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2001 SENATE GOVERNMENT AND VETERANS AFFAIRS

SB 2335

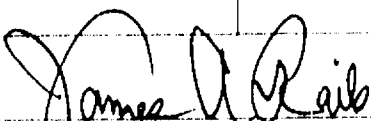
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2335

Senate Government and Veterans Affairs Committee

Conference Committee

Hearing Date February 1, 2001

Tape Number	Side A	Side B	Meter #
1	X		25.9-End
1		X	0.0-6.0
February 8, 2001 2		X	41.3-54.5
Committee Clerk Signature 			

Minutes: Chairman Krebsbach opened the hearing on SB 2335 which relates to gubernatorial reports to the budget section of the legislative council concerning incentives for value-added businesses. Appearing before the committee to introduce the legislation was prime sponsor of the bill Senator David O'Connell, District 6. A copy of his written testimony is attached.

Senator C. Nelson indicated looking at this thing it looks like this also would fit with a form. You want this this this and this. Remember several years ago when there was this Christmas Show where we would highlight the pride of North Dakota kind of thing. The big surprise that people had was, oh I didn't know they had this because they were buying parts outside of the state and the left hand didn't know what the right hand was doing basically. Do you see this bill as also being a communication tool to let other people of the state know that hey if you need this you can maybe get it here instead of running to Minneapolis or to Sioux Falls or to somewhere else and help build our own economy by helping our own. Senator O'Connell indicated that is exactly what he envisions happening. Senator Kilzer inquired are there other private

organizations that track this sort of thing, the development of new businesses? Senator O'Connell indicated he was not sure just how much they do track. He indicated there is nothing out front for the public to actually see and he believes that as a governor reporting, the press will cover that and it will help eliminate a lot of the steps that we will have to go through to try to find different areas. It will make it easier to find what areas are working and what areas are not working. Senator Kilzer,

Inquired on line 11, for each new business created the report must include. How do you define new business created? Senator O'Connell indicated he believed any added business whether it is old or new, if you add on, say you expanded your business and I believe, I think right now we put too much emphasis on new businesses in a lot of ways. You as a business owner, a lot of new businesses get start up money but if you add on to an existing business there is no break for you. I think the more we can report that and help the business that's already in place the better of the state will be too through the reporting process. Senator Kilzer, so this is more than new businesses, it's also expanded businesses. Senator O'Connell, indicated that is the way he sees it. Chairman Krebsbach indicated that she applauds the efforts here however, she indicated she wondered how this is going to work on all businesses with ag related value added production. To some of these businesses, they keep this information as rather confidential. Senator O'Connell indicated that she was right. There is certain information that won't be available. Financial information does not have to be released. At the same time he believes there can be a report to indicate that a business worked. He thinks this will help the state. He also indicated that if certain types of businesses fail there should be no further investment into these same types of ventures. Senator Wardner indicated that this really hits home because in his town his office is right next to the economic development office. They count job creation, wages are creeping

up. He is concerned about mandating the governor to do this. Would this information be available through ED&F and maybe Job Service? Senator O'Connell indicated that was part of his concern. The governor gets more press than the average person and when he gives a report there are usually reporters in the room. Senator Wardner, your purpose in this is to give it a high level of visibility. Senator O'Connell indicated he thinks we need to promote our state in any way possible. This seems to be the theme song where we are all on the same page. I think that if we help our people in state that maybe we can attract others from out of state too. Senator C. Nelson wondered if he was intending that the governor personally report or the governors office report or because in a lot of cases where it says the governor shall or whatever, he or she has the authority within the definition of the office to send the lieutenant governor or a prescribed person to do that and yet it's still on governor letterhead or coming from the governor's office. So were you intending that the governor personally do this every meeting, which might be a problem, but the governor or the governors office shall? Senator Steve Tomae, District 31, cosponsor of the bill appeared in support of the bill. He indicated that he believed that this is part of the spoke of the wheel that we are missing. We have done an admirable job in value-added agriculture not that there isn't much more to be done. One of the problems is that you and I and the general public all have is that it is difficult to find the right information in the right location at the right time. He indicated he doesn't really care where the information comes from. It seems to him that the information for the state as a whole needs to be located somewhere. Who compiles it? Is it ED&F, is the secretary of state with the governor? Ultimately, the responsibility for the next four years relies or lies with Governor Hoeven's Office. Ultimately he is in charge of leading the charge for the next four years. He thinks maybe this a good place to start but if the committee in their wisdom wants to find a more appropriate office to assimilate the compiling of information.

I think that is probably right and we need some discussion on it. If we are to become the trusted provider of the highest quality of food in the world we need to make sure we are tracking what we are doing. He thinks the bill has some merit and he thinks Senator O'Connell has a good idea here. We should move forward and least find some type of tracking device so that we do have some bragging rights and we can point to a number of instances of success or failure. A discussion ensued with Senators Wardner, C. Nelson, Krebsbach, Dever, and T. Mathern offered questions to which Senator Tomac and Senator Krauter offered responses (Tape 1, Side A, Meter #'s 42.5-End and Side B, 0.7-2.5). Senator Krauter indicated he had one comment to make. What he thinks the sponsors here are trying to do is to put together that mechanism so that we have something to react to during the interim. Not everyone is on the budget section but those reports are part of the minutes and part of that document that everyone has access to. It is available. Appearing before the committee in a Neutral position on the bill was Connie Sprynczynatik representing the N D League of Cities. She indicated that on a previous day the House Finance and Tax Committee heard HB 1403 which is another attempt to construct some reporting mechanisms for economic development efforts. In that one the responsibility would reside with economic development. Information would have to feed in from other agencies. So far absent in the discussions is what this would mean to local people. The kind of information that is being talked about is only information it isn't knowledge or understanding unless we figure out a way to manage that information and put it into some sort of usable form. She suggests a local perspective because this implies there will be some probably substantial involvement on the local level. Contrary to the thinking process of many state people, by far the majority of these economic development efforts are locally driven. They are done in partnership with the state. What she is troubled by is the mechanics of these bills. She suggests that this is a

good enough idea but there needs to be a prioritized study during the interim just dealing with reporting mechanisms. She thinks that not enough has been done in the past on how we report and other issues of accountability and of course there are accountability issues. There were no questions from the committee. No further testimony was offered in support of, neutral position on, or against SB 2335. Chairman Krebsbach closed the hearing at this time. On February 8, 2001 the committee discussed SB 2335. Laura Ness, intern for the committee reported to the committee that the various agencies she had contacted indicated to her that they had very little of the information she was requesting. The tax department and the secretary of states office indicated they had very little of the information Laura requested. The Economic Development and Finance indicated they get information quarterly but it is not always up to date and it is generally incomplete. Most of the agencies contacted told Laura that they get some information from businesses that are being established but get little if any from those who are expanding. There is no one agency that would have all the information requested. The information would not be compiled by the time it would be needed for the governor to report on it. **Senator T. Mathern** moved to amend on line 8 following the word governor, or governors designee. Seconded by **Senator C. Nelson**. Discussion of the bill and amendment continued with Senators T. Mathern, Krebsbach, C. Nelson, Wardner, Kilzer, and Dever participating. Roll Call Vote on the Motion to Amend indicated 6 Yeas, 0 Nays, and 0 Absent or Not Voting. (Meter #'s 44.0-52.0). A motion for Do Not Pass as Amended was made by **Senator Wardner**, seconded by **Senator Kilzer**. Roll Call Vote indicated 4 Yeas, 2 Nays, 0 Absent or Not Voting. **Senator Kilzer** will carry the bill.





Date: 02/08/01  
 Roll Call Vote #: 2

**2001 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. SB 2335**

Senate GOVERNMENT AND VETERAN'S AFFAIRS Committee

- Subcommittee on \_\_\_\_\_  
 or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Not Pass as Amended

Motion Made By Sen. Wardner Seconded By Sen. Kilzer

Senators	Yes	No	Senators	Yes	No
Senator Karen Krebsbach, Chr.	✓		Senator Carolyn Nelson		✓
Senator Dick Dever, Vice-Chr.	✓		Senator Tim Mathern		✓
Senator Ralph Kilzer	✓				
Senator Rich Wardner	✓				

Total (Yes) 4 No 2

Absent 0

Floor Assignment Sen. Kilzer

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

REPORT OF STANDING COMMITTEE (410)  
February 9, 2001 12:09 p.m.

Module No: SR-24-2851  
Carrier: Kilzer  
Insert LC: 10587.0101 Title: .0200

**REPORT OF STANDING COMMITTEE**

**SB 2335: Government and Veterans Affairs Committee (Sen. Krebsbach, Chairman)**  
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends  
**DO NOT PASS** (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2335 was  
placed on the Sixth order on the calendar.

Page 1, line 8, after "governor" insert "or the governor's designee"

Renumber accordingly

2001 TESTIMONY

SB 2335

Testimony on Senate Bill No. 2335  
Before the Senate Government and Veterans Affairs  
February 1, 2001  
Senator David O'Connell

Agriculture is North Dakota's biggest economic engine, producing more than 1/3 of our output each year. We need to help keep the value of the products of our farmers and the fruit of their labor, stays here with our producers. We can improve the chances of our family farmer's success and the success of our small towns as well. Value added agriculture will help assure that our farmers have markets for their products and will enable and encourage them to process their products. Instate processing of our agriculture products will help our farmers, and it will bring jobs to our communities.

Senate Bill 2335 is an opportunity for the Governor to showcase value added projects throughout the state. By publicly reporting our efforts others will be encouraged to start similar efforts. And farmers will be advised of agriculture processing opportunities and will plan their planting efforts to maximize their income. Main street businesses will be able to prepare for new employees in their towns, and out of state interests will look to North Dakota and consider starting other value added programs and other industries in North Dakota.

This bill will also help prepare the legislature to react to the important effort in value added agriculture. We will learn first hand about what is working and what new tools our farmers need to be successful in their value added efforts. This bill will allow us to be proactive and plan ahead for the programs we will implement during the next session.