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2001 SENATE GOVERNMENT AND VETERANS AFFAIRS

SCR 4036

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4036

Senate Government and Veterans Affairs Committee

Conference Committee

Hearing Date March 1, 2001

Tape Number	Side A	Side B	Meter #
1		X	44.6-End
2	X		0.0-41.2
March 2, 2001 2	X		27.0-46.5
Committee Clerk Signature <i>James M. Raab</i>			

Minutes: **Chairman Krebsbach** opened the hearing on SCR 4036 which is a concurrent resolution for the amendment of section 2 of article V, section 3 of article IX, and section 12 of article X of the Constitution of North Dakota, relating to the office of state treasurer; to repeal section 15 of article XII of the Constitution of North Dakota relating to the duties of the state treasurer upon the issuance of legal tender by banks in the state; and to provide an effective date. **Senator Tony Grindberg**, district 41, primary sponsor of the resolution introduced the resolution to the committee. He indicated his remarks would include 4 primary areas. This bill is pretty much self explanatory. It changes the resolution from last session. The only change is it puts it on the general election ballot in November 2002. At this time **Senator Grindberg** handed out an amendment which was brought to his attention by the Attorney General's Office. In the event that this resolution passes this amendment is needed because it relates to the Veteran's Post War Trust Fund. The reasons to eliminate this office were listed on a handout which Senator Grindberg gave to the committee. There are nine points listed on this handout.

Senator Grindberg provided an additional handout with some information about the primary election in which the voters previously voted to keep the treasurers office. He stated from the information provided why he believed this issue should once again be brought before the public but this time as a general election issue. He also provided the committee with a handout which listed what out of state interests contributed money to the campaign to preserve the treasurers office for North Dakota. He felt that the voters of North Dakota do not like out of state influences having an effect on the outcome of North Dakota elections. In his closing remarks **Senator Grindberg** noted that his position has been outlined in his testimony as to why he introduced this again. He was a sponsor in 1999 and firmly believes that as we move ahead with efficient government that is the message he gets from his constituents. If anything let's make our government more efficient and this is an example of that. Yesterday he was asked by the media to respond to the treasurer's press conference and he indicated he declined. It is not his intent and he has nothing against the practices of the agency as a department. He is not going to get into the dialogue between, that is going on this session. Mine is going to stay on the high road as far as the objectivity of this issue. The treasurer has taken it upon herself to make comment and that's fine. He has not problem with that whatsoever. This is a good public debate on this issue. We are in my opinion elected to represent the silent majority. This issue has been floating around since the bill was introduced in the press release he issued well over 5 weeks ago and he has had one E-mail from a concerned citizen that we are doing the wrong thing. That E-mail came from a state employee. He returned the E-mail and corrected some of the facts he had indicated he would like to call the individual to give him some more or his opinions on that, the person did not respond. The point is from where he comes from this is not a politically driven initiative. There is no conspiracy theory here. Obviously this is a sensitive issue. He will stand

before this committee or any committee on his reputation as a state senator, that of one of nonpartisan. All of you know me well enough to know that is not my intent. He struggles over whether to address these issues or not, but he feels with the increased publicity that he'd stand before any committee on his record on issues that create good government. **Senator C. Nelson** indicated that Senator Grindberg felt enough people didn't vote on this issue concerning the treasurer's office and yet he didn't raise any concern about the measure for filling legislative vacancies which only passed by a margin of 7,000 votes. Maybe we need to take a closer look at legislative vacancies. **Senator Grindberg** indicated that is open to anyone's privity, that is what we are elected to do. He feels \$50,000 in out of state money influenced the outcome of this election and that's the difference. **Senator C. Nelson** indicated she thinks it is interesting that he didn't come in with how much out of state money went into so many other races in the state. This is a small race, a small office and we have had multiple debates in here about how much money went into the governor's races, both of them, the attorney general's race. She would maintain that out of state money went into numerous races in this state and to separate out one when both parties were trying to raise money for their top person. That's the money that drove this last election. When we were asked for money, I mean my God we got letters every week to contribute to somebody's campaign. Most of us put money into the ones that were here on top. It was very hard to raise money for the lower ones that were lower on the line. They still needed money. She doesn't get so excited about the fact that some outside money came in. That's not the issue to her either. The issue to her is that the people have voted twice. That particular measure was the top measure on the primary ballot. The placement on the primary ballot was put there because that is the way it was written in your bill last time. **Senator Grindberg** indicated we could debate the issue of campaign finance and where money comes from, from here to

eternity. In his mind there is a difference on an issue that relates to state government, an issue that all that money came from special interest groups, one special interest group trying to maintain the treasurer's office around the state. Again, he doesn't disagree with Senator C. Nelson's comments. To him there is a difference as far as the intent of how government operates and how a candidate runs for office. **Senator T. Mathern** indicated that he raised the issue about the number of people that voted. Would you have a number of people that you think is appropriate and acceptable to express the voice of the people? What number would that be?

Senator Grindberg indicated that he believed that the general election that we have would bring out about half of the eligible voters in the state. He would think that during a general election we would get a higher percentage of people watching what is going on if you will. There are more candidates for office that would bring more people to the polls. Whatever the healthy percentage is, the general election would bring more of a balance to the representative outcome. **Senator T. Mathern** inquired if Senator Grindberg would support a, are you suggesting that constitutional matters should not be on a primary ballot, or there should be a law to change the constitution in a certain way so that only certain votes would be counted? **Senator Grindberg** indicated that he thinks that is up to the discretion of the legislative body to determine. Looking back to this measure as it was introduced in 1999, he thinks the rationale used was the fact that if it should pass the transition between election cycles with the current office holder seemed to move together more efficiently. This time it's on for a vote in November 2002 which means if passed it will transition with an officeholder and the process will be more complicated. He doesn't know if there is any magic number, constitutional amendments come and go depending on the issue. He thinks they have to be thought through on a committee basis such as this to find out what's the best fit, being cognizant of the particulars whatever the issue might be. **Senator T.**

Mathern indicated he thinks this is raising a lot of question as to whether or not we are setting the direction of how we want the outcome of an election. It was done twice. I think to set the number of votes that are acceptable afterwards is a little bit problematic. Maybe we should set that beforehand so that people actually know. Getting on to the other issue, you handed this out on the contribution in terms of the money that was spent. What about the proponents of the bill or the proponents of the measure. Do you have any indication or do you feel confident that no state money or resources were used to promote this measure? **Senator Grindberg** indicated he wasn't quite sure he understood. **Senator T. Mathern** inquired again, do you believe there was no money or state resources used to pass the measure? **Senator Grindberg** to his knowledge there were no state resources other than interim judiciary committee which he believed had some public comment. In his understanding there was very little if no organized effort from a monetary standpoint. He knows there a number of editorials around the state in newspapers that address the issue. He doesn't believe there is any organized effort. That is something we don't do in the legislature. Appropriate money to vote yes or no on one particular amendment. Further questions were offered from Senator T. Mathern with responses made by Senator Grindberg.

Chairman Krebsbach inquired if there were any state dollars that went into the associations that you are aware of. **Senator Grindberg** indicated none that he is aware of. **Bill Butcher**, state director of the National Federation of Independent Business, appeared before the committee. He indicated they have about 3000 members throughout ND and they are all small business owners. Back in May of 2000 they conducted a poll of their membership and the response was that 80% of their members favored elimination of the treasurers office in the interest of cost savings and government reduction in the size of government. He indicated he would urge support of this bill.

Senator Wardner asked Mr. Butcher what the percentage was that he had indicated to the

committee. **Mr. Butcher** responded 80%. There was nothing further in support of the measure. No one appeared in neutral position. Appearing in opposition before the committee was **Senator Joel Heitkamp**, assistant senate minority leader, appeared before the committee in opposition to HCR 4036. He presented a handout to committee members which he indicated goes a way towards explaining why he as a Democrat and many other Democrats who are walking the hallways do feel a little bit under siege. If you look at the pure cause of better government and if you look at state elected officials and what other states do and whether or not you can take those out of elected positions and somehow have a better working government, just take a look at this list. There is only one tax commissioner in the whole nation that is elected. This came from legislative council upstairs. Public Service there are only 7 states that do that. Insurance, there's only 10 states that do anything in terms of election. The list goes on is my point. So when you get down to the treasurers office and there are 39 states that hold this as elected position, you start wondering why that's the one we are targeting. Why is that the one we are looking at in terms of polling and in terms of E-mail. He would contend there is something way more important than polling of any specific group or any E-mail from any one person out there. That's the vote. When people vote they send a very strong message and they voted on this twice. We are sent down here in the legislative session to deal with the many problems that are facing the state. To him this is something in search of a problem. The voters have spoken to us twice. Twice they have said we want to elect our state treasurer. There is an issue about the dollars that came in, in terms of that election. I would contend to you that if we make the argument that those who get money from out of state and can outspend someone too or in my particular case this fall 3 to 1. If we want to take those things into consideration I'd be willing to any day. But, the fact of the matter is, is in my particular election that I was so close to this fall for my sister,

we did get outspent. But you know what, the voters spoke and it's done. That's the way elections are. All this is doing is creating a whole bunch of more work for the legislative assembly. It's creating another big issue out there that when it comes right down to it says to the voters that they don't matter. There was an issue that the four largest counties voted in favor of this. I would contend that there are 53 counties out there. And they matter too. There are 53 counties in this state, all of them got the opportunity to vote twice, and they voted this down. Yes we're going to feel this is a little bit partisan, we are going to be a little bit upset. Matter of fact we are going to be very upset. To be honest with you when you look at this list I don't see us targeting the tax commissioner, I don't see us targeting the PSC, and so that's bound to frustrate us. I stand before you saying don't make the people of North Dakota have to deal with this again when they've already sent the message to us twice. **Representative Merle Boucher**, house minority leader, from district 9. He indicated he would not be as soft and gentle as the previous speaker on the partisanship of this issue. He indicates that this legislation is an attack on his party. The people of North Dakota since statehood have chosen to elect their officials. His testimony indicated his opposition to SCR 4036. **Senator Dennis Bercier**, district 9, **Former Governor Art Link**, **Chris Runge** of the North Dakota AFL-CIO, **Representative Audrey Cleary**, district 49, and **Mary Spliehal**, citizen all presented testimony in opposition to SCR 4036 (Tape 2, Side A, meter #'s 13.0-29.5) **Kathi Gilmore**, state treasurer, presented written testimony in opposition to SCR 4036. A copy of her written testimony is attached. Also presenting testimony in opposition to SCR 4036 was **Bob Hanson**. A copy of his written testimony is attached. Comments were offered by **Senator Dever**. There was no further testimony or comments offered at this time. **Chairman Krebsbach** closed the hearing on SCR 4036. On March 2, 2001 **Chairman Krebsbach** opened the discussion on SCR 4036. **Senator**

Wardner indicated there are some things that he agrees with the opposition. There is no question it has been a short period time since this was voted down by the people. He guessed that he believes that the functions of the agency can be involved in other agencies in state government. He noticed that there is a lot of debate over whether there is a cost savings or not. He would like to think there would be. There are other people who be able to do the duties. Even though he definitely feels that a good point by that opposition that it was just voted on but he has to go with his own philosophy so he guesses he is going to support the resolution and if the people are against it they will speak again. **Senator Dever** reminded **Chairman Krebsbach** that there is an amendment from **Senator Grindberg** concerning the Veteran's Postwar Trust Fund. This needs to be dealt with in anticipation of whatever decision comes from the floor. **Senator Dever** moved adoption of the amendment, seconded by **Senator Kilzer**. **Senator T. Mathern** indicated that the amendment to him raises one of the major questions of the resolution itself. He believes the resolution gets simplified to do we need a treasurer or not. And it is just more complicated than that. After this office has been in effect all these years. This is an example of that complication. He appreciates the sponsors amendment because he figured there is this one thing that's not taken care of, but when he looks at the amendment he just can't imagine the veteran's feeling good about the amendment. The benefits, on the fourth line down, it says the official designated by the legislative assembly. He means these veteran's they want to know who this is. He suspects veteran's groups are as strong as anybody to support the treasurer's office, not because they are making a decision like Senator Wardner is talking about like is something needed or not. They know then who has got their money. Now we know it's not their money but that's the way this is used. This amendment has a good intent but it doesn't solve that trust issue or that concern on the part of veteran's. Who is in fact now going to invest

this fund and that's the problem and that's why we need the treasurer. So that groups like this and there are other groups and frankly he doesn't know them all that see being within the context of the treasurer's office as their guarantee that they can understand and have an input into that process. That is a good reason not to support the resolution. But he thinks the amendment doesn't clarify it. That would be a reason to vote against the amendment. **Senator Kilzer** inquired if the state treasurer does the investing of this fund or is it the Bank of North Dakota. **Bob Olheiser**, Deputy State Treasurer responded that the majority of the money in the veteran's postwar trust fund is directly invested by the state treasurer. There is a portion of it in an equity portfolio that is invested on a contract agreement with the state investment board. A Roll Call Vote on the adoption of the amendment indicated 4 Yeas, 1 Nay, and 1 Absent or Not Voting. **Senator T. Mathern** indicated that he is concerned about the people who are supportive of this office. He thinks this is only one area. There is a lot of support to this office that relates to the work of this office, though it is very small compared to most state agencies. The work that it does do is clear amongst the public, the intention of the office was carried by the people in the last two contests as before. The testimony indicated that there are also people concerned that that it is just pulling at a certain office. I don't think that was the intent of the sponsors. But there is that concern. **Senator T. Mathern** moved a Do Not Pass on SCR 4036. Motion died for lack of a second. **Senator Kilzer** moved a Do Pass as Amended on SCR 4036. The motion was seconded by **Senator Wardner**. Final comments were offered by **Senators T. Mathern** and **Kilzer**. Roll Call Vote indicated 4 Yeas, 2 Nays, and 0 Absent or Not Voting. **Senator Kilzer** will carry the bill.