who introduced the study resolution two years ago. It was adopted for an interim study. On behalf of the County Treasurers of North Dakota, they look at this as a service. If you have to get a vehicle registered and registered fast, you may be going on a trip and buying a new car -- you want to get it titled --in Montana today you can go into the County Courthouse a get it done -- or, you can go to South Dakota and do it right there. When you live in a border county like we do -- some times if you can provide the same service it is a real benefit to rural people. I attended all the interim meetings held for this study and I can tell you the only opposition to this was from the DOT. On line 9 of the engrossed bill you find the DOT will pay the cost of training the necessary personnel. The counties are picking up the rest of the cost. The counties are paying for the computers, and all necessary things. The only expense there should be to the DOT is to train those 3 treasurers or their assistants or who ever how to fill

out the forms to make sure that it is done properly. If they want to drive out to see that it is being done properly, fine. We have some of these treasurers here today to answer questions. We are confident they can do the job. In our area we are going to be seeing an tremendous increase in out of state truck traffic with this oil development. You want to provide a nice service to people when they come in working in the oil patch. If they are stopped for motor vehicle licensing requirements, they will ask what do I do -- where do I go -- we want to be able to tell them to go to the weigh scale or go to the courthouse -- pay the fee and go back to the oil patch. That's the kind of service we envision --- what's it worth to the state and our image -- can you compute a price on that -- I don't know what the value is. I think it worth the effort of a pilot project.

Rep. Weisz - Chairman (2780) Do you think that this would potentially help the problem we are having with out of state -- getting their temporary registrations?

Senator Bowman: I would hope so. I think it would solve a lot of problems. If I may I would like to ask that you look at the fiscal note -- the counties are paying all the costs except the training and with a \$31,000 cost -- I would like to get that job to train three girls. Also the counties who are doing this now are adding a surcharge on each service and even if they don't make any money on it is a nice service.

Rep. Weisz - Chairman (3019) It appears we will need an updated fiscal note because the engrossed bill did change quite a bit as far the that ---

Senator Bowman: Right -- I also want tell this committee that during the interim study that was discussed and approved by all the people in that committee that the counties would pick up the costs.

Page 4

House Transportation Committee

Bill/Resolution Number SB 2027

Hearing Date March 1, 2001

Rep. Jensen: (3084) I want to ask about the new language on line 9 in the engrossed bill where it enters the new language where the DOT will pay the costs and that wasn't in the Senate version and now I want to know how the Senate arrived at that change?

Sen. Bowman: This was discussed -- it was supposed to have been in the bill and never was -- so we wanted to clarify that so there would be no question as to the cost and who was going to bear the costs -- the County Commissioners came in and testified in favor of the bill. They indicated they would pickup all the costs except for the training which we felt should be done by the state so that it was done right.

Rep. Mahoney: (3181) Are the Treasurers already plugged into the State -- computerized so ?

Sen. Bowman: It is interesting that you should ask that because we have grown out of the Pony Express system -- we do have updated equipment and we can communicate with the state.

Rep. Schmidt: (3269) Couldn't we get some of these high priced offices out to the rural areas?

Sen. Bowman: The purpose of this bill wasn't exactly for that -- it was to provide service.

Rep. Jensen: (3414) Do you anticipate that if this successful, that you would do this in all 53 counties?

Sen. Bowman: First we have to study it.

Rep. Wikenheiser: I live in Linton and I am also a County Commissioner from Emmons County to testify for the bill. A copy of Rep. Wikenheiser's comments are attached.

Linda Svihovec: I am Treasurer from McKenzie County. Her testimony is in the form of a hand out, a copy of which is attached.

Wade Williams: I represent the Association of Counties. Nothing new to add except to let you know that Association of Counties supports this legislation.

Tom Frier: I represent the DOT. I do have written comments. A copy of his comments are attached. As far as the fiscal note, I have asked Mr. Kiser to remain available to address that and to answer your technical questions.

Rep. Jensen: (5629) I live in Grand Forks, the Fargo and Grand Forks branches privatized?

Tom Frier: Yes.

Rep. Jensen: (5693) Has the DOT contacted the branches and discussed this issue with them?

Tom Frier: I don't believe that we have discussed this particular study with them.

Rep. Thorpe: (5791) Do you see this as running counterproductive to what the Dept. To what the Dept. Has in place now and to the direction in which you intend to proceed?

Tom Frier: I don't know that it would be counterproductive but I would say that I don't think we would know that yet and until we go through the pilot -- until we get to that point and see it in operation -- so we can see how it functions and whether or the training and all those sorts of things are worked and to see that those people are proficient in those areas and until we know that they can take care of business -- how many folks are going to use the service -- will there be enough volume there so that the people stay up to speed to carry out the functions as well as they should -- we just don't know those things yet.

Rep. Price: (6005) Do we have any idea of what the volume of registrations are or might be in those pilot counties? And what is the cost going to be to each of these counties to setup?

SIDE TWO OF TAPE ONE:

Keith Kiser: I am the Director of the Motor Vehicle Division of the DOT. To answer Rep. Price's question as to how many vehicles they are in these counties and how many might potentially use this service -- I don't have those number with me but we do know how many vehicles are

registered in each county. As to how many would use those sites, -- that's one of the questions -- based on our experience we do have sites in 3 small areas -- we have one in Ellendale -- a site in Beulah -- and a site in Rugby. Ellendale being the smallest of those. Their customer count last year was approximately 1000 customers served during the course of the year. They have been in business for 20 years now.

Rep. Price: (53) How much is it going to cost the county to get setup?

Keith Kiser: That brings us back to the fiscal note. If I may, I would like to also discuss the fiscal note. This bill was prepared in December before this bill was amended and did not address who was going to pay the cost. The fiscal note was prepared on the assumption that we would pay all the cost as most bills are. To arrive at those fiscal impacts-- I contacted the County Treasurer in each of the 3 counties that were involved. I asked what equipment they had that was compatible with our system and what had to be added to be compatible. Based on what I found from them I was able to determine a cost of \$31,700. In the overall costs for the upcoming biennium. Some of that cost relates to training, some to bringing people in here for training and housing them. We projected a 2 week training program. Training them in the paper flow process as well as the computer system we have implemented. There is also some costs associated in there with equipment they would have to buy that they don't have. Each of the 3 counties is slightly different because of the fact that some of them had compatible equipment and some did not. In the Senate when the counties testified that they had passed resolutions in each of these 3 counties to pay the cost of the training and the cost of the equipment. Sen. Stenehjem asked that the committee ask to have an amendment drafted. I did that for him. In the Senate they did not adopt that amendment. They adopted the amendment you see before you in the engrossed bill which simply specifies

that the DOT would pay for the cost of the training. There was nothing in there that addressed the cost of the equipment. So the Legislative Council chose not to ask for a revised fiscal note. I assume because the impact hasn't changed as related to costs even with the amendment passed in the Senate. I believe today that as it is today that the costs unless the bills amended remain the same. That we would still be responsible for purchasing the equipment and the training. It is my belief that the number remains at \$31,700.

Rep. Price: (256) What is the surcharge -- I know there is maximum -- so that is what the counties expect to make on this per unit?

Keith Kiser: The contract we currently have with the branch offices allows them to charge a surcharge of \$2 to \$6 per transaction depending on the complexity of the application. Some of the branches do not charge the maximum. Like the Ellendale branch which has been in operation for 20 years, I would guess their gross income is in the 6 to 8 thousand dollars per year.

Rep. Price: (322) I have a question for Mr. Frier. You say you are looking in the future -- will then the registrations come direct from the dealer -- that they will do the paper work right there at the dealership-- how far into the future are you looking to do this?

Tom Frier: I think we have the technology to do it right now. I think we looking at working with the Auto dealers -- the communication have been there and the possibility is there. I think that as soon as we say we want to go ahead and do it -- it won't take long to implement.

Keith Kiser: Technology wise we are there. Our new computer system was built with that capability to provide that level of service. The reason that and it is not new -- several jurisdictions are doing that. We have been approached by some of the auto dealers in North Dakota. The reason we're not is that the purchaser data, the lien holder data, the vehicle data that

we would want in our system is what we need to do. What we would do is probably the local car dealer would ship their information up to us electronically. We could electronically sweep their bank account for the right amount of money and process their application. We do see some paper flow and reducing processing times. Also reducing data entry costs on our end. As far as to how far in the future, we don't have a target date at this time. The capability is there.

Tom Frier: I might add that I think we need to visit with the auto dealer -- they should be a part of this. And maybe feel good about the fact -- that we would or could sweep their account. The transaction would take much -- much more quickly than it does now. So all of that would be part of it and they would have to be on board.

Rep. Carlson: (509) Do you have any records as to how many people are now registering their vehicles by mail.

Keith Kiser: We send you a notice in the mail and you pay that ----

Rep. Carlson: (546) You can good to one of the sites or you can mail it in -- what I want to know is how many use the mail?

Keith Kiser: About 75% use the mail.

Rep. Carlson: (556) You are assuming that number will increase over time with the technology And as you get your new system fully operational?

Keith Kiser: We believe the citizens of North Dakota are moving toward the alternative method of delivery of services whether that is the telephone, whether that is the Internet, -- yes we think that we will continue to serve the vast majority by mail but we think that as time passes people will take advantage of other technologies. We have people contact us daily asking whether they

can renew over the Internet by E-mail to by telephone. The interest out there is to do that from home.

Rep. Weisz - Chairman (622) One of the concerns that you or Tom have is that the fact you won't have enough people properly trained -- couldn't you work with the counties to also have -- why couldn't they file the applications also as long as they were doing it anyway -- If they have the same amount of equipment couldn't they do what you do? Isn't the possibility that the capability would be there.

Keith Kiser: We have 2 sorts of business -- one is the registrations-- it is the vast part of our business to the number of transactions that we see -- they are pretty simple transactions. The least efficient way to serve those customer is the 'walk in' mode. The other part of what we do is that when people buy vehicles -- it the title transfer and sort of things -- that is a much more complex Application. It has gotten much more complex over the years. We have added more requirements in that process -- so that is the business I see growing as a walk in customer. Those are the people who are walking into the branch offices because it is more complex. We are fairly well toned in with the dealers and communicate with these forms and requirements and procedural changes.

OPPOSITION TO SB 2027

John McMartin: I am President of the Minot Area Chamber of Commerce. The Chamber in Minot is one of the contractors who motor vehicle branches. Seven of the branch offices are operated by Chambers of Commerce's. Six are operated by other businesses. I like to view the current system as something that is tried and true. It has been perfected over 3 or 4 decades. It truly represents government function that has been privatized. That is point one. Point 2 is that

the fees collected are taxable funds. Some will say you as a Chamber are not taxable. We are not taxed on our primary mission but when we enter a proprietary function and we file an IRS 990T. I have talked to the branch managers in the past few days and to a man they are all opposed to this bill. The bill is unnecessary and if expanded beyond a pilot project will adversely affect all of us branches. We have the flexibility and operational hours; we have the flexibility to work with dealers who walk in. We are open until 5:30 and over the noon hour. You aren't going to find those courthouses open until 5:30. There are 45 to 60 individuals across the state who now make their livelihood from the motor vehicle branch offices. Yes we know the DOT is looking at technology and sometime it may affect our businesses. Every businessman faces that. That's not the concern, the concern is that you are taking something that has been privatized and putting it back into government. It may sound ridiculous and absurd but what if the 13 branch offices got together a bill to eliminate the County Treasurers without talking to the County Treasurers. The average number of customers who go through our doors is about 250 to 300 per day. These people do not all drive into to Minot to license a vehicle? No -- some do but most are coming in to shop and we provide the service so they avail themselves of it.

Rep. Jensen: (1466) Did the DOT contact you? About this bill?

John McMartin: For this hearing --no.

Rep. Jensen: (1500) Were you contacted about his bill?

John McMartin: Not to come and testify -- no I was not. I have been following this issue.

Rep. Jensen: (1515) Were you contacted and this bill discussed?

John McMartin: I called the DOT and said I am getting ready to go on vacation --I am leaving tomorrow morning at 6 AM -- do you know when -- I was told , today and that this was the time and place.

Rep. Jensen: (1571) Your interest in this issue is your fear that something might occur and that your business which is privatized might return to government.

John McMartin: Yes.

Rep. Jensen: (1583) I don't see how this bill is a threat to you at this time. It could only become a threat if the pilot is so wildly successfully that it became that all 53 counties -- that the County Treasurers would enter the system. What is good for Minot, Fargo, and Grand Forks is no necessarily good for the rural areas. What is your comment on this?

John McMartin: I understand what your are saying but I believe that perhaps some of the larger communities there would be a loss of business. We know that we reach out 100 mile or more -- some of that may go to the small counties or their business wouldn't be viable.

Rep. Weisz - Chairman (1775) You say you draw from a 100 mile radius ---

John McMartin: We know that we have people from come in from Rugby for the day -- we have folks who come in from Crosby. They come in for business and bring their titles in -- and if you might think it weird -- we do a lot of business with the Minot Airbase -- their registrations come from all over the nation but a good 100 miles around Minot --

Rep. Weisz - Chairman (1868) there being no one else wishing to testify on SB 2027 either for or against, we will close the hearing on SB 2027.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2027B

House Transportation Committee

Conference Committee

Hearing Date March 15, 2001

Tape Number	Side A	Side B	Meter #
1	x		1,339
Committee Clerk Signature <i>Laura B. Fife</i>			

Minutes: Rep. Weisz - Chairman (1339) opened the work session with a roll call of the committee. Several bill were up for committee action. The discussion was opened on SB 2027.

Proposed amendments were distributed for the committee's consideration. After discussion,

Rep. Mahoney: I move to accept and approve the amendments as proposed.

Rep. Pollert - Vice Chairman: I second that motion.

The motion carried on a voice vote.

Following more discussion;

Rep. Kelsch: I move a ' Do Not Pass as Amended' for SB 2027.

Rep. Carlson: I second the motion.

On a roll call vote the motion failed: 5 yeas 8 nays 1 absent.

Rep. Pollert - Vice Chairman: (2522) I move a ' Do Pass as Amended' for SB 2027.

Rep. Jensen: I second that motion.

On a roll call vote the motion carried: 8 yeas 5 nays 1 absent.

Page 2

House Transportation Committee

Bill/Resolution Number SB 2027B

Hearing Date March 15, 2001

Rep. Weisz will carry SB 2027 on the floor.

Date: 3/15
Roll Call Vote #:

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2027

House Transportation Committee

- Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number Do N

Action Taken Do Not Pass as Amended

Motion Made By Rep. Kelsch Seconded By Rep. Carlson

Representatives	Yes	No	Representatives	Yes	No
Robin Weisz - Chairman		✓	Howard Grumbo		✓
Chet Pollert - Vice Chairman		✓	John Mahoney		✓
Al Carlson	✓		Arlo E. Schmidt		✓
Mark A. Dosch		✓	Elwood Thorpe		✓
Kathy Hawken	✓				
Roxanne Jensen		✓			
RaeAnn G. Kelsch	✓				
Clara Sue Price	✓				
Dan Ruby	✓				
Laurel Thoreson	A				

Total (Yes) 5 No 8

Absent 1

Floor Assignment _____

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

Date: 3/15
Roll Call Vote #:

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2027

House Transportation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as Amended

Motion Made By Rep. Pollert Seconded By Rep. Jensen

Representatives	Yes	No	Representatives	Yes	No
Robin Weisz - Chairman	✓		Howard Grumbo	✓	
Chet Pollert - Vice Chairman	✓		John Mahoney	✓	
Al Carlson		✓	Arlo E. Schmidt	✓	
Mark A. Dosch	✓		Elwood Thorpe	✓	
Kathy Hawken		✓			
Roxanne Jensen	✓				
RaeAnn G. Kelsch		✓			
Clara Sue Price		✓			
Dan Ruby		✓			
Laurel Thoreson	A				

Total (Yes) 8 No 5

Absent 1

Floor Assignment Rep. Weisz

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

REPORT OF STANDING COMMITTEE (410)
March 16, 2001 2:19 p.m.

Module No: HR-42-5911
Carrier: Weisz
Insert LC: 10121.0401 Title: .0500

REPORT OF STANDING COMMITTEE

SB 2027, as engrossed: Transportation Committee (Rep. Weisz, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (11 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2027 was placed on the Sixth order on the calendar.

Page 1, line 7, replace "three different" with "Bowman, Emmons, and McKenzie" and remove "of the state"

Renumber accordingly

2001 TESTIMONY

SB 2027

SENATE BILL 2027

Testimony by Rep. Ray Wikenheiser

Lewis & Clark Room

Friday, January 19, 2001

Mr. Chairman, and Committee:

As a legislator and county commissioner from Emmons County I am here to testify in favor of this bill. When our County Treasurer informed our commission that we were suggested as a pilot county in this project we passed a motion to be a part of it and to set aside funds to help implement the program.

We feel that this is a service that can be brought to the county level through technology and that the residents of our county will use it. This will give them a convenience of doing their licenses and titling in their local courthouse and save them time off work and travel in excess of 100 miles.

Now that the state has the T1 line in place it opens a chance to bring some services to a local level. This service will allow residents a choice of mail, local access or a trip to Bismarck to do the licenses and titles for their vehicles. Some of the local car dealers feel that this service on a local level will be beneficial to them and their customers.

As a part of the pilot project Emmons County looks forward to working towards the success of this project and bringing this service to the people of Emmons County and surrounding areas.

Thank You.

**TESTIMONY TO THE SENATE
TRANSPORTATION COMMITTEE**

January 19, 2001

Linda Svihovec, McKenzie County Treasurer

RE: SB 2027

Chairman Stenehjem and members of the Transportation Committee, my name is Linda Svihovec and I am the Treasurer for McKenzie County. A little more than two years ago, a group of county treasurers began looking into the possibility of adding motor vehicle registration branch sites in County Treasurer offices across the state. Currently, farmers, ranchers and residents in McKenzie County sometimes have to travel more than sixty miles to obtain in person motor vehicle registration services.

McKenzie County, along with Bowman and Emmons Counties have been selected as the three pilot counties for this project because they all meet the following criteria:

1. All three counties are largely rural counties who do not currently have a branch office located in their county.
2. All three counties border another state which already provides this service from its County Treasurers offices.
3. All three counties have the full financial support for the pilot project from their County Commissioners.
4. Because of the technology backbone provided by the state, all three counties have a T-1 high speed internet connection already installed in their courthouses, which other county offices are already using to access state applications.

It is not our intent to eliminate any of the current branch offices already in existence. Our objective is to provide a necessary service to the people in our communities without causing a financial impact to the state or the Motor Vehicle Department, while at the same time providing an economic boost to our local economy. A study prepared by NDSU in October 1999, showed that even small services and jobs such as these, located in rural communities, can provide a great deal of stimulus to the local economy.

I ask that you embrace the opportunity for the state to use the technology backbone it has invested in to truly explore the possibility of rural communities providing state services and performing jobs traditionally done in regional population centers in North Dakota; and I urge you to support Senate Bill 2027.

Attachments

- Copy of October 1999 Economic Impact Study Prepared by NDSU ✓
- Copy of letter from ND Legislative Council to Senator Bill Bowman ✓
- Copies of letters of support from ND and SD Association of Counties ✓
- Copy of letter of support from F. Larry Leistritz, NDSU ✓
- Copy of letter of support from Rural Economic Area Partnership ✓
- Copy of letter of support from North Dakota Farm Bureau ✓
- Copy of letter of support from McKenzie County Commissioners ✓
- Copy of letter of support from S&S Motors, McKenzie County automobile dealership ✓
- Copy of letter of support from Denton Zubke, CEO, Dakota West Credit Union ✓

October 1999

*Economic Impact of Out-Sourcing
From State Agencies in
Bismarck to Rural North Dakota*

*Randall S. Sell
F. Larry Leistritz*



*Department of Agricultural Economics
Agricultural Experiment Station
North Dakota State University
Fargo, ND 58105*

Economic Impact of Out-Sourcing From State Agencies in Bismarck to Rural North Dakota

Senate Concurrent Resolution No. 4006

Randall S. Sell and F. Larry Leistritz*

INTRODUCTION

This investigation of the potential savings to the State of North Dakota because of reduced office space and labor costs and alternatively, the potential benefits to rural communities of increasing employment by adding some state agency jobs was stimulated by Senate Concurrent Resolution No. 4006. This concurrent resolution directed the Legislative Council to study state agency office space needs to determine the feasibility and desirability of transferring state agencies or state employees to rural areas. As such, the objective of this analysis was two-fold; (1) determine the cost difference of operating offices in Bismarck versus rural communities and (2) determine the local/regional economic impacts of the potential jobs.

The Metropolitan Statistical Areas (MSA) (in North Dakota these include: Burleigh, Cass, Grand Forks, and Morton Counties) are continuing to increase in population and employment. As the MSAs expand, they are continuing to add more infrastructure (e.g., more homes, schools, roads, jails, etc.). Total employment increased nearly 20 percent in North Dakota's MSAs from 1986 to 1996 (Table 1). At the same time, many rural areas of North Dakota continue to experience declining population, employment, and school enrollments. Many of these rural communities are facing school consolidation due to declining enrollments (Sell et al. 1996). The advantage to the state of providing a satisfactory level of service at the lowest possible cost, combined with the rural areas trying to decrease the rate of out-migration and population decline, have created the incentive to investigate the feasibility and practicality of transferring state agency jobs to rural areas. Advancements in computer and telecommunication technology are the tools which have made such investigations within the realm of consideration.

Table 1. Employment in North Dakota, by MSA Counties, and Rural Counties, 1986 to 1996

Area	Year		Percent Change
	1986	1996	
MSA's Counties ¹	131,797	155,204	17.8
Remaining Counties	181,204	177,717	(1.9)
North Dakota Total	313,001	332,921	6.4

¹ Burleigh, Cass, Grand Forks, and Morton Counties.

Source: Coon and Leistritz (1998).

*Research scientist and professor, respectively, in the Department of Agricultural Economics, North Dakota State University, Fargo.

PROCEDURES

Two alternatives were considered for the satellite offices. The first alternative was for a 5-person office. The second alternative was for a 10-person office. For both alternatives, a single supervisor was considered sufficient for the type of work considered (this analysis is based upon the assumption that data entry jobs would be examples of the types of jobs which could most easily function within a satellite office) (Conway 1999).

To obtain the difference in wages for the Bismarck MSA and the rural areas of North Dakota, the specific positions of (1) supervisors, administrative support, clerical workers, and (2) data keyers, non-composing, were obtained (Job Service North Dakota 1999). A description of these jobs is shown below.

Supervisors, Administrative Support, Clerical Workers:

Directly supervise and coordinate activities of clerical and administrative support workers. Manager/Supervisors are generally found in smaller establishments where they perform both supervisory and management functions, such as accounting, marketing, and personnel work, and may also engage in the same clerical work as the workers they supervise.

Data Keyers, except composing:

Operate keyboard or other data entry devices to prepare data processing input on cards, disk, or tape. Duties include coding and verifying alphabetic or numeric data.

Job Service North Dakota divides the state into four regions and three MSA areas (Figure 1). In this analysis, only the Bismarck MSA is compared to the rural areas. The average wage of the supervisor in the Bismarck MSA was \$14.07/hour and the lowest supervisor wage was in the West Central region (Table 2). The data keyers' highest wage was in the West region. The lowest data keyer wage was in the East Central region.

A comparison of the relative annual wages of the 5-person and 10-person offices compared to the Bismarck MSA reveals there is a salary savings associated with the rural areas (Table 3). Ranking of the regions from the largest to least savings is as follows: West Central, East Central, Far East, and Far West. The relative ranking of the savings does not change from a 5-person to a 10-person office. The Far West region is the only region which the wage advantage decreases from the 5-person to the 10-person office. This results because the data keyer wage for the Far West region is greater than the data keyer wage in the Bismarck MSA.

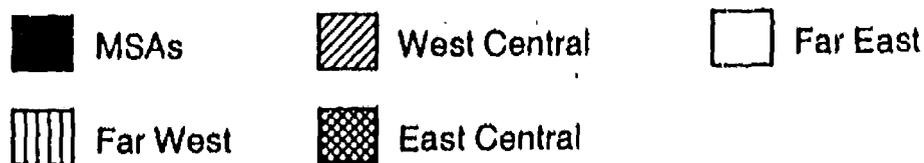
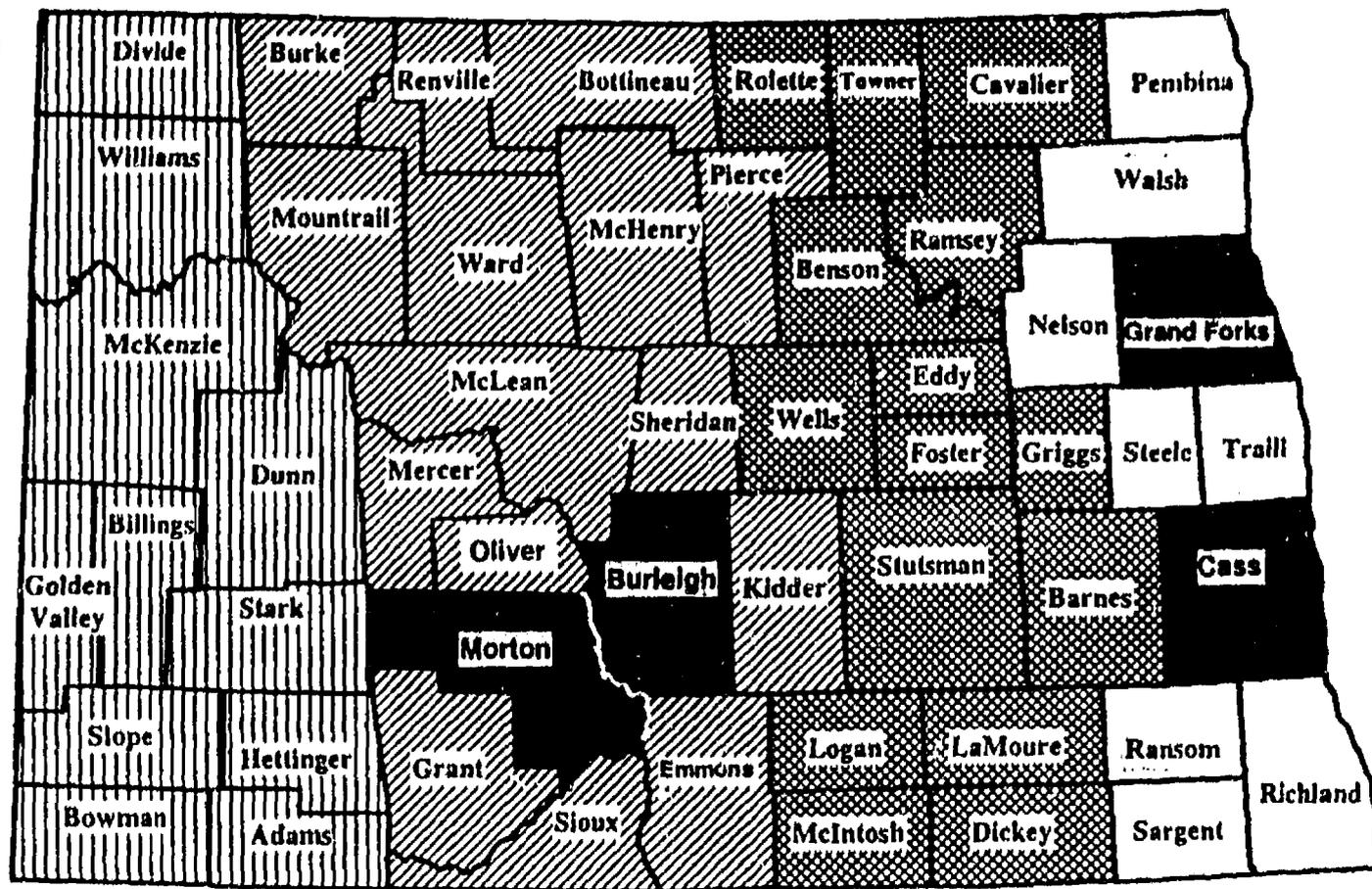


Figure 1. Job Service North Dakota Regional Designations

Table 2. Hourly Wage of Supervisors and Data Keyers by Location, 1999

Location	Supervisors \$/hour	Data Keyers \$/hour
Bismarck MSA	\$14.07	\$8.80
Far West	\$12.04	\$8.92
West Central	\$10.57	\$7.21
East Central	\$11.19	\$7.18
Far East	\$12.12	\$7.43

Source: Job Service North Dakota (1999).

Table 3. Number of Employees, Annual Salary, and Difference in Total Salary for Each Office Relative to Bismarck for a 5-person and 10-person Office

	<u>- # of Employees -</u>
Supervisors, administrative support	1
Data keyers	<u>4</u>
Total	5

<u>Location</u>	<u>Annual Office Salary</u>	<u>Savings Relative to Bismarck MSA</u>
Bismarck MSA	\$102,482	\$0
Far West	99,258	3,224
West Central	81,973	20,509
East Central	83,013	19,469
Far East	87,027	15,454

	<u>- # of Employees -</u>
Supervisors, administrative support	1
Data keyers	<u>9</u>
Total	10

<u>Location</u>	<u>Annual Office Salary</u>	<u>Savings Relative to Bismarck MSA</u>
Bismarck MSA	\$194,002	\$0
Far West	192,026	1,976
West Central	156,957	37,045
East Central	157,685	36,317
Far East	164,299	29,702

Note: Full-time position was 2,080 hours per year.

The Facilities Management Department of the Office of Management and Budget (OMB) maintains records of existing office and warehouse leases between the State of North Dakota and the private sector for the entire state. Most of the existing office and warehouse leases are within Burleigh County. According to OMB statistics, the average annual office rental rate in 1999 was \$8.74/sq. ft. (Table 4) (Zimmerman 1999). Approximately 80 percent of OMB's office rental contracts include utilities, parking, snow removal, air conditioning, and custodial services (Zimmerman 1999). Economic developers from several communities within the four regions were asked to provide current office space lease rates and availability (Klewin 1999).

It is difficult to speculate on the necessary telecommunication hardware required for the model offices without knowing the nature of the telecommunication capacities (i.e., the number of lines, switches, and capacities) which would be necessary. For this analysis it was assumed data could be simply transferred electronically at various times during the work day (i.e., each terminal does not require a direct line). This type of access would allow the data keyers to enter data or process forms on their terminal and transfer that information at given times throughout the day (Burke 1999, Conway 1999).

The 5-person (terminal) office would require one "proxy server" and two additional lines (Overton 1999). The terminals would be linked in a Local Area Network (LAN) at the office. As the data keyers needed to share data with the host agency (in Bismarck), they would be able to E-mail data at a capacity of 33,000 to 56,000 kilobits per second per line (modem). The total additional fixed cost for an office set up in this manner would be almost \$1,200 (Table 5). This cost occurs once and was depreciated over 10 years (zero salvage value) to estimate an annualized cost. This cost does not include a charge for the voice or fax line because this was also needed for the office in Bismarck and as such is not an *additional* cost for the satellite office. The only change for the 10-person office is the addition of one phone line and the networking of 5 more terminals in the LAN. The total additional fixed cost for the 10-person office is about \$1,500. The additional access and phone service charges for the 5- and 10-person offices are \$1,560 and \$2,340, respectively.

Table 4. Office Space Requirements and Rental Rates by Location and Office Size, ND, 1999

	5	10
Total office employment	5	10
Total square feet of office space ¹	850	1,600

Location	Rental Rates/ Square Foot	Annual Office Rental Cost	
Burleigh County ²	\$8.74	\$7,432	\$13,989
Far West ³	4.40	3,740	7,040
West Central ³	8.88	7,544	14,200
East Central ³	6.00	5,100	9,600
Far East ³	3.05	2,593	4,880

¹ The 5-person office includes one supervisor office at 250 square feet and four data keyers at 150 square feet per cubical; the 10-person office is one supervisor and nine data keyers (Goldmark Commercial Corporation 1999).

² Rental rates for Bismarck is the average of annual office space rental rate reported by Office of Management and Budget for 1999-2000 in Burleigh County (Zimmerman 1999).

³ The office rental rates for the other locations are the average of actual rates reported by rural communities within their respective regions (Klewin 1999). The office rental rates include custodial services, utilities, parking, snow removal, and air conditioning.

Table 5. Estimated Additional Telecommunication Costs by Location and Number of Terminals

Fixed Costs

"Proxy Server" cost	\$700	
Labor and setup	\$150	
Total fixed hardware costs	\$850	
Connect charge (per line)	\$48	
LAN hub and network cable (per terminal)	\$50	
	<u>5 Terminals</u>	<u>10 Terminals</u>
Fixed, Setup Costs ¹	\$1,196	\$1,494

<u>Location</u>	<u>Additional Annual Telecommunication Charges ²</u>	
	5 Terminals	10 Terminals
Bismarck MSA	NA	NA
Far West	\$1,560	\$2,340
West Central	\$1,560	\$2,340
East Central	\$1,560	\$2,340
Far East	\$1,560	\$2,240

¹ All offices (existing Bismarck offices and 5- and 10-person satellite offices) were assumed to need one voice line and one fax line. The 5-person office (5 computer terminals) would require an additional two lines and one proxy server (Overton 1999). The 10-person office (10 computer terminals) would require three additional lines and one proxy server (Overton 1999).

² Additional "data lines" charges are included. Therefore, the 5-terminal office additional cost was \$130/month for the two additional lines (\$40/line basic phone line charge plus \$25/month internet access charge). The 10-terminal office would require an additional three lines for a monthly cost of \$195 (Overton 1999, Conway 1999).

RESULTS

Cost Differential

The East Central region had the greatest advantage over the Bismarck MSA for the 5- and 10-person offices, \$25,961 and \$49,111, respectively (Table 6). This region was closely followed by the West Central and the Far East regions. The financial advantage to siting the 5-person office in the Far West region was nearly 80 percent less than the other regions. The financial advantage for the 10-person office in the West region was nearly 90 percent less than the other regions. Even though office space rental was relatively lower in the West region, this did not outweigh the increased wages of the data keyers.

Another method of considering the financial advantage of satellite offices would be to accrue the financial change to the office rental rates. Dividing the financial advantage by the office square footage reveals that in the 5-person, Far West region annual office rent could be increased by \$7.30/sq. ft. before there would be no difference in costs between the Bismarck MSA office and the West region office (Table 7). Alternatively, if the savings in office operations was allowed to accrue to the average wages, the increase in hourly average wages in the East Central region would be \$2.35/hour. This would result in an average wage of \$9.94/hour for the 10-person office.

Table 6. Summary of Wages, Office Space Rent, Telecommunication Charges, and Office Setup by Location and Number of Employees

Total Number of Employees Per Office 5

<u>Location</u>	<u>Wages</u>	<u>Benefits</u> ¹	<u>Office Rent</u> ²	<u>Telecommunication</u> ³	<u>Office Setup Annual Depreciation</u> ⁴	<u>Total</u>	<u>Savings Relative to Bismarck MSA</u>
Bismarck MSA	\$102,482	\$30,744	\$7,432	\$0	\$0	\$140,658	\$0
Far West	99,258	29,777	3,740	1,560	120	134,454	6,203
West Central	81,973	24,592	7,544	1,560	120	115,788	24,870
East Central	83,013	24,904	5,100	1,560	120	114,696	25,961
Far East	87,027	26,108	2,593	1,560	120	117,407	23,250

Total Number of Employees Per Office 10

<u>Location</u>	<u>Wages</u>	<u>Benefits</u> ¹	<u>Office Rent</u> ²	<u>Telecommunication</u> ³	<u>Office Setup Annual Depreciation</u> ⁴	<u>Total</u>	<u>Savings Relative to Bismarck MSA</u>
Bismarck MSA	\$194,002	\$58,200	\$13,989	\$0	\$0	\$266,191	\$0
Far West	192,026	57,608	7,040	2,340	149	259,163	7,028
West Central	156,957	47,087	14,200	2,340	149	220,733	45,458
East Central	157,685	47,305	9,600	2,340	149	217,080	49,111
Far East	164,299	49,290	4,880	2,340	149	220,958	45,232

Note: Property insurance and office supplies were also investigated; however, no difference between the Bismarck MSAs and rural areas could be determined and, therefore, these operating expenditures were not included.

¹ State employees benefit package assumed to be 30% of wages.

² Utilities, custodial, parking, air conditioning, and snow removal were included in office rent.

³ These costs only include the additional data lines required in rural offices (i.e., does not include a voice and fax line per office).

⁴ Includes additional costs of setting up telecommunication networks associated with remote offices. These are fixed costs (i.e., these fees only occur one time).

Table 7. Office Rental Space Cost Per Square Foot and Average Wage Which Results in Zero Overall Differential Between Bismarck MSA and Other Regions

5 Employees Per Office

<u>Location</u>	<u>Current Rental</u> <u>Rate</u> --- \$/sq ft ---	<u>Increase in Rental</u> <u>Rate</u> ¹ --- \$/sq ft ---	<u>Total</u> --- \$/sq ft ---
Bismarck MSA	8.74		
Far West	4.40	7.30	11.70
West Central	8.88	29.26	38.13
East Central	6.00	30.54	36.54
Far East	3.05	27.35	30.40

10 Employees Per Office

<u>Location</u>	<u>Current Rental</u> <u>Rate</u> --- \$/sq ft ---	<u>Increase in Rental</u> <u>Rate</u> ¹ --- \$/sq ft ---	<u>Total</u> --- \$/sq ft ---
Bismarck MSA	8.74		
Far West	4.40	4.39	8.79
West Central	8.88	28.41	37.29
East Central	6.00	30.69	36.69
Far East	3.05	28.27	31.32

5 Employees Per Office

<u>Location</u>	<u>Current Average</u> <u>Hourly Wage</u> --- \$/hour ---	<u>Increase in</u> <u>Average Wage</u> ¹ --- \$/hour ---	<u>Total</u> --- \$/hour ---
Bismarck MSA	9.85		
Far West	9.54	0.60	10.14
West Central	7.88	2.39	10.27
East Central	7.98	2.50	10.48
Far East	8.37	2.24	10.60

10 Employees Per Office

<u>Location</u>	<u>Current Average</u> <u>Hourly Wage</u> --- \$/hour ---	<u>Increase in</u> <u>Average Wage</u> ¹ --- \$/hour ---	<u>Total</u> --- \$/hour ---
Bismarck MSA	9.33		
Far West	9.23	0.33	9.56
West Central	7.55	2.18	9.72
East Central	7.58	2.35	9.94
Far East	7.90	2.17	10.07

¹ Assuming fixed office setup costs depreciated over 10 years with no salvage value.

Economic Impact

Another major issue was the economic impact that relocated data processing jobs would have for the community where they might be located. The estimated costs for operating 5-person and 10-person offices in different regions of the state provided the basis for the economic impact analysis (see Table 6). Of the office operation expenses, the wages, benefits, office rent, telecommunication and office setup expenditures were assumed to accrue primarily to the local area. The estimates of direct expenditures were applied to an input-output model to obtain estimates of the total (direct plus secondary) impacts of the alternative office formats.

The North Dakota Input-Output Model (used in this analysis) consists of interdependence coefficients or multipliers that measure the level of business activity generated in each economic sector from an additional dollar of expenditures in a given sector. (A sector is a group of similar economic units, e.g., the firms engaged in retail trade comprise the retail trade sector.) For a complete description of the input-output model, see Coon and Leistritz (1989). This model estimates the changes in gross business volume (gross receipts) for all sectors of the area economy that arise from the direct expenditures associated with operation of the relocated office jobs. The increased gross business volumes are used to estimate secondary employment based on historic relationships.

The estimated direct expenditures for 5-person and 10-person offices are summarized in Table 8. For each office size two scenarios are shown. The high cost scenario corresponds to the highest cost rural area (Far West) while the low cost scenario corresponds to the lowest cost area (East Central). The annual direct expenditures were estimated to range from \$115,000 (5-person, low cost) to \$259,000 (10-person, high cost).

The total (direct plus secondary) economic impacts were estimated to range from \$371,000 annually for the 5-person office, low cost scenario, to \$836,000 for the 10-person office, high cost scenario (Table 9). Sectors experiencing substantial impacts included *households*, (which represents increased personal income, area wide), *retail trade*, and *finance, insurance, and real estate*. Secondary employment was estimated to range from 1 job for the 5-person office, low cost scenario, to 4 jobs for the 10-person office, high cost scenario. These economic effects would represent a substantial stimulus for a small rural community. For instance, a 10-person office in Bowman County (which had total employment of 1,797 in 1996) would be equivalent to a new employer directly creating 374 jobs in Cass County, or one employing 209 persons in Burleigh County.

Another consideration regarding metropolitan (metro) vs. rural location of new economic activity is the public infrastructure costs associated with economic population growth in metro areas. Because of past patterns of economic and population change, North Dakota's major metro centers have little or no excess capacity in their local services, while most rural communities have the capacity to absorb some population increase within their local infrastructure (i.e., schools, city services, etc.). The costs of accommodating the service demands associated with a

new employer will vary depending on a number of factors. The North Dakota Economic-Demographic Assessment Model (MEDAM) was developed to evaluate these and other localized impacts of new industrial resource development projects (Coon et al. 1993). Based on the MEDAM model, the infrastructure investment costs of accommodating new data processing jobs in MSA counties (along with the associated secondary economic effects and population in-migration) would range from \$22,500 to \$38,000 per direct job, depending on the extent of local multiplier effects and the demographics of the workforce, among other factors. These costs were estimated to be distributed among local governments roughly as follows: city -- 65 to 70 percent, schools -- 25 to 30 percent, and county -- 2 to 10 percent.

Table 8. Direct Impacts of Relocated Office Activities to Rural Areas

Sector	Alternative			
	5 High	5 Low	10 High	10 Low
Communications and Public Utilities	\$2,000	\$2,000	\$2,000	\$2,000
Finance, Insurance, and Real Estate	34,000	30,000	65,000	57,000
Households	<u>99,000</u>	<u>83,000</u>	<u>192,000</u>	<u>158,000</u>
Total	\$135,000	\$115,000	\$259,000	\$217,000

Table 9. Total (direct plus secondary) Economic Impacts of Relocating Office Activities to Rural Areas

Sector	Alternative			
	5 High	5 Low	10 High	10 Low
Retail Trade	\$98,000	\$83,000	\$188,000	\$157,000
Finance, Insurance, and Real Estate	56,000	48,000	107,000	92,000
Households	196,000	166,000	378,000	315,000
Others	<u>85,000</u>	<u>74,000</u>	<u>163,000</u>	<u>138,000</u>
Total	\$435,000	\$371,000	\$836,000	\$702,000
Secondary Employment (FTE)	2	1	4	3

DISCUSSION

Development of satellite data processing offices may be a way for the State of North Dakota to save resources by decreasing operating expenses for wages and office rent. The increase in telecommunication costs would not outweigh the benefits. Furthermore, the metro areas of North Dakota do not have an excess capacity in local services (e.g., schools, city services) which means the metro areas are faced with additional investments in public infrastructure that many rural communities would not be faced with. The relative impact of an additional 5 employees in Bowman, North Dakota has the same relative impact of an additional 374 jobs in Bismarck.

There are, however, some points which were beyond the scope of this analysis. These include:

- ☛ Additional Training Costs - - especially those related to logistics and increased travel costs.
- ☛ Computer and telecommunication hardware are extremely important for this system. It is important to understand the implications of machine downtime and the impact that would have on the efficiency of the offices.
- ☛ Computer software can be a problem; is there readily available expertise to address these needs within rural communities?
- ☛ The impact of decreasing the growth rate of Bismark's MSA (i.e., decreasing the rate of increase in home building, employment, etc.; sometimes referred to as the "Zero Sum Game").
- ☛ The potential savings to the state will be decreased if the costs of the necessary telecommunication systems are increased.
- ☛ This analysis did not consider additional moving expenses, nor did it address the potential problems if current workers do not want to move.

REFERENCES

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North Dakota Legislative Council

STATE CAPITOL, 600 EAST BOULEVARD, BISMARCK, ND 58505-0360 (701) 328-2918 TTY 1-800-368-6888

GARY J. NELSON
State Senator
Chairman

JOHN B. OLSON
Director

JAY B. BURNINGBUD
Assistant Director

CHESTER F. NELSON, Jr.
Legislative Budget
Analyst & Auditor

JOHN WALSTAD
Code Revisor

November 9, 1998

Honorable Bill L. Bowman
State Senator
Route 2, Box 227
Bowman, ND 58623-9753

Dear Senator Bowman:

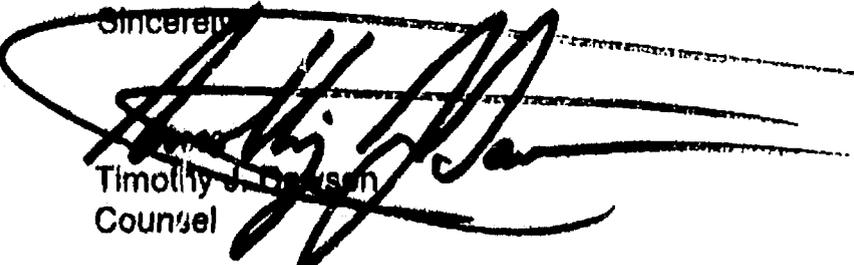
This letter is in response to your request for information on the county treasurer selling motor vehicle license plates.

In South Dakota, the 64 county treasurers each issue license plates. The county that issues the plate receives the registration fees. In addition, the county treasurer accepts applications for a change in title. These applications are sent to the Department of Revenue. Title fees go to the Department of Revenue, and the motor vehicle excise tax goes to the Department of Transportation.

Under North Dakota Century Code Section 39-02-03, the director of the Department of Transportation with the approval of the Governor may name agents of the department for the registration of motor vehicles. Presently, there are 13 branch offices that may register a motor vehicle in this state. These branch offices operate under a two-year contract with a maximum fee schedule. Seven of these branch offices are chambers of commerce, and six are private individuals or businesses. Approximately 25 to 30 percent of the Department of Transportation's business begins in branch offices. These branch offices could be the county treasurers if designated by the department.

Please contact this office with any questions.

Sincerely,


Timothy J. Dawson
Counsel

TJD/DS



MARK A. JOHNSON
EXECUTIVE DIRECTOR

November 20, 1998

Marsha Lembke, Director
Motor Vehicle Division
ND Dept. of Transportation
608 E. Boulevard Avenue
Bismarck, ND 58505

Dear Marsha:

The North Dakota Association of Counties, at their annual convention, discussed at length the benefits of automation in maintaining and restoring local access to governmental services. This discussion led to the passage of a resolution supporting local service delivery. It reads:

- 98-5 Local Service Delivery.** There appears to be a trend towards mandating that county services be consolidated into larger communities, forcing residents in lesser populated counties to travel to the population centers to obtain services that have traditionally been available in their local communities.
- This association opposes any mandated consolidation of services, and supports maintaining county control in determining when and how cooperation and sharing of services should be implemented.
 - This association further recognizes that improvements in automation and the increased service expectations of county residents suggest that some administrative services currently delivered at a state or regional level could be cost-effectively and efficiently delivered at the county level. This Association therefore supports legislation and pilot programs to redirect administrative responsibilities and the supporting revenues to the local level.

As you may know, efforts have been made to examine the possibility of expanding the network of motor vehicle registration sites by utilizing those courthouses in counties without a current registration vendor. This letter has been prepared to document NDACo's interest in this examination, and based upon our resolution, our strong support of such a proposal.

We hope to be involved in a meeting in the near future to discuss this concept, and look forward to your thoughts and comments.

Sincerely,


Mark A. Johnson,
NDACo Executive Director

CC: Senator Bill Bowman

SDACO

South Dakota Association of County Officials

207 East Capitol, Suite 203
Pierre, SD 57501

605/224-4554
FAX 605/224-4833
E-mail: sdaco@aol.com

1 February, 1999

Stacy Miller
PO Box 11
Amidon, ND 58620

To Whom It May Concern:

I am writing in support of legislation that would allow county treasurers in North Dakota to assist in registering and licensing motor vehicles for the state. My reason for supporting such legislation is that it is a practice that has worked very well in South Dakota. In South Dakota, much like in North Dakota we have a combination of urban and rural citizens, both of whom require services that are conveniently located. In South Dakota, our 64 treasuries provide a valuable convenient service to both our rural and urban citizens by aiding our Division of Motor Vehicles in the registration and licensing of motor vehicles. I urge you to review the advantages of localizing your licensing and registration process and ask you to support such legislation.

Sincerely,



Richard L. Sattgast
Executive Director

NDSU

DEPARTMENT OF AGRICULTURAL ECONOMICS

North Dakota State University
P.O. Box 5830
Fargo, North Dakota
58105-0530

Tel. 701.231.7411
Fax 701.231.7009

May 10, 1999

Senator Gary Nelson
Senate Majority Leader
c/o ND Legislative Council
State Capitol
Bismarck, ND

Dear Senator Nelson:

The purpose of this letter is to encourage you and your colleagues to consider Study Resolution 4019, concerning the placement of motor vehicle license, registration, title, etc. services in County Treasurers' offices, for study during the upcoming interim. As we are both aware, rural communities across the state have been experiencing substantial difficulty in maintaining their employment and population bases. A major factor contributing to the problems of our rural communities has been the trend toward centralization of retail trade and service activities into the state's largest urban centers. The decentralization of motor vehicle services, as envisioned by SR 4019, could help to partially offset these trends and thus support employment opportunities and income for persons residing in or near many of the state's smaller communities.

Sincerely,



F. Larry Leistritz
Professor

cc. John Olrud
Stacey Miller (Slope County Treasurer)

Rural Economic Area Partnership

Southwest REAP Zone

c/o Roosevelt-Custer Regional Council, Praver Hall
Dickinson ND 58601
701-227-1241
Fax: 701-227-1243

November 30, 1998

Bobby Kukla
ND Treasurer's Association
PO Box 135
Manning, ND 58642

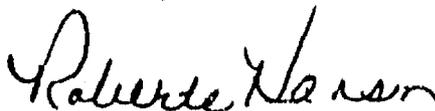
Bobby,

At their November 12th meeting, the Southwest REAP board voted by unanimous decision to provide a resolution of support to your association's efforts to return vehicle registration to the county level. Please let this letter serve as evidence of that support.

We are deeply concerned that few have challenged the assumption that consolidation of governmental services is good. Consolidation of services has come to mean the rural resident pays more of his personal resources (either time or money, often both) to access services. In addition, the efforts to consolidate never mean more rural jobs (even though technology makes this possible). It usually means rural people loose jobs or rural areas loose people. Urban jobs are secured and to our dismay, it seems we hear of more and more people being hired in urban areas without thought to government outsourcing to our rural areas.

As we understand, the efforts of your association would provide for willing counties to assume the task and not make all counties participate. Good luck in your efforts to bring motor vehicle registration back to county sites.

Sincerely,



Roberta Hanson
SW REAP Chairperson

REAP is a USDA demonstration project to address job and business losses and out-migration in rural areas.
Robert Hanson, Chairperson 701-879-6384



Government Relations Office
4023 State Street
PO Box 2793
Bismarck, ND 58501

In-State-Watts: 1-800-932-8869
Office: (701) 224-0330
Fax: (701) 224-9485

North Dakota Farm Bureau

North Dakota Farm Bureau Testimony
on
Senate Concurrent Resolution 4019

Good morning members of the Senate Transportation Committee. North Dakota Farm Bureau supports SCR 4019. We believe that a study of placing the motor vehicle licensing services in each county of this state is warranted.

We feel that by delegating this service to the counties that rural residents will be better served. Currently, many rural folks must travel long distances to take care of vehicle licensing, registration and title work. With the technological advances we now have, it should be relatively easy for counties to provide this service quickly and efficiently.

We are certain that the increased economic activity stimulated by having this service available locally is a positive for those rural communities. Not only would the service itself be an economic advantage, but local businesses could see benefits from increased customer traffic as well.

We hope you will give thoughtful consideration to this matter and give SCR 4019 a "do pass" recommendation. Thank you.

Frances M. Olson, Auditor

Debra Johnston, Deputy

Office of the County Auditor

McKenzie County

PO Box 543

Watford City, North Dakota 58854-0543

Telephone: 701-842-3616 Fax: 701-842-4113

email folson@4eyes.net

September 12, 2000

Budget Committee on Government Services
Senator Aaron Krauter, Chairman

Dear Senator Krauter and Committee Members:

The McKenzie County Commission fully supports the proposed pilot project for motor vehicle registration in the Treasurer's office at McKenzie County. This is a service we believe will greatly benefit the residents of McKenzie County. We understand that there will be some cost involved in implementing the project, and are willing to purchase the equipment needed to become a registration site. We are also willing to pay for any necessary travel expenses incurred for required training of our staff.

Thank you for your persistence in accomplishing this project and for continuing to explore the opportunities for rural communities to perform jobs traditionally done in Bismarck and other regional population centers in our state.

Sincerely,



Richard Cayko, Chairman
McKenzie County Commission



S & S Motors

Telephone 701-842-2341 • Toll Free 1-800-564-9205

P. O. Box 507 • Watford City, North Dakota 58854

November 18, 2001

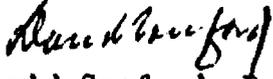
Senate Transportation Comm
Bob Stenehjem, Chairman

As one of three car dealers in Watford City, I would like to support having a MVD branch office in our county. Our dealership regularly registers 20 or more vehicles each month. We are also continually helping individuals with their private transactions, as they have nowhere else to go.

It seems to me if we could have our MVD registration done locally, it would get done faster and would eliminate a lot of mail time for the numerous small errors that seem to be inherent with this new licensing system we now have - which is nothing but a headache for everyone.

It also seems obvious, that if a local entity could do the work faster and at no cost to the state, the MVD department should automatically be able to function with less help in Bismarck and would be able to save a considerable amount of money. This would be a win situation for everyone.

We definitely have the capacity to do this job in McKenzie County at a high level of professionalism.


David Sanford, Partner

Main Office
P.O. Box 1496
Watford City, ND 58454
1-701-842-6484
1-800-411-7591

Parshall Branch
P.O. Box 501
Parshall, ND 58770
1-701-862-3161

Dakota West

CREDIT UNION

Grenora Branch
P.O. Box 278
Grenora, ND 58445
1-701-694-3373
1-800-699-3442

New Town Branch
P.O. Box 958
New Town, ND 58763
1-701-627-3737

January 17, 2001

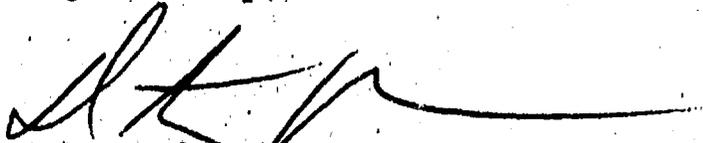
Bob Stenehjem, Chairman
Senate Transportation Committee

RE: SB 2027

Dear Chairman,

I am not sure if I can convey my enthusiasm for having a Motor Vehicle Branch site serviced out of our County Treasurer's office. The convenience of this would be a huge plus for the Dakota West Credit Union and its members. The past four years the method of calculating licenses and taxes has become very complex. It has become difficult for our staff to stay trained. If we could have a focal point at our local courthouse this would be a huge time savings as our turn around time now is approaching three months. Please lend your support to SB 2027.

Respectfully,


Denton Zubke, CEO
Dakota West Credit Union



AMERICA'S
CREDIT UNIONS™

Where people are worth more than money.™

**TESTIMONY TO THE SENATE
TRANSPORTATION COMMITTEE
Prepared January 19, 2001 by
Roger Chinn, McKenzie County Commissioner**

CONCERNING SENATE BILL NO. 2027

Chairman Stenehjem and members of the Transportation Committee, on behalf of the McKenzie County Commission, and as one of the three counties volunteering to be part of the motor vehicle branch office pilot project, I am here to strongly support Senate Bill 2027.

This bill provides for a pilot project that benefits both counties and the state, but most importantly our citizens. Bringing services back to the local level allows rural citizens the convenience of not having to travel long distances to conduct business. In counties such as ours, most citizens have to travel over an hour to offices in either Dickinson or Williston to register vehicles. This becomes even more inconvenient with the high cost of gas and the large number of vehicle registrations many farmers or ranchers renew annually.

During the Interim, DOT expressed concerns about the costs of this project, however, some of those costs have been mitigated. All North Dakota counties currently have high-speed TI Internet access over the State's network. Also, all three pilot counties have agreed to fund any computer equipment that is needed at the county level for the project. DOT's cost responsibility would be limited only to the staff time needed to train county workers.

Mr. Chairman and members of the committee, this bill is a good compromise for the citizens of North Dakota. I urge you to support this project, which will serve as a model for how state government services can be successfully administered at the county level, with a Do Pass recommendation for Senate Bill 2027.

**TESTIMONY TO THE
SENATE TRANSPORTATION COMMITTEE**

**Prepared January 19, 2001, by the
North Dakota Association of Counties
Wade Williams NDACo Government Affairs**

Concerning Senate Bill 2027

Chairman Stenchjem and members of the committee, I am before you today to express the counties and county officials support of SB 2027.

During the interim the Budget Committee on Government Services investigated several different ways to outsource state services. SB 2027 is just one of the many ideas recommended by the committee. As you have heard earlier several county Treasurers have put much effort over the past two years into this legislation.

The associations resolution for the past convention reads: This association recognizes that improvements in automation and the increased service expectations of county residents suggest that some administrative services currently delivered at the state level could be cost-effectively and efficiently delivered at the county level. This Association therefore supports pilot or permanent programs to deliver services at the county level, to be implemented at the individual county's option.

The delivery of motor vehicle licensing has been in county offices in other states for some time now. With our bordering states offering those services in their county treasurers office, and a North Dakota resident purchases a car in one of those states they are told to get their license from the treasurer. The Association of Counties supports the effort to deliver this service at the local level.

Thank you Mr. Chairman and committee members for the opportunity to express our support for SB 2027.

July 7, 2000

Mr. Chairman, and Committee:

When the County Treasurer informed us of trying to get the motor vehicles and titling in local counties we are all for the project.

We are willing to pay for all equipment and education for our staff. This service will allow residents a choice of mail, local access or trip to Dickinson to do the licenses and titles for their vehicles and save them time off work and traveling 260 miles around trip.

Bowman County Commissioner looks forward to working toward the success of this project.

Bowman County Commissioners

Elden Patterson, Commissioner

cc : Motion

COUNTY
COMMISSIONERS:

EUGENE MILLER
HCR 2 BOX 29
RHAME ND 58651
701-279-6637

OFFICE OF THE AUDITOR

County of Bowman
State of North Dakota

COUNTY AUDITOR:
PATRICIA J. ~~XXXXXXXX~~
McLaughlin
PO BOX 439
BOWMAN ND 58623

DEPUTY
LINDA MARTIN

PO BOX 110 • BOWMAN ND 58623
PHONE 701-523-3130
FAX 701-523-5413

January 17, 2001

Senator Bob Stenehjem
Chairman - Transportation Comm.

Ref: SB2027

Dear Sir:

My name is Eldon Patterson from Bowman, ND. I am in my third term as a County Commissioner. I was in the automobile business as a salesman and owner for forty years.

Several times I would have to make a trip to Dickinson (160 miles round trip) to pick up license plates and registration for customers that were leaving on a vacation or extended trip and needed license plates right away.

Bowman County borders South Dakota and Montana where anyone can go to their courthouse and get their license plates and registration card. I don't know why we can't do this in North Dakota. It would be a really good service to the people of southwest North Dakota. The State of North Dakota wouldn't have to purchase any equipment as we have the necessary machines and would pay the salary of our employees while they are being trained.

I would appreciate your support on this bill. Thank you for your consideration.

Sincerely,



Eldon Patterson
PO Box 63
Bowman, ND 58623
Phone 701-523-3487

ATTEST:

Patricia Jankowski
County Auditor

Eugene Miller
Chairman

OFFICIAL PROCEEDINGS OF
BOARD OF COUNTY COMMISSIONERS, BOWMAN COUNTY, BOWMAN, NORTH DAKOTA

The regular meeting of the Board of County Commissioners was held on Thursday, July 6, 2000, at 9 a.m. with Chairman Eugene Miller, Eldon Patterson and Joe Porten present. Patterson made the motion, seconded by Porten to approve the minutes of the June meetings.

Stacey Miller and Christine Septon met with the Comm. in regard to a Motor Vehicle Branch Office site project request from the Legislative Council. Bowman was picked as a pilot county. Porten made the motion, seconded by Patterson to approve going ahead with this. The Legislative Session in 2001 will work on this and would start in July for a four-year project. After four years if project works, other counties could also apply.

Patterson made the motion, seconded by Porten to approve three applications for special permit to sell alcoholic beverages at special events on July 8, July 12-16, and July 29, 2000, at the Four Seasons for City Catering. Porten made the motion, seconded by Patterson to approve two applications for special permit to sell alcoholic beverages at special events on August 5 and August 26, 2000, at the Four Seasons for Twin Butte Liquors.

Roger Thompson and Norm Fries met with the Comm. in regard to the BLM Land oil money the county will be receiving. The Comm. haven't made a decision as to how the money will be distributed.

Porten made the motion, seconded by Patterson to approve change order #1 to be decreased \$41.69 and accept the project for Rhame Road Gravel Surfacing with Beylund Construction.

There being no further business, the meeting was adjourned.

ATTEST:

Patricia McLaughlin
County Auditor

Eugene Miller
Chairman

OFFICIAL PROCEEDINGS OF
BOARD OF COUNTY COMMISSIONERS, BOWMAN COUNTY, BOWMAN, NORTH DAKOTA

The regular meeting of the Board of County Commissioners was held on Tuesday, July 18, 2000, at 9 a.m. with Chairman Eugene Miller and Eldon Patterson present.

Miller reconvened the meeting of the County Equalization and Patterson made a motion to accept the

Fold at Guide Mark to Mail in Window Envelope.

Bowman County Treas
Bowman, N.D. 58623

F
R
O
M

Nordberg Chevrolet Buick & Olds Inc.
 701-523-5222
 BOX 350
 BOWMAN, N. D. 58623

SUBJECT Motor vehicle licensing	DATE 1/10/01
------------------------------------	-----------------

FOLD — MESSAGE

We are writing in suport of your effort to get the N.D. state legislature to allow registration of Motor vehicles in County treas offices. We feel and hope that this would ~~speed~~ speed up the licesing process in the rural areas as a lot of improvement is needed.

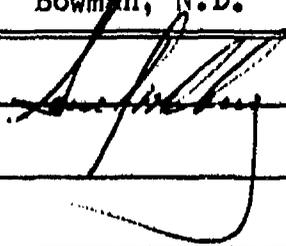
Nordberg Chevrolet

ORIGINATOR-DO NOT WRITE BELOW THIS LINE

REPLY TO → SIGNED

Bowman, N.D.

REPLY



DATE _____ SIGNED _____

SEND WHITE AND PINK COPIES WITH CARBONS INTACT. PINK COPY IS RETURNED WITH REPLY.

DETACH AND RETAIN THIS COPY

Christine Septon, Treas.
Bowman County Treasurer

Box 410
Bowman, North Dakota 58623

January 18, 2001

Mr. Chairman, and Committee:

My name is Christine Septon from Bowman North Dakota.

I am here to tell you why this SB2027 is important. I am the treasurer of Bowman County. Living on the border of South Dakota and Montana we get many calls, people stopping in & mail for motor Vehicle Licenses or titles and the mail I forwarded to Bismarck. They proceed telling me in there county or state the treasurer does it. It is so nice to go right to the office to get it. If there is something wrong we know right away. Some say we just moved here started new job, I can't ask for a day off to go to Dickinson. I tell them you can write or call to Bismarck (which I give them the address and number) to get your license. But that will take to long or it expired to day what do I do. I look at them say, I understand but thats all I can do.

I know this is very important accurate job I feel we would be qualified to do this. We could start today. We have the equipment to get started. We need some education on how to do the processing. Our commissioners are willing to pay for our education and what ever.

I know our population is getting smaller, our residents live miles apart. If they had some local person to help with there question or find out the answer instead of getting a recording and put on hold. People wouldn't get so frustrated. Its not going to cost that state hardly anything. We are working for the public. I feel that is part of our job to help out our residents of North Dakota.

I hope you will consider this SB 2027 to pass. I feel it would be a big asset to the counties and North Dakota.

Thank-you for your time in this matter.

Christine Septon Treasurer

Christine Septon Treas

SENATE TRANSPORTATION COMMITTEE

January 19, 2001

**North Dakota Department of Transportation
Tom Freier, Deputy Director**

SB 2027

Our mission is "to provide a surface transportation system to safely move people and commerce." Everything we do, whether it is dealing with roads, drivers, or enforcement, fits into this mission. NDDOT's Motor Vehicle Division provides revenue to accomplish the mission (and provide other revenue to the general fund). Because the public tells us so, we believe that we provide good service to the citizens of North Dakota and make wise use of the resources available.

The current motor vehicle branch system has been in place for many years. We believe it's the best way to achieve our mission and the best use of resources. We're comfortable with both the number and location of the branches. All current branches are on two-year contracts that expire June 30, 2001; the Governor chooses those who receive a contract to run a branch.

North Dakota citizens have not been asking us to expand the branch system, and our vision of the future does not include adding to the system. In fact, the future use of technology may well compete with the existing branch system. For that reason, we're cautious and would not make any changes without giving the current branch officeholders adequate notice to make decisions about economic liability when they seek to renew a contract.

What the public does ask for is more use of technology, such as Internet or telephone renewals. These can both be implemented fairly easily, and if done right, at low cost to the department. Using these methods, most transactions could be accomplished by someone sitting at home. Right now, however, all business with the Motor Vehicle Division may currently be done by mail, without leaving home. Those who still prefer to may drive to one of our existing branches and pay an additional fee to the branch, but no one is forced to leave home in order to do business with us. A new computer system in Motor Vehicle will eventually allow dealers to input applications for vehicles they sell. The applications will come to us directly, on-line, and we'll be able to offer electronic lien and titling connections with major lenders.

Regarding SB 2027: any additional costs associated with establishing a new branch office, or pilot project, would be at our expense. We're concerned about training and supervising the branch offices, and with the emergency clause. If this bill passes, we will act in good faith to establish the pilot project, but may need the extra time to order special equipment and properly train pilot project employees. The July 1 date in the bill may not give us enough time to accomplish all of this. We would ask that you consider removing both the emergency clause and the July 1, 2001, deadline in Section 1.

Another concern we have is with evaluating the pilot project. Evaluation is the most crucial component. We presume that the Legislative Council study would serve as the evaluation.

If the pilot does proceed, we would ask you to consider a four year term, so it can be properly implemented, evaluated, and a course of action planned.

Line 9 after the period insert, "Applicable costs to the department of transportation shall be the training cost of the necessary personnel to implement the pilot project."

HOUSE TRANSPORTATION COMMITTEE
March 1, 2001

North Dakota Department of Transportation
Tom Freier, Deputy Director

SB 2027

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Bowman Sales & Service, Inc.



12 SOUTH MAIN • BOWMAN, N.D. 58623 • 701-523-3257

WAYNE BERGQUIST

PAT RAFFERTY

LEO HEINRICH

January 10, 2001

TO WHOM IT MAY CONCERN:

Since we were unable to be here, we are sending our thoughts in this letter:

We at Bowman Sales And Service are in strong support of having the ability to register and license new and used vehicles at the County Treasurers Office at Bowman, North Dakota. Here are some of the reasons we are in favor of this:

(1) Residents would not have to travel out of town to pick up their license for their vehicles.

(2) We have customers who purchase a vehicle and need their license before they go south for the winter.

(3) We would have easier access to information that we need to know on in state and out of state titles when making a vehicle sale.

(4) Customers would not have to wait for their licenses when they purchase a vehicle. In the past we have had some problems with the long wait.

We feel that it would make it alot more convenient in many ways for our dealership and also our customers.

*Wayne Bergquist
Pres.*

The "Ford Boys!"

July 7, 2000

Mr. Chairman, and Committee:

When the County Treasurer informed us of trying to get the motor vehicles and titling in local counties we are all for the project.

We are willing to pay for all equipment and education for our staff. This service will allow residents a choice of mail, local access or trip to Dickinson to do the licenses and titles for their vehicles and save them time off work and traveling 260 miles around trip.

Bowman County Commissioner looks forward to working toward the success of this project.

Bowman County Commissioners

Elden Patterson, Commissioner

cc : Motion

Schumachers, Inc.

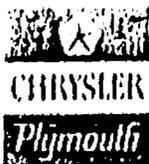
February 27, 2001



North Dakota House of Representatives
House Transportation Committee

Dear Committee Members:

As a franchised new car and truck dealer in the great state of North Dakota, I would like to make an endorsement for the pilot project of localizing title/licensing in the county seats (SB2027).



This can only be a win-win situation for all parties involved.

- 1) Consumer: We will see increased consumer satisfaction due to shorter travel distances, quicker availability to licensing, and access to local residents who are familiar with consumer.
- 2) Auto Dealers: We too will see conveniences in handling unique situations with local representatives, timely licensing, allowing options for consumers, and timely access to local representatives.
- 3) ND D.O.T.: The state workers will appreciate the relief from additional licensing and titling demands and decreased phone-time demands in answering questions.



Please allow this pilot project to move forward for the benefit of the consumers of North Dakota. Thank you.

Sincerely,

Brian J. Schumacher
Schumacher's Inc.
Quality Care Since 1917



schumach@bektel.com
701-254-4000

CONWAY 83
LINTON, ND 58662
(701) 254-4000
FAX: (701) 254-4004

KENS AUTO INC
95 N 2nd Str
Strasburg ND 58573

House Of Representatives
Transportation Committee

We believe that this Pilot Project, Bill 2027, would be good for our business. Right now our customers are waiting four to eight weeks to receive their plates and tabs from the Motor Vehicle Department in Bismarck. We are continually sending out additional temporary permits out to our customers.

Sincerely,



Elwin Nieuwsma
Kens Auto Inc