

MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

2222

2001 SENATE NATURAL RESOURCES

SB 2222

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2222

Senate Natural Resources Committee

Conference Committee

Hearing Date 1-26-01

Tape Number	Side A	Side B	Meter #
I	X		Start - 9.8
Committee Clerk Signature <i>[Handwritten Signature]</i>			

Minutes:

SENATOR FISCHER opened the committee meeting.

Attendance was taken indicating all committee members present.

SENATOR FISCHER: opened the hearing on SB 2222, RELATING TO THE MILL LEVY FOR THE SOUTHWEST WATER AUTHORITY.

SENATOR HERB URLACHER, of District 36, cosponsor of the bill, stated the bill needed to be corrected for management or operation of the Southwest Pipeline. The bill has a sunset clause that needs to be adjusted and make it in place permanently.

SENATOR AARON KRAUTER, of District 35, concurred with the testimony of Senator Urlacher.

DON FLYNN, Vice Chairman of the Southwest Water Authority testified in support of Bill 2222 (See attached testimony).

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Senate Natural Resources Committee

Bill/Resolution Number SB 2222

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R.B. "CHIP" UNRUH, Director of the Southwest Water authority testified in support of Bill 2222 (See attached testimony).

JAMES LENNINGTON, Southwest Pipeline Project Manager testified in support of Bill 2222 (See attached testimony).

There was no neutral or opposing testimony of Bill 2222.

SENATOR FISCHER: closed the hearing of SB 2222.

SENATOR TRAYNOR made a motion for a "DO PASS" of the bill.

SENATOR CHRISTMANN second the motion.

SENATOR FISCHER called for a roll call of the bill. The vote indicated 7 YAYS, 0 NAYS, 0

ABSENT OR NOTE VOTING.

SENATOR CHRISTMANN will carry SB 2222.

Date:
Roll Call Vote #:

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2222

Senate NATURAL RESOURCES Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PAS

Motion Made By Traynor Seconded By Christmann

Senators	Yes	No	Senators	Yes	No
Sen. Thomas Fischer, Chairman	✓		Sen. Michael A. Every	✓	
Sen. Ben Tollefson, Vice Chair.	✓		Sen. Jerome Kelsh	✓	
Sen. Randel Christmann	✓				
Sen. Layton Freborg	✓				
Sen. John T. Traynor	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Christmann

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

REPORT OF STANDING COMMITTEE (410)
January 26, 2001 12:03 p.m.

Module No: SR-14-1707
Carrier: Christmann
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2222: Natural Resources Committee (Sen. Fischer, Chairman) recommends DO PASS
(7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2222 was placed on the
Eleventh order on the calendar.

2001 HOUSE NATURAL RESOURCES

SB 2222

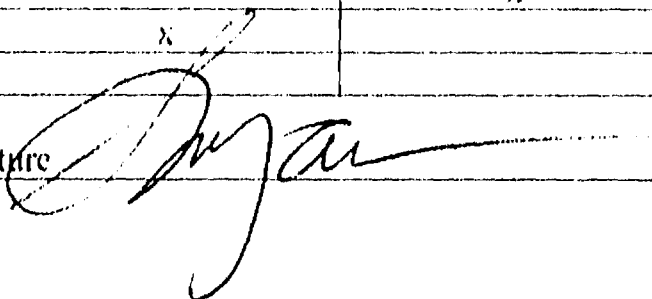
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2222

House Natural Resources Committee

Conference Committee

Hearing Date March 15, 2001

Tape Number	Side A	Side B	Meter #
1		x	703 to end
2	x		1 to 4319
Committee Clerk Signature 			

Minutes:

Chairman Earl Rennerfeldt, Vice Chair Jon C. Nelson, Rep. Brekke, Rep. DeKrey, Rep. Drovdal, Rep. Galvin, Rep. Keiser, Rep. Klein, Rep. Nottestad, Rep. Porter, Rep. Weiler, Rep. Hanson, Rep. Kelsh, Rep. Solberg, Rep. Winrich.

Chairman Rennerfeldt: I will open the hearing on SB 2222.

Sen. Urlacher - District 36: I introduced this bill on behalf of the SW Water Authority. It calls for the continuation of the mill levy. (gives history of the SW Water Authority). We have an overall plan. This one mill levy relates to the stability of the bonds and the ratings. At this point in time, it is within the plan, to have this be a permanent levy in order to address these issues. This is part of a change in making permanent the activities that address these problems. So it blends into the overall operation to make this levy permanent. It may not expire for a period of time, but I think it is important we address the need for permanency at this time. I would hope that we could keep

together the overall water plan and not splinter off from addressing the problem. We could get into a bad situation if we were to disrupt the bonding relating to the security.

Rep. Keiser: If moving to a perpetual bonding or assessment, are there any counties or cities that are currently being assessed that aren't recipients of this project?

Sen. Urlacher: In the Southwest? I don't know that. They are all included in that.

Rep. Keiser: And they are all getting water from the pipeline, now...or in the future?

Sen. Urlacher: They are all being assessed, but the management will answer that question better.

Chairman Rennerfeldt: Any further questions?

Rep. Winrich: How are the members of the SW Water Authority chosen? Are they elected or appointed?

Sen. Urlacher: They are elected. There was a need to educate the public so they started out appointed. There was a need to have an educational force out there for the public, so it was felt we needed a large board. But now that it is closer to the operational phase, it is too large of a board to be functional. This was part of the plan to decrease those numbers at a given point. I think we are following a plan.

Don Flynn - SW Water Authority: (See written testimony).

Rep. Porter: You mentioned the expenses of the board of directors are taken out of this one mill, what is the salary of a board of director member?

Flynn: The salary is set by the state through the legislature. Per diem of 62.50, mileage of 25 cents per mile, and meals are \$20 a day.

Rep. Porter: The SW Water Authority being one of the major sponsors of the ND Water Magazine, what percentage of the total expense of the magazine is the SW Water Authority paying for?

Flynn: The exact figure? I don't have that.

Rep. Porter: On the map that was provided to us, it shows a couple of areas that are never being served. Is that correct?

Flynn: There are different things that affect different areas. I think the area up North is because of the lack of people living there. They are too far apart. We have a criteria set that says the amount of money that could be expended to serve these people. When you get out in too sparse an area, it just goes way beyond that. Then you asked a question about Morton County. Morton County of course is shown on the map, we are serving Glen Ullin, Hebron, and we are serving some rural in that area. I would say probably about around 60 rural hookups there. Also in Morton County there are two hookups that are south of Flasher.

Rep. Porter: By removing the end date and making this a perpetual tax for eternity, and I know this committee doesn't like to hear the word perpetual very often, but by removing that, you will be taxing the citizens of Mandan for water that they will never receive. Or an authority they will never receive benefits for. I am wondering where you think the fairness in that tax is to the citizens of Mandan?

Flynn: In addressing your question. I understand that Mandan has their own treatment plant and this mill levy sets the mill levy on them too. When you are talking about the perpetual thing, perhaps down the line, it is within the realm of our board of directors to perhaps reduce those mill levies when things are completely developed. The other thing I should call attention to is the city of Bowman has opted not to take the water at this time, but they have not expressed any problems with continuing to pay the mill levy.

Rep. Porter: My understanding is that Mandan and Morton County have expressed a concern of not wanting to participate in this project past the 2006 deadline, which they initially agreed to. It

is my understanding also that 33% of the taxation value of the entire pipeline is coming from Mandan and Morton County. Yet very few people are being served, yet the entire city of Mandan is paying for something that they are never going to receive service for. How long do you think they should be paying for that?

Flynn: For the time being, the reason we have come forth with this bill, is the fact that in the past we had to come to the Legislature and say, we have to extend this for a couple more years. I don't think the problems that we see, with the objections you are raising from Mandan and Morton County and so forth, I think those have to be resolved between SW Authority Board and the Morton County people. I don't believe, in my opinion, that putting this mill levy on down the line has anything to do with the problems we have.

Rep. Keiser: Why was the year 2006 picked?

Flynn: I will let someone else, Mr. Dwyer address that, if I could.

Mike Dwyer - SW Water Authority Legal Council: (Puts map on board for reference). I have been asked to give a little background in addition to Sen. Urlacher's testimony. There are four joint water boards in ND (Points to map). Two regional water authorities and these rural water resources districts. I would like to give you a little background to the funding mechanism the legislature set up to provide water development across ND. On the Federal level we get money from the Corps of Engineers, Bureau of Reclamation and FEMA. Sometimes there is cost sharing on these projects. On the state level, the Legislature fund the Water Commission out of the general fund. Then you set up two funds to provide state share of these water development efforts. One is the Resource Trust Fund, created in 1981, which is 20% of the oil extraction tax. And then in 1999, the Legislature decided to be more aggressive at the state level on water development and set up the Water Development Fund which is 45% of the Tobacco Settlement

Dollars that ND receives. So our state has been very aggressive in advancing the water development objectives including water supply, distribution, irrigation, flood control and a whole host of other water development initiatives. Those funds are channeled through the State Water Commission which is the Governor, Commissioner of Agricultural and seven members appointed by the Governor. At the local level the cost share is provided by a number of means, a general mill levy of up to 4 mills as approved by the County Commission. So every county has one. The Legislature has also says that water resource districts can be more effective by working together and we are going to authorize an additional two mills for joint boards. General levy. So the four areas in red have that authority. (refers to map). These must also be approved by the County Commission. In addition to that the Legislature has created two regional authorities, the Garrison Diversion Conservancy District and the SW Water Authority. Those two elected boards can levy up to one mill. The other way that local entities can raise funds is through special assessments. So we can assess up to 7 mills. In the SW Authority the Legislature said this, if this authority levies its mill, then the West River Joint Board can only levy 1 mill, not two. So in the east if you have a joint board and you are in the Garrison Conservancy District the maximum can be 7, in the west the maximum can be 6. (See last line of SB 2222). That is what the Legislature has created to address the water needs of ND. ND does very well, we are aggressive. The system the Legislature has set up may not be fair in every instance. Cost sharing is what makes this whole thing work. Morton County has received almost \$20,000,000 in direct benefits from this scheme.

Rep. Porter: I applaud your salesmanship. But what makes it deemed necessary to be perpetual, when is enough, enough? When the Legislature first administered this project they felt 15 years

was enough. The city of Mandan and Morton County agreed that 15 years was enough. Why do you need more?

Dwyer: I don't think it is perpetual. Because there is an elected board and that board can decide in any given year whether they need revenue for development that is going on. In the case of the 45-46 year Garrison Conservancy District, they haven't levied a full mill every year. Some years that board says we don't need that full levy this year. These boards are subject to address by the Legislature at any time. You could eliminate them at any time.

Rep. Keiser: What was the agreement presented in establishing the 2006 date. Were there any statements made at the time of the original legislation. That it would be in place until that time?

Dwyer: When the SW Pipeline Project was first authorized, the projected construction was 20 years. 2006 was the ending date of construction.

Rep. Keiser: Why are we looking at this bill now, we have two more sessions before the year 2006. Why are we choosing to look at this now?

Dwyer: Two reasons, it was a judgment call, but the authority had this bill to down size the board to go from 2 elected officials from each county to 1. Since we were engaging in that discussion we thought we would engage in this one as well. The second reason is that the Dakota Water Resource Act was just passed, we have a second \$200,000,000 MR & I Grant Program and it is a sore point, this fairness thing.

Rep. Keiser: It seems to me last session when we gave you 45% of the Tobacco funds that I had some assumptions in my mind that it would provide some relief for the tax payers on the water projects rather than moving to perpetual positions?

Dwyer: I think there wasn't any discussion ever that this 45% allocation would replace the mill levy at the local level for water development. We have had these mill levy's and there was no

