



Western Dakota Energy Association
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Frigid weather maintained its grip on North Dakota as the 2019 Legislature drew closer to the crossover deadline for all bills to clear their house of origin. With no wind and a temperature near -25°F on Friday morning, the Capitol looked more like a smoking chimney than the seat of government. By week's end, both House and Senate were working longer floor sessions to get through the stack of bills remaining. The House took the unusual step of gaveling in at 7:30 Friday morning to act on a few bills before scheduled 9:00 a.m. committee meetings. The days are likely to get even longer next week for House members with somewhere around 175 bills remaining on their plate.

One of those bills is [HB 1066](#), otherwise known as Operation Prairie Dog. The bill, which is WDEA's top priority, passed the House Appropriations Committee on a 19-1 vote Friday. Possible amendments were discussed by the committee but no changes were made from the version approved by the Finance and Taxation Committee. The order in which the bill's "buckets" fill was rearranged in the Tax Committee to ensure the state's needs are met before oil tax revenue is pledged to cities and counties in non-oil producing parts of the state. Appropriations Chairman Jeff Delzer, the lone no vote in his committee, said he was concerned about promising money to cities and counties given the uncertainties of oil tax revenue, and that the legislature should appropriate the funds after the money is in the bank rather than doling it out as the buckets fill. The most significant change to the original bill re-ordered the buckets so the Strategic Investment and Infrastructure Fund will receive \$400 million before the bulk of the city and county buckets fill. Delzer noted that based on the state's current oil price and production forecast (1.35 million bbl/day @ \$42.50/bbl), the city/county buckets will fall short of the \$115 million that would go into each. The legislature will take another look at its forecast next month.

State agency budget bills are beginning to make their way through the House chamber. The budget of Job Service of North Dakota ([HB 1016](#)) was approved on an 89-1 vote. Its budget shows a reduction of nine FTEs from its base level of 181 in the current biennium. Several other agency budgets awaiting House action also show staff reductions including the NDDOT ([HB 1012](#)) with a reduction of 42 FTE from its current 1,047; Department of Commerce ([HB 1018](#)) down 4.6 FTEs from its current 66.4; and the Lands Department ([HB 1013](#)) down 3 FTEs from 31 in the current biennium. The Lands budget contains one positive amendment - \$4 million was added to the Oil and Gas Impact Grant Fund, which has traditionally been used for contingency or emergency grants for unexpected local expenses. The budget for the Upper Great Plains Transportation Institute ([HB 1020](#)) has also arrived on the House floor, but does not contain the \$975,000 UGPTI [requested](#) to update its Road and Bridge Investment Needs and Condition Report. The needs assessment is the basis upon which county/townships dollars are allocated in the Prairie Dog bill. UGPTI's report was funded by the 2011, 2013 and 2015 Legislatures, but was not funded by the 2017 Legislature, so the data is now three years old.

There was good news and bad news this week for western school districts looking for ways to fund school construction projects. The House Political Subdivisions Committee on an 11-3 vote approved [HB 1437](#) that would give school districts the option to use a city and/or county sales tax to fund construction if 60% of voters approve. The bad news occurred during discussion of [HB 1365](#) in the House Appropriations Committee. The bill is intended to allow school districts to keep 100% of in-lieu-of revenue dedicated to a sinking and interest fund, rather than having 75% of its value deducted from the district's Foundation Aid payment. But a discrepancy discovered in the calculation used by the Department of Public Instruction showed a difference between the mill levy value and the actual dollars deducted. The discovery means several western districts would see [huge reductions](#) in their state aid payments. More discussion is expected in an effort to resolve the issue without significant harm to schools in the west.

Legislation that would allow schools to enact an "armed first responder" program received a 10-4 do pass vote in the House Education Committee. [HB 1332](#), introduced by Bismarck Republican Rep. Pat Heinert, the former sheriff of Burleigh County, is patterned after the [School Sentinel Program](#) previously enacted in South Dakota.

Several high-profile bills saw action this week. [HB 1530](#), which would use Legacy Fund earnings to reduce personal and corporate income taxes, passed on a 61-31 vote in the House despite the fact Governor Doug Burgum has characterized the bill as "bad policy." [SB 2275](#), an unofficial companion to Prairie Dog that uses Legacy Fund earnings to establish a low-interest infrastructure loan pool for local government, received unanimous approval in the Senate. And [SB 2312](#), which would revise the state's current oil tax revenue sharing agreement with the MHA Nation, received unanimous approval in the Senate Appropriations Committee and will hit the Senate floor next week.