

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2032

2001 SENATE INDUSTRY, BUSINESS AND LABOR
SB 2032

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2032

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date January 10, 2001

Tape Number	Side A	Side B	Meter #
1	x		0 to end
1		x	2.7 to end
2	x		0 to 1.9
(1/29) 2		x	7.5 to end
	3	x	0 to 7.5
(1/31) 3	x		44.9 to 53.1
Committee Clerk Signature <i>Doris E. Pines</i>			

Minutes:

The committee was called to order. Roll call was taken: all members present. The hearing was opened on SB2032: relating to merging the division of community services, department of economic development and finance, and tourism department into a department of commerce. Lee Peterson, Director, Economic Development and Finance, testified in appreciation of the work done by all the people involved in this bill. In favor of consolidation.

Tony Grindberg, Senator District 41, IBL Interim Committee, overview of the work done in the last two years. During last session a study resolution was attached to ED&F project to look at the issue of privatizing this agency. Looked at the state of Wyoming model. Economic development is a process not an event. Keep three things in mind as you listen to testimony: 1) Think about the last twenty years- the process of growth and the efforts to diversify our economy which

Page 2

Senate Industry, Business and Labor Committee

Bill/Resolution Number SB2032

Hearing Date January 10, 2001.

produced results in the 1990s; 2) Think between now and 2010 and the tools put in place, how to become better and smarter to elevate the process of growth in the state; 3) Tax base growth.

Miles Friedman, President, National Association of State Development Agencies (NASDA), written testimony attached.

Senator Mutch: Is NASDA a private or public organization?

M. Friedman: Private nonprofit.

Senator Mathern: Will the Dept of Labor and Job Services be added to the Commerce Department?

M. Friedman: At this point we are trying to get the basic structure in place and then looking forward to filling the details, workforce development is an issue that will be explored.

Senator Mathern: Other agencies will possibly be added to this department?

M. Friedman: One of the important things of this bills is that there is flexibility to allow us to provide the services needed. Rep.

Elliot Glassheim, Chairman, Interim IBL Committee, Consider the bill in the context of population decrease, per capita income not increasing; without action in economic development it would worsen. Increased state commitment to economic development involves focusing resources, setting up structures, assurances, or projects or programs that would give confidence to investors and legislators that additional resources are needed to promote economic development. There is support for additional resources for economic development, there is some disagreement on how to get there, concern about centralization. There is substantial agreement on having a central cabinet, on economic development privatization (Economic Development Private Sector Foundation), skepticism about unified economic development budget, about size

of organization (efficiency). There was little testimony that current system is not working. We need to expand resources and to bring private sector in. There are questions as to which agencies should be involved (banking, finance, insurance?). I don't think the Bank of North Dakota should be involved.

Senator Tollefson: There has been an adversarial position between state ED&F and local developers. How will this work better at the local level?

Rep. Glassheim: There is nothing in the bill that will tell you one way or another. Concern about community development package going into this centralized organization. Question is whether a centralized agency will be more helpful to urban areas than to rural ones.

Senator Tollefson :How cooperation will take place, private sector should have bigger role than public sector, how do you attract capital?

Rep. Glassheim: There are other bills that will address that, trying to encourage North Dakota money to invest in North Dakota.

Jennifer Clark, Legislative Council, neither for nor against the bill, explained substance of the bill. Bulk of the bill is found in pages 32 to 35.

Senator Mathern : In page 8, "director of commerce", is it the same as "commissioner"?

J. Clark: My assumption is that under your department you got your commissioner and underneath that, the division director, there will be a director for the ED&F division. Rulemaking authority is transferred to the department. Corporate Board is advisory.

Senator Klein : Governor will still appoint directors.

J. Clark: Appointments will be made by the commerce commissioner appointed by the governor. Commissioner's duties are spelled out in page 33 line 8 forward. The North Dakota Development Foundation will be comprised of 15 to 30 members appointed by governor, their

Page 4

Senate Industry, Business and Labor Committee

Bill/Resolution Number SB2032

Hearing Date January 10, 2001.

role is advisory and to set accountability measures, there is no enforcement mechanism in there.

Commerce Cabinet: pages 34-35. Page 40 (lines 8-12), appropriation clause, there may be transition issues that may need to be worked out. Cabinet is comprised of state agency heads and the foundation of the private sector.

Jack Dalrymple, Lieutenant Governor, Governor Hoeven favors this bill. Real reason for combining agencies: synergy resulting from people working together in common effort. Base program of tourism will not be diminished, consolidation will bring more resources to them. Initial consolidation proposal will show approximately 4 administrative position savings, beyond that would be up to legislature. Rural vs. urban noting in this bill will change what we have now. Needed at state level: more resources, more development dollars, investment tax credit to stimulate investment activity, not more bureaucracy, the rest of the structure is there.

Jim Melland, Vice-president Economic Development Association of North Dakota. In favor of bill. Written testimony attached.

Tracy Potter, President and Executive Director, Fort Abraham Lincoln Foundation, speaking as a private citizen. Written testimony attached. In favor of bill. Envisions conflict between agency and Tourism, economic developers have different focus, tourism loses seat at governor's cabinet, conflicts in tourism promotion.

Senator Mathern: Concern with Commerce Commissioner position being almost autonomous, a lot of power. Intent is important but how it plays out in rule making may turn out completely different.

Terri Thiel, Executive Director, Dickinson Convention and Visitors Bureau, President ND Association of Convention and Visitors Bureaus, No general consensus at this time for or against

Page 5
Senate Industry, Business and Labor Committee
Bill/Resolution Number SB2032
Hearing Date January 10, 2001.

the bill, advantageous in being part of process but budget is a concern, also representation in cabinet position. We still need to discuss it among ourselves.

Hearing concluded.

January 29, 2001. Tape 2-B- 7.5 to end; 3- A - 0 to 7.5

Committee reconvened. All members present. Proposed amendments and organizational chart submitted by Senator Grindberg discussed.

Senator Klein: Major changes page 32 "shall" was removed, inserted "may". "Division of international trade" was removed. International trade is outsourced and they would like to keep it that way. The way the language is now, it would be an agency position. We want to make sure tourism is inserted in page 34, line 11. Clarify what foundation will do, seek private funds.

Page 34, line 31, change to include department division directors in the cabinet. In page 35 we are adding transportation, job service and game and fish. We want to make sure tourism and ED&F are there. Eliminate restrictions on meetings in page 35, line 7.

Allan Stenehjem, Tourism Director: with this amendments tourism placed back in governors cabinet. Will retain a voice and keep its identity. There is assurance our budget will be a separate line item. These amendments came out because of the concerns of the CVBs, at their suggestion.

Senator Every: Page 34, line 10 add word geographical to insure small town representation or something to that effect or "rural representation".

Senator Klein: Include after word "cross section" add words "including rural".

Move to accept Grindberg amendment, and the amendment to the amendment.

Senator Espgaard seconded.

Roll call vote: 7 yes; 0 no. Motion carried. Discussion.

Senator Klein: Move do pass as amended. **Senator Espgaard:** seconded.

Page 6

Senate Industry, Business and Labor Committee

Bill/Resolution Number SB2032

Hearing Date January 10, 2001.

Roll call vote: 3 yes; 4 no. Motion failed.

January 31, 2001. Tape 3-A-44.9 to 53.1

Discussion held. Amendment presented by Senator Klein discussed.

Senator Klein: Motion to adopt amendment. **Senator Espegard:** Seconded

Roll call vote: 7 yes; 0 no. Motion carried.

Senator Espegard: Motion: do pass as amended. **Senator Tollefson:** Seconded.

Roll call vote: 7 yes; 0 no. Motion carried. Floor assignment : **Senator Klein**

FISCAL NOTE
 Requested by Legislative Council
 12/14/2000

Bill/Resolution No.: SB 2032

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						
Expenditures						
Appropriations						

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

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

No fiscal impact. This fiscal note assumes the expenditures for the Department of Commerce are equal to the consolidated expenditures of the Department of Economic Dev. & Finance, Division of Community Services and Dept. of Tourism, all of which are included in the executive budget.

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.*

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.*

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.*

